

TRAKYA CAM SANAYİİ A.Ş.

**CONVENIENCE TRANSLATION INTO
ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY 2020 - 31 MARCH 2020
(ORIGINALLY ISSUED IN TURKISH)**

TRAKYA CAM SANAYİİ A.Ş.

CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	1-2
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS	3
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	7-73
NOTE 1 GROUP'S ORGANIZATION AND NATURE OF OPERATIONS	7-9
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	10-26
NOTE 3 BUSINESS COMBINATIONS	27
NOTE 4 INTERESTS IN OTHER ENTITIES	27
NOTE 5 SEGMENT REPORTING	27-28
NOTE 6 CASH AND CASH EQUIVALENTS	29
NOTE 7 FINANCIAL ASSETS	30-32
NOTE 8 BORROWINGS	33-35
NOTE 9 OTHER FINANCIAL LIABILITIES	35
NOTE 10 TRADE RECEIVABLES AND PAYABLES	35-36
NOTE 11 OTHER RECEIVABLES AND PAYABLES	36-37
NOTE 12 DERIVATIVE INSTRUMENTS	37
NOTE 13 INVENTORIES	38
NOTE 14 PREPAID EXPENSES AND DEFERRED INCOME	38
NOTE 15 CONSTRUCTION CONTRACTS	39
NOTE 16 JOINT VENTURES AND ASSOCIATES	39-40
NOTE 17 INVESTMENT PROPERTIES	41
NOTE 18 PROPERTY, PLANT AND EQUIPMENT	42-43
NOTE 19 RIGHT OF USE ASSETS	44
NOTE 20 INTANGIBLE ASSETS	44-45
NOTE 21 GOODWILL	45-46
NOTE 22 GOVERNMENT GRANTS	46
NOTE 23 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	46-47
NOTE 24 COMMITMENTS	48
NOTE 25 EMPLOYEE BENEFITS	48
NOTE 26 IMPAIRMENT OF ASSETS	49
NOTE 27 OTHER ASSETS AND LIABILITIES	49
NOTE 28 CAPITAL, RESERVES AND OTHER EQUITY ITEMS	49-51
NOTE 29 REVENUE AND COST OF SALES	51
NOTE 30 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES	52
NOTE 31 EXPENSES BY NATURE	52
NOTE 32 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES	52
NOTE 33 INCOME AND EXPENSES FROM INVESTING ACTIVITIES	53
NOTE 34 FINANCIAL INCOME AND EXPENSES	54
NOTE 35 ASSETS HELD FOR SALE	55
NOTE 36 TAXES ON INCOME (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	55-58
NOTE 37 EARNINGS PER SHARE	59
NOTE 38 RELATED PARTY DISCLOSURES	59-61
NOTE 39 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	62-72
NOTE 40 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)	72-73
NOTE 41 EVENTS AFTER REPORTING PERIOD	73
NOTE 42 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES, REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS	73

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Financial Position at 31 March 2020 and 31 December 2019

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

Assets	Note	31 March 2020	31 December 2019
Current assets			
Cash and cash equivalents	6	3,676,006	3,928,489
Financial investments	7	275,805	235,067
Trade receivables	10	808,726	929,956
Other receivables	11,38	183,259	94,240
- Due from related parties	38	141,776	57,662
- Other receivables	11	41,483	36,578
Derivative Instruments	12	336	2,974
Inventories	13	1,671,755	1,432,626
Prepaid expenses	14	106,816	107,523
Current period tax assets	36	22,596	25,767
Other current assets	27	135,071	110,563
Subtotal		6,880,370	6,867,205
Assets held for sale	35	30,219	27,854
Total current assets		6,910,589	6,895,059
Non-current assets			
Financial investments	7	1,058,995	1,000,362
Other receivables	11	5,715	6,269
Derivative Instruments	12	127,698	26,556
Investments accounted for using the equity method	16	367,760	345,305
Investment properties	17	557	557
Property, plant and equipment	18	5,983,523	5,917,186
Right of use assets	19	53,772	51,043
Intangible assets	20,21	350,519	338,107
- Goodwill	21	281,614	269,826
- Other intangible assets	20	68,905	68,281
Prepaid expenses	14	225,904	263,402
Deferred tax assets	36	32,958	62,727
Other non-current assets	27	858	1,072
Total non-current assets		8,208,259	8,012,586
TOTAL ASSETS		15,118,848	14,907,645

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Financial Position at 31 March 2020 and 31 December 2019

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

LIABILITIES	Note	31 March 2020	31 December 2019
Current Liabilities			
Short term borrowings	8	948,048	1,004,911
Short term portion of long-term borrowings	8	1,507,299	1,354,836
Trade payables	10,38	786,947	975,902
- Due to related parties	38	97,414	92,228
- Due to third parties	10	689,533	883,674
Other payables	11,38	308,031	283,162
- Due to related parties	38	238,385	204,574
- Due to third parties	11	69,646	78,588
Derivative instruments	12	8,720	-
Deferred income	14	83,185	15,616
Short term provisions	23,25	39,075	35,483
- Short term provisions related to employee benefits	25	3,109	4,535
- Other short-term provisions	23	35,966	30,948
Other current liabilities	27	113,819	133,277
Total current liabilities		3,795,124	3,803,187
Non-current liabilities			
Long term borrowings	8	4,205,263	4,000,962
Other payables	11	67,289	29,759
Deferred income	14	1,923	62,253
Long term provisions	25	113,991	112,393
Deferred tax liabilities	36	99,912	102,548
Total non-current liabilities		4,488,378	4,307,915
Total liabilities		8,283,502	8,111,102
EQUITY			
Equity holders of the parent	28	6,408,881	6,384,434
Paid capital		1,250,000	1,250,000
Adjustment to share capital differences		5,577	5,577
Share premiums (discounts)		23	23
Accumulated other comprehensive income/expense not to be reclassified to profit or loss		637,101	648,370
- Gains/(losses) on revaluation and remeasurement		637,101	648,370
- Revaluation gain/(loss) on tangible assets		635,762	647,048
- Gain/(loss) arising from defined benefit plans		1,339	1,322
Accumulated other comprehensive income/expense to be reclassified to profit or loss		1,251,785	1,249,248
- Currency translation differences		1,157,125	1,209,389
- Hedging reserves		94,660	39,859
Restricted reserves		265,449	231,539
Retained earnings		2,837,879	2,250,144
Net profit or (loss) for the period		161,067	749,533
Non-controlling interests	28	426,465	412,109
Total equity		6,835,346	6,796,543
TOTAL LIABILITIES AND EQUITY		15,118,848	14,907,645

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Profit or Loss for the Interim Periods 1 January-31 March 2020 and 2019

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

	Note	1 January- 31 March 2020	1 January- 31 March 2019
Revenue	29	1,519,030	1,534,352
Cost of Sales	29	(1,085,135)	(1,045,856)
Gross profit from trading Activities		433,895	488,496
General administrative expenses	30	(130,873)	(110,870)
Marketing expenses	30	(210,423)	(195,106)
Research and development expenses	30	(6,540)	(5,807)
Other operating income	32	96,776	83,147
Other operating expenses	32	(50,008)	(75,115)
Operating profit		132,827	184,745
Income from investing activities	33	125,733	87,793
Expense from investing activities	33	(1,015)	(535)
Impairment gains (losses) arising from TFRS-9	33	3,063	105
Share of profit/loss of associates and joint ventures	16	7,131	14,862
Operating profit before financial income and expense		267,739	286,970
Financial income	34	416,247	154,105
Financial expenses	34	(492,800)	(243,036)
Profit before tax from continued operations		191,186	198,039
Tax income/expense from continued operations	36	(28,158)	(44,055)
- Current tax income / (expense)	36	(15,993)	(52,838)
- Deferred tax income / (expense)	36	(12,165)	8,783
Profit for the period		163,028	153,984
- Non-controlling interest	28	1,961	4,621
- Equity holders of the parent	28	161,067	149,363
Earnings per share	37	0.1289	0.1195

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Other Comprehensive Income for the Interim Periods 1 January-30 March 2020 and 2019

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

	Note	1 January- 31 March 2020	1 January- 31 March 2019
Profit for the Period	28	163,028	153,984
Items not to be reclassified to profit or loss	28	(9,157)	17,312
Gains / (loss) on revaluation of tangible fixed assets		(9,174)	17,303
Gain / (loss) arising from defined benefit plans		21	11
Tax effect		(4)	(2)
- Deferred Tax Expense / Income		(4)	(2)
Items to be reclassified to profit or loss	28	14,932	258,676
Currency translation differences		(39,869)	258,676
hedging reserves		70,258	-
Tax effect		(15,457)	-
- Deferred Tax Expense / Income		(15,457)	-
Other comprehensive income/ (loss)		5,775	275,988
Total Comprehensive Income/ (Loss)		168,803	429,972
- Non-controlling interest		14,356	26,029
- Equity holders of parent		154,447	403,943
Earnings per share	37	0.1236	0.3232

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Changes in Equity for the Interim Periods 1 January-31 March 2020 and 2019

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

	Paid-in Capital	Adjustment to Capital	Share Premiums/ Discounts	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted Reserves	Retained Earnings	Net profit for the period	Attributable to Equity holders of the parent	Non- controlling Interests	Equity
Balance at 1 January 2019	1,250,000	5,577	23	668,832	780,365	197,629	1,450,702	958,325	5,311,453	472,520	5,783,973
Transfers	-	-	-	-	-	-	958,325	(958,325)	-	-	-
Total comprehensive income / (loss)	-	-	-	17,312	237,268	-	-	149,363	403,943	26,029	429,972
Dividends	-	-	-	-	-	-	(170,000)	-	(170,000)	(13,500)	(183,500)
Other changes (*)	-	-	-	-	-	-	(4,200)	-	(4,200)	(43)	(4,243)
Balance at 31 March 2019	1,250,000	5,577	23	686,144	1,017,633	197,629	2,234,827	149,363	5,541,196	485,006	6,026,202
Balance at 1 January 2020	1,250,000	5,577	23	648,370	1,249,248	231,539	2,250,144	749,533	6,384,434	412,109	6,796,543
Transfers	-	-	-	-	-	33,910	715,623	(749,533)	-	-	-
Total comprehensive income / (loss)	-	-	-	(11,269)	2,537	-	2,112	161,067	154,447	14,356	168,803
Dividends	-	-	-	-	-	-	(130,000)	-	(130,000)	-	(130,000)
Balance at 31 March 2020	1,250,000	5,577	23	637,101	1,251,785	265,449	2,837,879	161,067	6,408,881	426,465	6,835,346

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

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

TRAKYA CAM SANAYİİ A.Ş.

Consolidated Statements of Other Comprehensive Income for the Interim Periods 1 January-30 March 2020 and 2019

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

	Note	1 January- 31 March 2020	1 January- 31 March 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period	28	163,028	153,984
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities			
		108,707	129,068
Adjustments to depreciation and amortization	18,19,20	125,936	110,807
Adjustments for impairments/(reversals)	6,7,10,13	271	2,989
Adjustments for changes in provisions	23,25	7,641	(2,182)
Adjustments for interest (income) / expenses	8,32,34	61,405	20,801
Adjustments for unrealized exchange (gain) / loss	32,34	19,575	56,458
Adjustments for fair value (gain) / loss	3,7	(125,470)	(87,377)
Adjustments for Income from investments accounted for under equity accounting	16	(7,131)	(14,862)
Adjustments for tax (income) / expenses	36	28,158	44,055
Adjustments for losses (gains) on disposal of non-current assets	32,33	752	119
Other adjustments related to profit/(loss) reconciliation	7,27	(2,430)	(1,740)
Changes in working capital		(458,111)	(31,544)
(Increases)/decreases in trade receivables	10,38	112,378	(27,261)
(Increases)/decreases in other receivables	11,38	(89,019)	(61,718)
(Increases)/decreases in inventories	13	(239,100)	(134,568)
Increases/(decreases) in trade payables	10,38	(186,688)	(14,361)
Increases/(decreases) in other payables	11,14,27,38	(37,562)	85,221
Other increases/(decreases) in net working capital	14,27	(18,120)	121,143
Cash flows from operating activities		(186,376)	251,508
Interest paid	8,32,34,38	(92,943)	(27,068)
Interest received	34,38	1,323	5,822
Employment termination benefits paid	25	(3,468)	(3,731)
Taxes received / (paid)	36	(12,822)	(101,832)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
		(15,264)	(146,061)
Cash inflows from sales of shares or borrowing instruments of other entities or funds	7	58,839	10,654
Cash outflows for the acquisition of shares or debt instruments of other entities or funds	7	(34,081)	(17,503)
Proceeds from sale of tangible and intangible assets	18,20,33	6,020	11,493
Purchase of property, plant, equipment and intangible assets	18,20	(94,777)	(88,464)
Advances given	14	(4,838)	(96,588)
Proceeds from advances given	14	(18,225)	1,645
Dividend received	16	8,908	11,924
Interest received	6,7,34	24,592	18,133
Other cash inflows/ (outflows)	3,10,11,27	38,298	2,645
C. CASH FLOWS FROM FINANCING ACTIVITIES			
		(190,769)	898,940
Proceeds from borrowings	8	673,625	1,727,542
Repayments of borrowings	8	(858,848)	(810,349)
Financial leases payments	8	(5,546)	(4,753)
Dividends paid	28	-	(13,500)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)			
		(500,319)	877,578
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		251,695	166,043
Impact of exchange rate on cash and cash equivalents	34	267,692	89,725
Impact of foreign currency translation differences	28	(15,997)	76,318
NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)			
		(248,624)	1,043,621
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
	6	3,927,401	1,338,640
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)			
	6	3,678,777	2,382,261

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

1. Group's Organizations and Nature of Business

Trakya Cam Group (the "Group") consists of a holding company, Trakya Cam Sanayii A.Ş. ("Company") and 18 subsidiaries, 5 associates.

Trakya Cam Sanayii A.Ş. was established on 17 January 1978 and started production in 1981. The Company is a subsidiary of Türkiye Şişe ve Cam Fabrikaları A.Ş. Group ("Şişecam Holding") which is under the control of Türkiye İş Bankası A.Ş.

The Group has production facilities in Turkey (Kırklareli (Lüleburgaz), Mersin (Tarsus), Bursa (Yenişehir), Ankara (Polatlı) and overseas production facilities in the following countries, Bulgaria (Targovishte), Russia (Tatary), Germany (Besigheim and Aurach), Slovakia (Malacky), Hungary (Aszod), Romania (Buzau), Italy (Udine and Manfredonia), Egypt (Sukhna) and India (Halol) .

The shares of the Company have been publicly traded on the Borsa İstanbul A.Ş. ("BİST"), formerly named as Istanbul Stock Exchange ("ISE"), since 5 November 1990. As of March 31, 2020, they are quoted on the BIST 100 National Index.

The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company is presented in Note 28.

The Company is registered in Turkey and contact information and trade registry information is as below:

İçmeler Mahallesi D-100 Karayolu Cad. No:44 A 34947. Tuzla / İstanbul / Turkey

Phone : +90 850 206 50 50
Fax : +90 850 206 50 80
Electronic correspondence address : trakyacam@hs03.kep.tr
Registered e-mail address : tymuhasebe@sisecam.com
Web page : www.trakyacam.com.tr
www.sisecamduzcam.com

Trade register Information of the Company

Registered At : Istanbul Trade Registry Office
Registration N : 151415
Central Registration System (Mersis) No : 2953-9497-3752-4526
Nace Kod : 23.11.01

Details of the number of personnel are as follows

	31 March 2020	31 December 2019
Personnel charged by monthly pay	1,759	1,832
Personnel charged by hour	4,836	4,827
Total	6,595	6,659

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

Companies Included in the Consolidation

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

Subsidiaries	Nature of business	Country of incorporation
Şişecam Otomotiv A.Ş.	Production and Sale of Automotive Glass	Turkey
Trakya Investment B.V.	Finance and Investment Company	Netherlands
TRSG Glass Holding B.V.	Finance and Investment Company	Netherlands
Sisecam Flat Glass Holding B.V.	Finance and Investment Company	Netherlands
Trakya Glass Bulgaria EAD	Production and Sale of Flat, Coated and Laminated Glass	Bulgaria
Sisecam Automotive Bulgaria EAD	Production and Sale of Automotive Glass and Home Appliances Glass	Bulgaria
Glasscorp S.A	Production and Sale of Automotive Glass	Romania
Trakya Glass Rus AO	Production and Sale of Flat Glass and Mirror	Russia
Automotive Glass Alliance Rus AO	Production and Sale of Automotive Glass	Russia
Trakya Glass Rus Trading OOO	Import and Sale Services	Russia
Automotive Glass Alliance Rus Trading OOO	Import and Sale Services	Russia
Sisecam Flat Glass Italy S.R.L.	Production and Sale of Flat and Laminated Glass	Italy
Richard Fritz Holding GmbH	Commercial Activity	Germany
Richard Fritz Prototype + Spare Parts GmbH	Production and Sale of Glass Encapsulation	Germany
Richard Fritz Spol, S.R.O.	Production and Sale of Glass Encapsulation, Plastic Process	Slovakia
Richard Fritz Kft	Production and Sale of Glass Encapsulation	Hungary
Sisecam Flat Glass India Private Limited	Production and Sale of Flat Glass, Mirror	India
Sisecam Flat Glass South Italy S.R.L	Production and Sale of Flat. Coated, Laminated Glass	Italy
Associates	Nature of business	Country of incorporation
Çayırova Cam San. A.Ş.	Commercial Activity	Turkey
Camiş Elektrik Üretim A.Ş.	Production and Sale of Electricity	Turkey
Saint Gobain Glass Egypt S.A.E	Production and Sale Flat Glass	Egypt
Saint Gobain Egypt Trade LLC	Commercial Activity	Egypt
Saint Gobain Mirrors Egypt S.A.E	Production and Sale of Mirror	Egypt

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

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

Subsidiaries	31 March 2020		31 December 2019	
	Direct and Indirect ownership ratio (%)	Effective ownership ratio (%)	Direct and Indirect ownership ratio (%)	Effective ownership ratio (%)
Şişecam Otomotiv A.Ş.	100.00	100.00	100.00	100.00
Trakya Investment B.V.	100.00	100.00	100.00	100.00
TRSG Glass Holding B.V.	70.00	70.00	70.00	70.00
Sisecam Flat Glass Holding B.V.	100.00	100.00	100.00	100.00
Trakya Glass Bulgaria EAD	100.00	100.00	100.00	100.00
Sisecam Automotive Bulgaria EAD	100.00	100.00	100.00	100.00
Glasscorp S.A.	100.00	100.00	100.00	100.00
Trakya Glass Rus AO	100.00	70.00	100.00	70.00
Automotive Glass Alliance Rus AO	100.00	100.00	100.00	100.00
Trakya Glass Rus Trading OOO	100.00	70.00	100.00	70.00
Automotive Glass Alliance Rus Trading OOO	100.00	100.00	100.00	100.00
Sisecam Flat Glass Italy S.R.L.	100.00	100.00	100.00	100.00
Richard Fritz Holding GmbH	100.00	100.00	100.00	100.00
Richard Fritz Prototype + Spare Parts GmbH	100.00	100.00	100.00	100.00
Richard Fritz Spol, S.R.O.	100.00	100.00	100.00	100.00
Richard Fritz Kft	100.00	100.00	100.00	100.00
Sisecam Flat Glass India Limited	100.00	100.00	100.00	100.00
Sisecam Flat Glass South Italy S.R.L.	100.00	100.00	100.00	100.00

Associates	31 March 2020		31 December 2019	
	Direct and Indirect ownership ratio (%)	Effective ownership ratio (%)	Doğrudan ve Dolaylı Ortaklık Oranı (%)	Direct and Indirect ownership ratio (%)
Çayırova Cam San. A.Ş.	28.14	28.14	28.14	28.14
Camiş Elektrik Üretim A.Ş.	34.43	34.43	34.43	34.43
Saint Gobain Glass Egypt S.A.E	30.00	30.00	30.00	30.00
Saint Gobain Egypt Trade LLC	-	29.70	-	29.70
Saint Gobain Mirrors Egypt S.A.E	-	29.70	-	29.70

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with Communiqué Serial II. No:14.1. "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué consolidated financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC"). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS taxonomy published by POAASA on 2 June 2016 and in accordance with the TAS taxonomy announced by POAASA as current "2019 TFRS" including TFRS-15 Revenue from contracts with customers and TFRS-16 Leases on 15 April 2019.

The entities are allowed to prepare the full interim financial statements in full set or summary in accordance with TAS 34 Interim Financial Reporting Standards. In this framework, the Company has chosen to prepare a full set of financial statements in the interim period.

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

Presentation and Functional Currency

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

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 TFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying consolidated financial statements.

Going Concern

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

Comparatives and Restatement of Prior Periods' Financial Statements

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.1 Basis of presentation (continued)

Financial Statements of subsidiaries that operate in foreign countries

The financial statements of subsidiaries and affiliates operating in foreign countries are prepared in accordance with the laws and regulations applicable in the countries in which they operate and are regulated according to Group accounting policies. Contained in the financial statements; Assets and liabilities are translated into Turkish lira using the consolidated report history exchange rate, income and expenses are translated into Turkish lira using the average exchange rate. The differences arising from the use of closing and average exchange are followed by the foreign currency cycle differences within the equity item.

The rates used in the cycle of overseas activities within the scope of consolidation are as follows:

Currency	31 March 2020		31 December 2019	
	Period End	Period Average	Period End	Period Average
Euro	7.21500	6.72039	6.65060	6.34805
Bulgarian Lev	3.68897	3.43608	3.40040	3.24571
Russian Ruble	0.08122	0.09146	0.09552	0.08719
Romanian Leu	1.48470	1.39307	1.38320	1.33022
Egyptian Pound	0.41506	0.38767	0.37142	0.33819
Indian Rupee	0.08644	0.08415	0.08334	0.08055

Consolidation Principles

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

Subsidiaries

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

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

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Note 1 presents all subsidiaries included in the scope of consolidation and effective interest ownership (%) as of March 31, 2020 and December 31, 2019. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. The result of operations of subsidiaries are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively. The expenses related to acquisitions are accounted for under profit/loss statement once occurred. The statements of financial position and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.1 Basis of Presentation (continued)

Associates

The equity method is used for accounting of associates. Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. As of March 31, 2020, and December 31, 2019; the details of the Group's associates are disclosed in Note 1. Affiliates are included in the scope of consolidation by using the equity method.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the 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.

Financial assets at fair value through other comprehensive income

The financial investments are accounted for in accordance with TFRS 9, "Financial Instruments" effective from 1 January 2018. The Group has a preference for the equity investment that is not held for trading purposes and held for the first time and that the subsequent amendment to fair value would not be reversible for presentation in other comprehensive income. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified.

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

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

2.2 Statement of Compliance to TAS

The Group prepared the accompanying consolidated financial statements as of March 31, 2019 in accordance with Communiqué Serial II. No: 14.1 and the related announcements. The accompanying consolidated financial statements and explanatory notes were disclosed in compliant with reporting formats recommended by CMB, including the compulsory explanations.

2.3 Significant changes in the Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. The accounting policies used in the preparation of the consolidated financial statements for the period ended 31 March 2020 are consistent with the accounting policies used in the preparation of the consolidated financial statements for the period ended 31 December 2019.

2.4 Restatement and Errors in the Accounting Policies and Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the period ended March 31, 2020 are consistent with those used in the preparation of financial statements for the year ended 31 December 2019.

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

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

The accounting policies adopted in preparation of the consolidated financial statements as at March 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

Definition of a Business (Amendments to IFRS 3)

In May 2019 the PAO issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

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

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

The amendment does not apply to the Group and has no impact on the financial position or performance of the Group.

Changes in TFRS 9, TAS 39 and TFRS 7 - Indicator Interest Rate Reform

Facilitating implementations were provided in TFRS 9 and TAS 39 regarding indicator interest rate reform in the annual reporting periods starting on or after 1 January 2020. These applications are related to hedge accounting and in summary;

- The provision regarding the high probability of transactions,
- Forward looking evaluations,
- Retrospective evaluations and
- Separately identifiable risk components.

The exemptions applied to the amendment to TFRS 9 and TAS 39 are intended to be disclosed in the financial statements in accordance with the regulation in TFRS 7.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

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

The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows (Continued):

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

In June 2019, the PAO issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies. Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both, an entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

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

a) Standards issued but not yet effective and not early adopted as of 31 March 2020:

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group does not expect any significant impact on the financial position or performance of the Group.

TFRS 17 - The new Standard for insurance contracts

The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

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

b) Standards issued but not yet effective and not early adopted as of 31 March 2020 (Continued)

Changes in IAS 1 – Classification of liabilities as short and long term

On March 12, 2020, IASB made amendments to the "Presentation of IAS 1 Financial Statements" standard. These amendments, which are effective for annual reporting periods beginning on or after 1 January 2022, provide explanations to the criteria for the long-term and short-term classification of liabilities. The changes should be applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates". Early application is allowed. The effects of this change on the financial position and performance of the Group are evaluated.

The Group generally does not expect a significant impact on its financial position and performance.

c) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of 31 March 2020:

None.

2.6 Summary of Significant Accounting Policies

Revenue

Revenue goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfill their performance obligations by transferring them to their customers. In the sale of goods when the control of the asset is received by the customer the asset is transferred and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in cases where an asset with alternative use is not created for the Group and the Group has a legally enforceable right of payment on the payment to be completed to that end the Group assigns control of the goods over time and records the revenue as time production occurs.

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

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

The Group assesses at the beginning of the contract whether there are different performance obligations to which a price must be allocated. The Group has no significant service components identified in its customer contracts. If Group expects at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest Income

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

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

Dividend Income

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Inventories

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

Tangible Assets

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

Land and buildings were accounted for under the net method in accordance with revaluation method. The change of accounting policy was applied with the financial statements as of 31 December 2015. Unless there is a significant economic change that would affect the value of these properties it is routinely revalued every three years. In this context, a revaluation has been made to reflect in the financial statements dated 31 December 2018.

The assets used in the production of goods and services or used for administrative purposes and are under construction are shown by deducting the impairment loss, if any from the cost values. Legal fees are also included in the cost. In the case of assets that require considerable time to be ready for use or sale, borrowing costs are capitalized in accordance with the Group's accounting policy. Such assets are depreciated when they are ready for use as in the depreciation method used for other fixed assets. Cost amounts of tangible assets except land and construction in progress are depreciated on a straight-line basis over their estimated useful lives. There is no depreciation due to the fact that they have unlimited lives for land. The estimated useful life, residual value and depreciation method are reviewed every year for the possible effects of the changes in the estimates and they are accounted for on a prospective basis if there is a change in the estimates (Note 18).

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

	<u>Useful Life</u>
Land and improvements	5–50 Years
Buildings	7–50 Years
Plant, machinery and equipment	2–30 Years
Vehicles	3–15 Years
Fixtures	2–20 Years
Other Tangible Assets	3–20 Years

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

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible Assets

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 20).

Computer software

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

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding fifteen years) (Note 20).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. Subsequent to initial recognition intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses on the same basis as intangible assets acquired separately (Note 20).

Customer Relationships

The customer relationships and contracts acquired in a business combination are accounted for at fair value at the date of transaction. Contracted customer relationships are amortized by the straight-line method in accordance with their expected useful lives (10 years) and carried at cost less accumulated amortization. When an indication of impairment exists the customer relationships are subject to impairment testing where there are circumstances that indicate the existence of an impairment. In the case of an impairment the carrying amount of the customer relationship is taken to its recoverable amount and the related amount is recognized as expense in the period results.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Investment Properties

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

Assets Held for Sale

Assets are classified as non-current assets held for sale in cases where they are intended to be recovered as a result of the sales transaction, not by using their registered values. These assets can be a business unit, sales groups or a separate tangible asset. The sale of fixed assets held for sale is expected to occur within twelve months following the balance sheet date. Various events or conditions can extend the completion of the sales process for more than one year. If the delay in question occurred due to events or conditions beyond the control of the entity and there is sufficient evidence that the entity's sales plan for the sale of the relevant asset (or group of assets to be disposed of) is ongoing; The prolonged time required to complete the sale does not prevent the related asset (or group of assets to be disposed of) classified as held for sale.

Non-current assets held for sale are valued at the lower of the recorded or fair value. In cases where the fair value falls below the recorded value, the impairment is recorded as expense in the consolidated statement of profit or loss for the relevant period. Depreciation is not allocated over these assets.

Derivative Instruments and Hedging Instruments

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions even though providing effective economic hedges under the Group risk management position do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated profit or loss statement. The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective are recognised in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated comprehensive income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated comprehensive income statement.

If the forecast transaction or firm commitment is no longer expected to occur the cumulative gain or losses previously recognised in equity are transferred to the profit or loss statement. If the hedging instrument expires or is sold terminated or exercised without replacement or rollover or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Hedge Accounting:

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

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive income statement.

Right-of-Use Assets

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

The cost of right-of-use asset includes:

- a) the amount of lease liabilities recognised.
- b) lease payments made before the commencement date less any lease incentives received.
- c) initial direct costs incurred

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

Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease, the measurement of the lease liabilities includes:

- (a) Fixed payments.
- (b) The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.
- (c) The amounts expected to be paid by the Group under residual value guarantees
- (d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) The payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Lease Liabilities (Continued)

After the commencement date the Group measures the amount of lease liabilities as follows:

- (a) the amount of lease liabilities is increased to reflect the accretion of interest and
- (b) reduced for the lease payments made

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

Short-term leases and leases of low-value assets

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

Borrowing costs

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

In case of foreign exchange income in the financing activities the related income is deducted from the total of capitalized financial expenses. Borrowing costs that are directly attributable to the acquisition construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

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

Related Parties

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

Offsetting

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

Financial Assets

Classification

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

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial Assets (Continued)

Recognition and Measurement

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

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

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. In such cases dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss" are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

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

Impairment

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

Provision for loss measured as below;

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

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

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortisation amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive income statement.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income (Note 10 and Note 32).

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the consolidated statement of income or loss (Note 10 and Note 32).

Cash and Cash equivalents

Cash and cash equivalents include 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).

Business combinations and Goodwill

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

The cost of a business combination is the fair value at the date of exchange of assets given liabilities incurred or assumed and instruments issued by the acquirer in exchange for control of the acquired business and in addition any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and Goodwill (Continued)

For the purpose of impairment testing goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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

The Group remeasures at the date of purchase to bring the share of equity previously held in the acquiree to fair value and the resulting gain / loss is recognized in profit or loss in a progressive business combination. The amount attributable to the acquirer that is accounted for in other comprehensive income before the date of acquisition is transferred to profit or loss on the assumption that such shares are derecognised.

Transactions with non-controlling interests

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

Foreign Currency Transactions

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

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

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

For the purpose of presenting consolidated financial statements the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing at the balance sheet date.

Revenue and expense items are translated using the average exchange rates for the period when the exchange rates in the period in which the transactions are to be made do not fluctuate significantly (in the case of significant fluctuations the exchange rates at the transaction date are used). The resulting exchange differences are classified as equity and transferred to the Group's currency translation differences fund. Such conversion differences are recognized in profit or loss in the period in which the foreign operation is derecognized. Goodwill and fair value adjustments arising from acquisitions of operations abroad are treated as assets and liabilities of the foreign operation and translated using the period end exchange rate.

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.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Earnings per Share

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

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

Events after the Reporting Date

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

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 23).

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

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

In terms of management accounting, the Group is divided into two groups; architectural and automotive glass. These divisions also form the basis of the Group's segment reporting (Note 5). Architectural Glasses; flat glass, frosted glass, laminated glass, Mirror, coated glass, white goods glass and solar glass. Automotive Glasses; auto glass and encapsulated glass.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Government grants

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

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

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

Current and deferred income tax

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

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

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

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

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

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

Employee Benefits

Employment termination benefits as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the consolidated statements of changes in equity (Note 25).

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

Statement of Cash Flows

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

Cash flows from operating activities represent the cash flows generated from the Group's activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

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

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

Dividends

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

2.7 Critical accounting estimates, judgments and assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions by definition may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below: The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections current period losses unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As a result of the assessment of Group Management a tax asset of TRY 40,829 thousand (31 December 2019: TRY 35,016 thousand) results from temporary differences as of 31 March 2020 that are arising from the tax allowances and can be used since the tax advantage continue. The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. As of 31 March 2020. the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance advantage is TRY 144,757 thousand (31 December 2019: TRY 136,660 thousand) (Note 36).

The Group has revaluated the immovable properties (fields, lands and buildings), which were valued based on "revaluation model" in scope of TAS 16 (Turkish Accounting Standards), through taking into account their respective values as of September 30,2018 and reflected related impacts on financial statements dated December 31, 2018. Land and buildings are stated at revalued amounts in accordance with TAS 16 revaluation method. Fair values in the financial statements dated 31 December 2018 are based on the appraisal reports prepared by independent valuation firms. As there were recent similar buying/ selling transactions nearby revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on of market reference comparison if not the method of cost approach. In the market reference comparison method current market information was utilized taking into consideration the comparable property in the market in recent past in the region price adjustment was made within the framework of criteria that could affect market conditions and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of locationsize, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market also current information and experience of the professional independent valuation company was utilized. In the cost approach method fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method above explained market reference comparison method was used in calculation of the land value one of the components. The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties. As of initial recognition and as of balance sheet date. Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach in accordance with the "TAS 36 Impairment of Assets" and impairment has been recognized in income statement. Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity net-off relevant deferred tax impact.

The Group reviews the goodwill amounts it registers annually or in cases where there are conditions that indicate the presence of impairment, more frequently for impairment. The recoverable value of cash generating units was determined on the basis of value in use calculations. Certain estimates are made for these calculations (Note 21). As a result of these studies, no impairment was detected.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

3. Business Combinations

In the period of 1 January-31 March 2020 and 1 January-31 December 2019 the Group does not have any business combination within the scope of TFRS-3 Business Combinations standard.

4. Interests in Other Entities

None. (December 31, 2019: None).

5. Segment Reporting

The Group has started to implement TFRS 8 as of 1 January 2009 and is regularly reviewing by the authorized committee to take decisions regarding the group's operations. The Group's authorized committee for decision is the Board of Directors.

Board of Directors reviews results and operations on a product line segment basis as well as on a geographic segment basis in order to monitor performance and to allocate resources. Product line segments of the Group are defined in the following categories: Architectural Glass and Automotive Glass. Geographic segments of the Group are defined in the following regions: Turkey, Europe and other.

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

According to Operating Segments

The Group reviews its internal reporting based on product types on the basis of net sales, cost of sales, gross profit, operating profit, tangible and intangible fixed asset purchases and tangible and intangible fixed assets based on depreciation and amortization. This information is not included in the disclosures of the operating segments, since the reports reviewed by the Group management do not include the distribution of assets and liabilities of the operating segments.

1 January - 31 March 2020	Architectural glass	Automotive glass	Total	Consolidation adjustments	Consolidated
Net sales	1,123,361	592,845	1,716,206	(197,176)	1,519,030
Cost of sales	(771,141)	(507,107)	(1,278,248)	193,113	(1,085,135)
Gross Profit	352,220	85,738	437,958	(4,063)	433,895
Operating expenses	(272,627)	(89,773)	(362,400)	14,564	(347,836)
Other operating income	96,667	39,849	136,516	(39,740)	96,776
Other operating expense	(59,848)	(17,692)	(77,540)	27,532	(50,008)
Operating Profit	116,412	18,122	134,534	(1,707)	132,827
Purchases of tangible and intangible assets	76,268	18,509	94,777	-	94,777
Depreciation and amortization	(94,778)	(31,159)	(125,937)	1	(125,936)
1 January - 31 March 2019	Architectural glass	Automotive glass	Total	Consolidation adjustments	Consolidated
Net sales	1,089,290	640,088	1,729,378	(195,026)	1,534,352
Cost of sales	(712,926)	(533,884)	(1,246,810)	200,954	(1,045,856)
Gross Profit	376,364	106,204	482,568	5,928	488,496
Operating expenses	(243,412)	(89,064)	(332,476)	20,693	(311,783)
Other operating income	79,281	49,340	128,621	(45,474)	83,147
Other operating expense	(60,538)	(21,345)	(81,883)	6,768	(75,115)
Operating Profit	151,695	45,135	196,830	(12,085)	184,745
Purchases of tangible and intangible assets	67,988	20,476	88,464	-	88,464
Depreciation and amortization	(79,973)	(30,834)	(110,807)	-	(110,807)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

5. Segment Reporting (Continued)

					Consolidation	
	Turkey	Europe	Other	Total	adjustments	Consolidated
1 January - 31 March 2020						
Net sales	861,094	671,737	183,375	1,716,206	(197,176)	1,519,030
Cost of sales	(548,272)	(583,580)	(146,396)	(1,278,248)	193,113	(1,085,135)
Gross Profit	312,822	88,157	36,979	437,958	(4,063)	433,895
Operating expenses	(161,553)	(156,634)	(44,213)	(362,400)	14,564	(347,836)
Other operating income	94,417	38,876	3,223	136,516	(39,740)	96,776
Other operating expense	(49,520)	(21,163)	(6,857)	(77,540)	27,532	(50,008)
Operating Profit	196,166	(50,764)	(10,868)	134,534	(1,707)	132,827
Purchases of tangible and intangible assets	66,576	26,461	1,740	94,777	-	94,777
Depreciation and amortization	(33,163)	(67,881)	(24,893)	(125,936)	-	(125,936)
1 January - 31 March 2019					Consolidation	
	Turkey	Europe	Other	Total	adjustments	Consolidated
Net sales	836,115	727,048	166,215	1,729,378	(195,026)	1,534,352
Cost of sales	(524,041)	(593,207)	(129,562)	(1,246,810)	200,954	(1,045,856)
Gross Profit	312,074	133,841	36,653	482,568	5,928	488,496
Operating expenses	(158,210)	(142,646)	(31,620)	(332,476)	20,693	(311,783)
Other operating income	102,408	23,730	2,483	128,621	(45,474)	83,147
Other operating expense	(41,524)	(37,103)	(3,256)	(81,883)	6,768	(75,115)
Operating Profit	214,748	(22,178)	4,260	196,830	(12,085)	184,745
Purchases of tangible and intangible assets	23,968	59,861	4,635	88,464	-	88,464
Depreciation and amortization	(34,289)	(52,459)	(24,059)	(110,807)	-	(110,807)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

6. Cash and Cash Equivalents

	31 March 2020	31 December 2019
Cash on hand	45	37
Cash at banks	3,680,165	3,932,822
- Demand deposits	381,807	163,827
- Time deposits with a maturity of three months or less	3,298,358	3,768,995
Other liquid assets	6	6
Provision for impairment	(4,210)	(4,376)
	3,676,006	3,928,489

(*) There are no restricted deposits in time deposits (31 December 2019: None.)

Currency	Interest Rate (%)	Maturity	31 March 2020	31 December 2019
EUR	0.10	April 2020	1,236,513	1,631,839
US Dollars	1.60-1.75	April 2020	1,643,121	1,425,931
Turkish Lira	11.50-11.90	April 2020	85,491	299,644
TL equivalent of other currencies	1.00-7.00	April 2020	333,233	411,581
			3,298,358	3,768,995

Movements in allowance for impairment of cash and cash equivalents are as follows:

	1 January- 31 March 2020	1 January- 31 March 2019
1 January- Beginning of Period	(4,376)	(1,485)
TFRS 9 effect in period	(22)	(2,071)
Reversals	182	2
Foreign currency translation differences	6	(51)
	(4,210)	(3,605)

Cash and cash equivalents as of 31 March 2020, 31 December 2019 and 31 March 2019 presented in the consolidated statement of cash flows are as follows:

	31 March 2020	31 December 2019	31 March 2019
Cash and cash equivalents	3,676,006	3,928,489	2,380,757
Less: Interest accrual	(1,439)	(5,464)	(2,101)
Effect of impairment loss	4,210	4,376	3,605
	3,678,777	3,927,401	2,382,261

Explanations on the nature and level of risks in cash and cash equivalents are provided in Note 39.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

7. Financial Investments

a) Short-term financial investments

	31 March 2020	31 December 2019
Current financial investments		
Held to maturity financial investments (*)	277,154	236,257
Provision for impairment on financial assets	(1,349)	(1,190)
	275,805	235,067

(*) The long-term, semi-monthly fixed-rate USD denominated short-term portions of securities in the currency and public sector funds.

b) Long-term financial investments

	31 March 2020	31 December 2019
Financial Investments measured at long-term amortized costs		
Financial investments measured at amortized cost	1,074,835	1,019,264
Impairment of financial investment	(15,840)	(18,902)
	1,058,995	1,000,362

The details of financial investments at fair value through profit or loss are as follows:

Bond issuer	31 March 2020	31 December 2019
Türkiye Halk Bankası A.Ş.	142,639	170,461
Türkiye İş Bankası A.Ş.	286,585	257,161
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	34,902	31,425
Arçelik A.Ş.	95,227	85,653
Türkiye Sınai Kalkınma Bankası A.Ş.	148,603	133,422
Turkcell İletişim Hizmetleri A.Ş.	106,102	95,349
Türkiye Garanti Bankası A.Ş.	90,803	83,656
Türkiye Vakıflar Bankası A.O.	148,837	131,294
Yapı ve Kredi Bankası A.Ş.	97,529	95,476
T.C. Ziraat Bankası A.Ş.	49,770	44,675
Türkiye İhracat Kredi Bankası A.Ş.	6,227	5,574
Finansbank A.Ş.	2,914	2,619
SBI Yatırım Fonu (SBI Mutual Fund)	124,662	98,664
	1,334,800	1,235,429

Fixed yield securities were accounted for by using effective interest rate at amortized costs.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

7. Financial Investments (Continued)

Financial assets measured at amortized cost

Financial assets measured at amortized cost have an active market and the values according to market prices (dirty prices) are as follows:

Bond issuer	31 March 2020	31 December 2019
Türkiye Halk Bankası A.Ş.	136,519	167,736
Türkiye İş Bankası A.Ş.	278,496	264,954
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	32,614	32,784
Arçelik A.Ş.	89,354	88,338
Türkiye Sınai Kalkınma Bankası A.Ş.	145,531	136,029
Turkcell İletişim Hizmetleri A.Ş.	98,211	98,288
Türkiye Garanti Bankası A.Ş.	86,544	87,330
Türkiye Vakıflar Bankası A.O.	141,968	135,184
Yapı ve Kredi Bankası A.Ş.	93,634	98,222
T.C. Ziraat Bankası A.Ş.	46,448	45,582
Türkiye İhracat Kredi Bankası A.Ş.	5,827	5,963
Finansbank A.Ş.	2,777	2,698
	1,157,923	1,163,108

The maturity dates of financial assets measured at amortized cost are as follow:

Collection periods	31 March 2020	31 December 2019
Less than three months	64,543	52,819
3 – 12 Months	211,262	182,248
1 – 5 years	976,666	926,289
More than 5 years	82,329	74,073
	1,334,800	1,235,429

Movements of financial investments measured at amortized cost are as follows:

	1 January- 31 March 2020	1 January- 31 March 2019
1 January	1,235,429	1,053,181
Purchased during the period	34,081	17,503
Sold during the period	(13,885)	(10,654)
Principal received during the period	(44,954)	-
Interest received during the period	(8,505)	(7,510)
Valuation difference	125,470	87,377
TFRS 9-Period effect	2,903	2,174
Currency translation differences	4,261	4,174
	1,334,800	1,146,245

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

7. Financial Investments (Continued)

Financial assets measured at amortized cost (Continued)

The movement of impairment on financial investments is as follows:

	1 January- 31 March 2020	1 January- 31 March 2019
Beginning of the period - 1 January	(20,092)	(26,269)
TFRS 9-Period effect	-	(209)
Reversals	2,903	2,383
	(17,189)	(24,095)

The coupon interest rates, and the redemption dates of the financial investments measured at amortized cost are as follows. The effective interest rate of these securities is 5.42%. (2019: %5,42).

Bond issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
Turkcell İletişim Hizmetleri A.Ş.	XS1298711729	5.750	15.10.2025
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5.850	21.06.2024
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	25.04.2024
Türkiye İhracat Kredi Bankası A.Ş.	XS1496463297	5.375	24.10.2023
Arçelik A.Ş.	XS0910932788	5.000	3.04.2023
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3.375	1.11.2022
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5.250	13.09.2022
Türkiye Vakıflar Bankası A.O.	XS1622626379	5.625	30.05.2022
Finansbank A.Ş.	XS1613091500	4.875	19.05.2022
T.C. Ziraat Bankası A.Ş.	XS1605397394	5.125	3.05.2022
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	21.04.2022
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5.750	24.02.2022
Türkiye Vakıflar Bankası A.O.	XS1508914691	5.500	27.10.2021
Türkiye İş Bankası A.Ş.	XS1390320981	5.375	6.10.2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5.000	13.07.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5.000	25.06.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	18.05.2021
T.C. Ziraat Bankası A.Ş.	XS1223394914	4.750	29.04.2021
Türkiye Halk Bankası A.Ş.	XS1188073081	4.750	11.02.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	22.04.2020
SBI Yatırım Fonu (SBI Mutual Fund)	INF200K01MA1	-	-

TRY 1,334,800 thousand of financial investment measured at amortized cost amounting to TRY 1,210,135 thousand is held in İş Portföy Yönetimi A.Ş. and valued by effective interest rate method. (31 December 2019: TRY 1,136,765 thousand)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

8. Borrowings

	31 March 2020	31 December 2019
Current financial liabilities		
Short term borrowings	948,048	1,004,911
Short term portion of long term borrowing		
Short term portion of long-term borrowings and interests	491,095	415,252
Financial liabilities to related parties (Note 38)	997,972	924,097
Lease liabilities	18,232	15,487
Total short term portion of long term borrowings	1,507,299	1,354,836
Total current financial liabilities	2,455,347	2,359,747
Long term borrowings		
Long term portion of long-term borrowings	2,656,568	2,587,750
Financial liabilities to related parties (Note 38)	1,503,647	1,368,643
Lease liabilities	45,048	44,569
Total long term financial liabilities	4,205,263	4,000,962
Total borrowings	6,660,610	6,360,709
Repricing dates for loans		
3 months and earlier	2,216,330	681,729
Between 3 – 12 months	822,029	2,146,959
Between 1 – 5 years	1,057,352	1,179,225
	4,095,711	4,007,913

The debt amounting TRY 2,501,619 thousand that The Group borrowed from Türkiye Şişe ve Cam Fabrikaları A.Ş. will be paid with equal installments every six months (31 December 2019: TRY 2,292,740 thousand).

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

Financial liabilities as of 1 January - 31 March 2020 are summarized as below:

	Principal	Interest	Commission	Total
Bank borrowings				
Beginning at the period - 1 January	3,983,901	33,491	(9,479)	4,007,913
Currency translation differences	167,557	988	(306)	168,239
Foreign exchange gain/ (loss)	103,099	-	-	103,099
Borrowed –accrued during the period	673,625	36,456	-	710,081
Paid-Cancelled during the period	(858,848)	(35,777)	1,004	(893,621)
As of 31 March 2020	4,069,334	35,158	(8,781)	4,095,711

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

8. Borrowings (Continued)

Bonds issued	Capital	Interest	Discounts on bonds	Commission	Total
Beginning at the period - 1 January	2,276,838	33,998	(15,556)	(2,540)	2,292,740
Foreign exchange difference	220,700	-	-	-	220,700
Additions during the period	-	37,924	-	-	37,924
Payments during the period	-	(50,485)	591	149	(49,745)
As of 31 March 2020	2,497,538	21,437	(14,965)	(2,391)	2,501,619

Financial leases	Capital	Interest	Total
Beginning at the period - 1 January	28,873	31,183	60,056
Currency translation differences	854	22	876
Obtained from group companies	457	-	457
Effect of remeasurement (*)	1,137	-	1,137
Additions during the period	4,428	1,872	6,300
Payments during the period	(4,921)	(625)	(5,546)
As of 31 March 2020	30,828	32,452	63,280

(*) The Group remeasured the lease liability by reflecting the effect of the change in currencies and the effect of the increase in prices at the date of the payments. The difference has been adjusted to the right-of-use assets (Note 20).

The movements in financial borrowings for the period between 1 January and 31 March 2019 are as follows:

Bank Borrowings	Capital	Interest	Commission	Total
Beginning at the period - 1 January	1,993,982	6,833	(692)	2,000,123
Currency translation differences	80,480	363	(27)	80,816
Foreign exchange difference	25,176	-	-	25,176
Additions during the period	481,169	13,617	-	494,786
Payments during the period	(255,897)	(9,385)	101	(265,181)
As of 31 March 2019	2,324,910	11,428	(618)	2,335,720

Bonds issued	Capital	Interest	Discounts on bonds	Commission	Total
Beginning at the period - 1 January	1,315,225	6,761	(730)	(290)	1,320,966
Foreign Exchange Difference	130,432	-	-	-	130,432
Additions during the period	1,266,123	19,259	(16,969)	(2,781)	1,265,632
Payments during the period	(554,452)	(8,573)	433	84	(562,508)
As of 31 March 2019	2,157,328	17,447	(17,266)	(2,987)	2,154,522

Financial lease liabilities	Capital+Interest	Interest (-)	Total
Beginning at the period - 1 January	295	125	420
Affiliate Buying Effect	33,013	35,149	68,162
Currency translation differences	686	83	769
Foreign exchange (gain) / loss	2,262	(301)	1,961
Provision during the period	1,909	2,515	4,424
Payments during the period	(3,299)	(1,454)	(4,753)
As of 31 March 2019	34,866	36,117	70,983

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

8. Borrowings (Continued)

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

31 March 2020

Currency	Interest range (%) (*)	Short term	Long term
US Dollar	Libor + 1.25 – 2.15	1,029,325	1,593,397
Euro	Euribor + 1.25 – 3.10	1,245,364	2,267,600
Russian Rubles	10.00-12.50	180,658	344,266
		2,455,347	4,205,263

31 December 2019

Currency	Interest range (%) (*)	Short term	Long term
US Dollar	Libor + 2.15 – 4.50	951,743	1,450,463
Euro	Euribor + 1.25 – 3.60	1,033,722	2,206,073
Russian Rubles	10.32	374,282	344,426
		2,359,747	4,000,962

(*) The lower and upper rates are expressed and the weighted average cost for Euro is Euribor + 2.30%. Libor + 1.90% for the US Dollar (Euribor +%2.45 and +%2.22 for the US Dollar for 31 December 2019.).

The repayment terms of financial liabilities are as follows;

The redemption schedule of borrowings	31 March 2020	31 December 2019
Within 1 year	2,455,347	2,359,747
Within 1-2 years	781,901	611,567
Within 2-3 years	1,597,365	1,720,436
Within 3-4 years	84,079	79,163
Within 4-5 years	211,210	195,229
More than 5 years	1,530,708	1,394,567
	6,660,610	6,360,709

9. Other Financial Liabilities

None (31 December 2019: None).

10. Trade Receivables and Payables

Trade Receivables

Short-term trade receivables	31 March 2020	31 December 2019
Trade receivables	866,276	971,788
Notes receivables and cheques	-	13,848
Rediscount of notes receivable (-)	(3,368)	(5,781)
Provision for doubtful receivables	(54,182)	(49,899)
	808,726	929,956

Some of the domestic architectural glass sales are cash in advance and some of them have an average term of 90 days. (31 December 2019: 90 days) On the other hand, some of the architectural glass sales abroad are in cash and some of them have an average term of 45 days. The Group applies a monthly overdue interest rate of 1.5% for the payments made after due dates (31 December,2019: 2%) The average sales term for automotive and white appliances is 45 days (31 December 2019: 45 days.).

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

10. Trade Receivables and Payables (Continued)

Trade Receivables (Continued)

Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration of credit risk with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful debts TRY 104,628 thousand of the trade receivables is related to Şişecam Dış Ticaret A.Ş. is related to sales made through (31 December 2019: 212,877 thousand).

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

	1 January- 31 March 2020	1 January- 31 March 2019
Beginning of the period - 1 January	(49,899)	(47,228)
TFRS 9 effect of period	(381)	(709)
Currency translation differences	(3,902)	(1,796)
Collections	-	1,646
	(54,182)	(48,087)

As of March 31, 2020, TRY 80,427 thousand (31 December 2019: TRY 51,156 thousand) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts and collateral information are presented in Note 39.

	31 March 2020	31 December 2019
Short-term trade payables		
Trade payables	690,716	885,383
Due to related parties (Note 38)	97,414	92,228
Rediscount on notes payable (-)	(1,183)	(1,709)
	786,947	975,902

Average credit term for purchases of goods is 60 days. The Group has financial risk management policies to ensure that all liabilities are paid within credit terms.

11. Other Receivables and Payables

	31 March 2020	31 December 2019
Short-term other receivables		
Receivables from related parties (Note 38)	141,776	57,662
Due from personnel	2,810	1,692
Deposits and guarantees given	16,461	19,029
Other miscellaneous receivables	22,212	15,857
	183,259	94,240

	31 March 2020	31 December 2019
Long-term other receivables		
Deposits and guarantees given	5,715	6,269

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

13. Inventories

	31 March 2020	31 December 2019
Raw materials	900,370	673,824
Finished goods	449,782	437,805
Trade goods	87,358	99,152
Work in process	92,962	84,292
Operating supplies	36,640	33,401
Other inventories	121,961	128,956
Provision for inventory impairment (-)	(17,318)	(24,804)
	1,671,755	1,432,626

Movements for impairment of inventory are as follows:

	1 January- 31 March 2020	1 January- 31 March 2019
Beginning of the period - 1 January	(24,804)	(18,534)
Currency translation differences	79	(390)
Provision in the period	(50)	-
Provision used in the period	7,457	3,027
	(17,318)	(15,897)

14. Prepaid Expenses and Deferred Income

	31 March 2020	31 December 2019
Prepaid expenses in current assets		
Advances given for inventories	35,280	65,328
Prepaid expenses	71,536	42,195
	106,816	107,523

	31 March 2020	31 December 2019
Prepaid expenses in non-current assets		
Advances given	217,216	262,190
Prepaid expenses	8,688	1,212
	225,904	263,402

	31 March 2020	31 December 2019
Short term deferred income		
Advances received from customers	3,800	5,045
Deferred Income (*)	79,385	10,571
	83,185	15,616

	31 March 2020	31 December 2019
Long term deferred income		
Deferred income for future years (*)	1,923	62,253

(*) The amount TRY 79,065 thousand consists of the government incentive provided by the Romania government to Glasscorp SA.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

15. Construction Contracts

None. (None: 31 December 2019).

16. Joint Ventures and Associates

Net asset values of joint ventures and associates accounted for using equity method presented in the financial position of the associates are as follows:

	31 March 2020	31 December 2019
Joint Ventures		
Camiş Elektrik Üretim A.Ş.	21,410	20,829
Saint Gobain Glass Egypt S.A.E (*)	231,815	204,231
Çayırova Cam Sanayii A.Ş.	114,535	120,245
	367,760	345,305

(*) The consolidated net asset amounts of Saint Gobain Glass Egypt S.A.E. Saint Gobain Egypt Trade LLC and Saint Gobain Mirrors Egypt S.A.E are presented.

The movements of the investments accounted for under equity accounting method during the period are as below;

	1 January- 31 March 2020	1 January- 31 March 2019
Beginning at the period - 1 January	345,305	307,726
Net income for the period from joint ventures and associates	7,131	14,862
Dividend income from joint ventures	(8,908)	(11,924)
Currency translation differences	24,232	18,736
	367,760	329,400

The summary financial statements of the investments valued by the equity method are as follows;

Çayırova Cam Sanayii A.Ş.	31 March 2020	31 December 2019
Current assets	51,273	37,355
Non-current assets	390,805	423,070
Total Assets	442,078	460,425
Current liabilities	3,922	1,405
Non-current liabilities	31,210	31,787
Total liabilities	35,132	33,192
Net Assets (including goodwill)	406,946	427,233
Group's share (%)		
- Direct and indirect ownership rate %	28,14	28,14
- Effective ownership rate (%)	28,14	28,14
Group's share in net assets (including goodwill)	114,535	120,245

	1 January- 31 March 2020	1 January- 31 March 2019
Revenue	-	-
Profit from continuing operations / (Loss)	11,365	33,833
Other comprehensive income/ (loss)	(2)	-
Total comprehensive income/ (loss)	11,363	33,833
The Group's share in profit/ (loss) from continuing operations	3,199	9,521
Dividend distributed from retained earnings	31,650	17,900
Group share from dividend distributed	8,908	5,038

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

16. Joint Ventures and Associates (Continued)

<u>Camış Elektrik Üretim A.Ş.</u>	31 March 2020	31 December 2019
Current assets	58,163	55,740
Non-current assets	13,980	14,921
Total Assets	72,143	70,661
Current liabilities	8,232	8,466
Non-current liabilities	1,720	1,692
Total liabilities	9,952	10,158
Net Assets (including goodwill)	62,191	60,503
Group's share (%)		
- Direct and indirect ownership rate (%)	34,43	34,43
- Effective ownership rate (%)	34,43	34,43
Group's share in net assets (including goodwill)	21,410	20,829

	1 January- 31 March 2020	1 January- 31 March 2019
Revenue	20,542	16,669
Profit from continuing operations	1,688	2,553
Other comprehensive income/ (loss)	-	(6)
Total comprehensive income/ (loss)	1,688	2,547
The Group's share in profit/ (loss) from continuing operations	581	879
Dividend distributed from retained earnings	-	20,000
Group share from dividend distributed	-	6,886

<u>Saint Gobain Glass Egypt S.A.E</u>	31 March 2020	31 December 2019
Current assets	460,273	381,827
Non-current assets	622,046	562,704
Total Assets	1,082,319	944,531
Current liabilities	275,750	234,325
Non-current liabilities	33,855	29,438
Total Liabilities	309,605	263,763
Net assets	772,714	680,768
Group's share (%)		
- Direct and indirect ownership rate (%)	30,00	30,00
- Effective ownership rate (%)	30,00	30,00
Group's share in net assets (including goodwill)	231,815	204,231

	1 January- 31 March 2020	1 January- 31 March 2019
Revenue	90,911	93,311
Profit from continuing operations	11,170	14,870
Other comprehensive income/ (loss)	80,776	62,457
Total comprehensive income/ (loss)	91,946	77,327
The Group's share in profit/ (loss) from continuing operations	3,351	4,462
Dividend distributed from retained earnings	-	-
Group share from dividend distributed	-	-

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

17. Investment Properties

	31 March 2020	31 December 2019
Beginning of th period - 1 January	557	589
Revaluation increase/(decrease)	-	(32)
	557	557

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

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

By using valid and current construction plan and permits for the parcels in which real estates are located, cost approach, direct capitalization, cash flow and market approach have been used for the fair value measurement. In determination of the values, the shortage of number of land parcels in the region where the real estates subject to appraisal are located transportation matters, environmental structures and the ongoing construction plan processes have been taken into consideration:

All investment properties are located in Turkey.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

18. Property, Plant and Equipment

Cost	Land	Land Improvements	Buildings	Machinery and equipments	Vehicles	Fixtures	Other fixed assets	Construction in progress	Total
1 January	586,996	163,478	1,936,805	5,696,568	105,225	243,315	88,626	734,305	9,555,318
Currency translation differences	8,038	(719)	(9,778)	176,302	4,001	5,272	(1,263)	11,391	193,244
Additions	-	-	7,377	19,812	1,223	1,412	425	63,629	93,878
Disposals	-	-	(36)	(10,703)	(49)	(196)	(5,585)	-	(16,569)
Transfers from construction in progress	-	20	64,127	12,512	8,228	1,475	6,467	(92,829)	-
31 March 2020 closing balance	595,034	162,779	1,998,495	5,894,491	118,628	251,278	88,670	716,496	9,825,871
Accumulated depreciation and impairment									
1 January	-	(73,443)	(71,668)	(3,193,061)	(69,685)	(176,021)	(54,254)	-	(3,638,132)
Currency translation differences	-	(296)	957	(89,397)	(3,587)	(4,251)	918	-	(95,656)
Period charge (*)	-	(1,571)	(13,424)	(93,709)	(2,966)	(4,375)	(2,312)	-	(118,357)
Disposals	-	-	-	9,501	49	159	88	-	9,797
31 March 2020 closing balance	-	(75,310)	(84,135)	(3,366,666)	(76,189)	(184,488)	(55,560)	-	(3,842,348)
Net Book Value as of 31 March 2020	595,034	87,469	1,914,360	2,527,825	42,439	66,790	33,110	716,496	5,983,523
Net Book Value as of 31 December 2019	586,996	90,035	1,865,137	2,503,507	35,540	67,294	34,372	734,305	5,917,186

(*) The allocation of period depreciation expense is given in Note 29 and Note 31,

There are no assets acquired through financial leasing in the period purchases.

There are no financial expenses capitalized in the purchases. (31 December 2019: TRY 1,358)

The Group has no mortgage over lands and buildings due to bank borrowings exist (31 December 2019: None).

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

18. Property, Plant and Equipment (Continued)

Cost	Land	Land Improvements	Buildings	Machinery and equipments	Vehicles	Fixtures	Other fixed assets	Construction in progress	Total
1 January	572,284	145,617	1,775,647	4,926,362	81,545	212,960	80,365	278,700	8,073,480
Currency translation differences	8,113	6,857	108,110	196,750	3,415	5,625	3,354	14,930	347,154
Additions	3	535	462	1,944	194	1,962	913	81,645	87,658
Disposals	-	-	(6,203)	(2,950)	(770)	(17)	(1,338)	(1,049)	(12,327)
Transfers from construction in progress	-	1,674	2,068	11,383	5,689	3,963	3,027	(27,804)	-
31 March 2019 closing balance	580,400	154,683	1,880,084	5,133,489	90,073	224,493	86,321	346,422	8,495,965
Accumulated depreciation and impairment									
1 January	-	(64,125)	(33,737)	(2,948,428)	(57,340)	(154,121)	(47,379)	-	(3,305,130)
Currency translation differences	-	(1,514)	(1,735)	(103,851)	(2,478)	(3,900)	(1,808)	-	(115,286)
Period charge (*)	-	(1,490)	(14,217)	(81,186)	(1,951)	(3,868)	(2,152)	-	(104,864)
Disposals	-	-	-	11	146	-	582	-	739
31 March 2019 closing balance	-	(67,129)	(49,689)	(3,133,454)	(61,623)	(161,889)	(50,757)	-	(3,524,541)
Net Book Value as of 31 March 2019	580,400	87,554	1,830,395	2,000,035	28,450	62,604	35,564	346,422	4,971,424
Net Book Value as of 31 December 2018	572,284	81,492	1,741,910	1,977,934	24,205	58,839	32,986	278,700	4,768,350

(*) The allocation of period depreciation expense is given in Note 29 and Note 31,
There are no assets acquired through financial leasing in the period purchases,
The Group has no mortgage over lands and buildings due to bank borrowings exist (31 December 2019: None).

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

19. Right-of-Use Assets

Cost	Machinery and				Total
	Building	equipments	Vehicles	Fixtures	
1 January	40,523	48,884	8,505	1,308	99,220
Readjustment	(5,888)	(907)	-	(347)	(7,142)
Currency translation differences	681	731	280	82	1,774
Remeasurement effect	1,137	-	-	-	1,137
Additions	5,668	-	-	-	5,668
31 March 2020 closing balance	42,121	48,708	8,785	1,043	100,657
Accumulated Amortization and impairment					
1 January	(17,336)	(23,962)	(5,611)	(1,268)	(48,177)
Readjustment	5,888	907	-	347	7,142
Currency translation differences	(59)	(599)	(205)	(84)	(947)
Period expense (*)	(1,381)	(2,767)	(716)	(39)	(4,903)
31 March 2020 closing balance	(12,888)	(26,421)	(6,532)	(1,044)	(46,885)
Net Book Value as of 31 March 2020	29,233	22,287	2,253	(1)	53,772
Net Book Value as of 31 December 2019	23,187	24,922	2,894	40	51,043

Cost	Machinery and				Total
	Building	equipments	Vehicles	Fixtures	
TFRS 16 opening effect	35,968	48,077	6,647	1,218	91,910
Currency translation differences	763	377	143	42	1,325
Remeasurement effect	-	1,938	7	17	1,962
Additions	3,240	-	1,185	-	4,425
31 March 2019 closing balance	39,971	50,392	7,982	1,277	99,622
Accumulated Amortization and impairment					
TFRS 16 opening effect	(11,466)	(13,859)	(2,981)	(821)	(29,127)
Currency translation differences	(287)	(231)	(60)	(33)	(611)
Period expense (*)	(1,364)	(2,536)	(593)	(95)	(4,588)
31 March 2019 closing balance	(13,117)	(16,626)	(3,634)	(949)	(34,326)
Net Book Value as of 31 March 2019	26,854	33,766	4,348	328	65,296
Net Book Value as of 31 December 2018	-	-	-	-	-

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

20. Intangible Assets

Cost	Rights		Other	Total
1 January	131,244		89,034	220,278
Currency translation differences	8,232		4,207	12,439
Additions	432		467	899
31 March 2020 closing balance	139,908		93,708	233,616
Accumulated amortization				
1 January	(121,924)		(30,073)	(151,997)
Currency translation differences	(8,090)		(1,948)	(10,038)
Period expense (*)	(754)		(1,922)	(2,676)
31 March 2020 closing balance	(130,768)		(33,943)	(164,711)
Net Book Value as of 31 March 2020	9,140		59,765	68,905
Net Book Value as of 31 December 2019	9,320		58,961	68,281

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

20. Intangible Assets (Continued)

Cost	Rights	Other	Total
1 January	468,728	19,209	487,937
Currency translation differences	33,310	937	34,247
Additions	169	637	806
Disposals	(24)	-	(24)
31 March 2019 closing balance	502,183	20,783	522,966
Accumulated amortization			
1 January	(241,145)	(16,380)	(257,525)
Currency translation differences	(15,536)	(797)	(16,333)
Subsidiary acquisition effect	-	-	-
Period expense (*)	(842)	(513)	(1,355)
31 March 2019 closing balance	(257,523)	(17,690)	(275,213)
Net Book Value as of 31 March 2019	244,660	3,093	247,753
Net Book Value as of 31 December 2018	227,583	2,829	230,412

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

21. Goodwill

The movement of goodwill balance is as follows:

	1 January- 31 March 2020	1 January- 31 March 2019
1 January	269,826	168,815
Currency translation differences	11,788	11,346
	281,614	180,161

The details of the goodwill as of its subsidiaries are as follows:

	31 March 2020	1 December 2019
Fritz Holding GmbH	10,498	9,677
Glasscorp S.A.	38,257	35,641
Şişecam Flat Glass India Limited	232,859	224,508
	281,614	269,826

Goodwill impairment test

Goodwill is subject to impairment test every year. The recoverable amounts of cash generating units are determined on value in use basis. Value in use is determined by discounting the expected future cash flows to be generated by the cash-generating unit. The below key assumptions are used by the Group in the calculation of the value in use of Sisecam Flat Glass India Private Limited as of December 31, 2019.

- The projection period for the purposes of goodwill impairment testing is taken as 5 years between January 1, 2020 and December 31, 2025.
- Cash flows for further periods (perpetuity) were extrapolated using a constant growth rate of 2% which does not exceed the estimated average growth rate of economy of the country.
- Weighted average cost of capital rate of 10% is used as after-tax discount rate in order to calculate the recoverable amount of the unit.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

21. Goodwill (Continued)

Goodwill impairment test (Continued)

Sensitivity to changes in assumptions used in the goodwill impairment test

In the calculation of the present value of future cash flows, long term growth rate and discount rates are taken into account. Originally, the long-term growth rate is assumed to be 2%. Had the rate been assumed to be 1,5%, the recoverable amount would have been above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for. Originally, the discount rate is assumed to be 10%. Had the rate been assumed to be 11%, the recoverable amount would have been above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

22. Governments Grants

An agreement for government incentive was signed between Glasscorp S.A and Ministry of Economy on behalf of the Republic of Romania under "Regulation of Investment Incentive and Implementation" of Romania and "Government Incentive Legislation" of European Union. In this context; In accordance with the relevant legislation. Glasscorp SA has an obligation to repay the amount of 77,766 thousand RON of its incentives which was collected in cash and booked as deferred income in accordance with the relevant legislation until 31 December 2019 either as corporate tax or employment tax. Non-repaid amount of incentive is 27,016 thousand RON as of 31 December 2019. The management of Glasscorp S.A continues to negotiate with the relevant institutions to extend the repayment period for the relevant incentive.

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

23. Provisions, Contingent Assets and Liabilities

<u>Short term provisions</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
Litigation provisions	7,153	7,370
Provision for outsourced benefits and services	5,211	5,205
Provisions for employee benefits	8,337	11,528
Provision for cost expense	12,760	2,610
Other	2,505	4,235
	35,966	30,948

As of 31 March 2020, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 7,153 thousand (31 December 2019: TRY 7,370 thousand) and set aside a provision for this amount. The provision amount was recognised under general administrative expenses.

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 March 2020 and 31 December 2019 are as follows:

Some of the Group's financing needs are provided by Şişecam Holding, the main shareholder of the Group, and made available to its subsidiaries under the same conditions. As of 31 March 2020, and 31 December 2019, there is no CPM given in favor of third parties.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

23. Provisions Contingent Assets and Liabilities (continued)

The CPMs given by the Company	31 March 2020			
	TRY Equivalents	USD	Euro	Other
A. CPM's given in the behalf of own Company (*)	-	-	-	-
B. CPM's given on behalf of the fully consolidated subsidiaries	2,158,306	-	288,380	77,641
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the parent	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	2,158,306	-	288,380	77,641

The CPMs given by the Company	31 December 2019			
	TRY Equivalents	USD	Euro	Other
A. CPM's given in the behalf of own Company (*)	-	-	-	-
B. CPM's given on behalf of the fully consolidated subsidiaries	2,147,063	-	307,691	100,734
C. CPM's given on behalf of third parties or ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the parent	-	-	-	-
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	2,147,063	-	307,691	100,734

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

24. Commitments

According to the agreements with Türkiye Petrolleri Anonim Ortaklığı A.Ş., Polatlı O.S.B. and Mersin O.S.B. has, a purchase commitment of 249,613,846 sm³ of natural gas between 1 April 2020 and 31 December 2020 (31 December 2019: 340,732,941 sm³).

25. Employee Benefits

	31 March 2020	31 December 2019
Short term provisions for employee benefits		
Unused vacation provision	3,109	4,535
	31 March 2020	31 December 2019
Provision for employee termination benefits		
Domestic	99,160	98,125
Foreign	14,831	14,268
	113,991	112,393

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Additionally, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments dated 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 6,730.15 for each period of service as of 31 March 2020 (31 December 2019: TRY 6,379.86). TRY 6,730.15 which is effective from 1 January 2020, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2019: TRY 6,730.15 which is effective from 1 January 2020).

Liability of employment termination benefits is not subject to any funding as there is not any obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be used to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/ (gain) are accounted in the other comprehensive income statement under Funds for Actuarial Gain/Loss on Defined Benefit Plans.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, the liabilities in the accompanying consolidated financial statements as of 31 March 2020 and 31 December 2019 are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 8,20% (31 December 2019: 8,20%) and a discount rate of 14,69% (31 December 2019: 14,69%), the real discount rate is approximately 6,00% (31 December 2019: 6,00%). The anticipated rate of forfeitures that occurred as a result of voluntary turnovers is considered.

The movement of the employment termination benefits is as follows:

	1 January- 31 March 2020	1 January- 31 March 2019
1 January	112,393	101,614
Service costs	455	849
Interest costs	3,594	2,437
Currency translation differences	1,017	668
Payments during the period	(3,468)	(3,731)
	113,991	101,837

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

26. Impairment of Assets

	31 March 2020	31 December 2019
Provision for doubtful receivables (Note 10)	54,182	49,899
Provision for inventory impairment (Note 13)	17,318	24,804
Provision for impairment of financial assets (Note 7)	17,189	20,092
Provision for impairment of cash and cash equivalents (Note 6)	4,210	4,376
	92,899	99,171

27. Other Assets and Liabilities

	31 March 2020	31 December 2019
Other current assets		
Other VAT	107,813	86,699
Other	27,258	23,864
	135,071	110,563

	31 March 2020	31 December 2019
Other non-current assets		
Other	858	1,072

	31 March 2020	31 December 2019
Other current liabilities		
Expense accruals	72,466	97,127
Social security withholdings payable	21,093	19,451
Other	20,260	11,029
Social benefits payable	-	5,670
	113,819	133,277

28. Capital Reserves and Other Equity Items

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

a) Paid in Capital / Adjustment to Share Capital

The approved and paid-in share capital of the Company consists of 125,000,000,000 (31 December 2019: 125,000,000,000) shares issued on bearer with a nominal value of Kr 1 (Kuruş one) each.

	31 March 2020	31 December 2019
The limit of registered capital	3,000,000	3,000,000
Issued share capital in nominal value	1,250,000	1,250,000

As of 31 March 2020 and 31 December 2019 the capital structure is as follows:

	31 March 2020		31 December 2019	
	Amount TL	Share (%)	Amount TL	Share (%)
Shareholders				
Türkiye Şişe ve Cam Fabrikaları A.Ş.	886,552	70.92	879,360	70.35
Free float	363,448	29.08	370,640	29.65
Nominal capital	1,250,000	100,00	1,250,000	100,00
Inflation adjustment	5,577	-	5,577	-
Adjusted capital	1,255,577		1,255,577	

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

28. Capital Reserves and Other Equity Items (continued)

b) Share Premium (Discounts)

It consists of the difference between the nominal price and the sales price of the shares publicly traded. It is TRY 23 thousand as of 31 March 2020 (31 December 2019: TRY 23 thousand).

c) Accumulated Other Comprehensive Income (Expenses) not to be reclassified to Profit or Loss

Revaluation funds that are unrelated with income statement is directly transferred to equity as follows:

	31 March 2020	31 December 2019
Items not to be reclassified to profit or loss		
Increases / (decreases) in revaluation fund	635,762	647,048
- Revaluation funds of land and buildings	635,762	647,048
Remeasurement gain / (loss) funds of defined benefit plans	1,339	1,322
	637,101	648,370

Remeasurement gain / (loss) funds of defined benefit plans

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 "Remeasurement gain / (loss) funds of defined benefit plans" under the equity.

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

Movements in revaluation funds presented in the statements of comprehensive income and statement of changes in equity.

Currency translation differences

It arises from exchange differences arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY and accounted for under equity. TRY 12,395 thousand of the change in the currency translation difference relates to non-controlling interests (31 December 2019: TRY 52,651 thousand).

	31 March 2020	31 December 2019
Items to be reclassified to profit or loss		
Currency translation differences	1,157,125	1,209,389
Hedging gains (losses)	94,660	39,859
	1,251,785	1,249,248

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. Entities publicly traded make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board. Legal Reserves, "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

	31 March 2020	31 December 2019
Restricted reserves attributable to equity holders of the Parent		
Legal reserves	265,449	231,539

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

28. Capital Reserves and Other Equity Items (continued)

f) Retained Earnings

The Group's retained earnings of TRY 2,837,879 thousand are classified as retained earnings in the Consolidated Financial Statements of 31 March 2020 (31 December 2019: TRY 2,250,144 thousand).

Dividends Distribution

Dividends are distributed according to Communiqué Serial: II-19,1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law" principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14,1 that sufficient reserves exist in the unconsolidated statutory books.

In publicly held companies, dividends are distributed equally to all existing shares as of the date of distribution, regardless of their date of issue and acquisition.

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 March 2020	31 December 2019
Net profit for the period	63,643	936,756
Legal reserves	(3,182)	(46,838)
Distributable profit for the period	60,461	889,918
Extraordinary reserves	1,041,866	1,041,866
Retained earnings	890	435
	1,103,217	1,932,219

29. Revenue and Cost of Sales

	1 January- 31 March 2020	1 January- 31 March 2019
Sales		
Revenue	1,644,366	1,621,215
Sales discounts	(118,792)	(83,193)
Sales returns	(5,634)	(3,610)
Other sales discounts	(910)	(60)
	1,519,030	1,534,352
Cost of Sales		
Direct raw materials and supplies expenses	(782,624)	(664,374)
Direct labour expenses	(113,167)	(98,253)
General production expenses	(295,433)	(256,488)
Depreciation and amortization expenses	(104,309)	(94,535)
Change in work-in progress inventories	8,670	8,892
Change in finished goods inventories	226,546	100,492
Cost of goods sold	(1,060,317)	(1,004,266)
Cost of trade goods sold	(24,818)	(40,816)
Cost of services rendered	-	(774)
	(1,085,135)	(1,045,856)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

	1 January- 31 March 2020	1 January- 31 March 2019
General administrative expenses	(130,873)	(110,870)
Marketing expenses	(210,423)	(195,106)
Research and development expenses	(6,540)	(5,807)
	(347,836)	(311,783)

31. Expenses by Nature

	1 January- 31 March 2020	1 January- 31 March 2019
Indirect material costs	(7,760)	(8,576)
Labour and personnel salary expenses	(86,461)	(80,495)
Outsourced services	(142,749)	(113,991)
Miscellaneous expenses	(89,239)	(92,449)
Depreciation and amortization expenses	(21,627)	(16,272)
	(347,836)	(311,783)

32. Other Operating Income and Expenses

	1 January- 31 March 2020	1 January- 31 March 2019
Other operating income		
Gain on sales of raw materials and materials	20,801	7,297
Gain on sale of scraps	2,719	6,228
Rent income	5,265	725
Insurance claim income	2,011	2,981
Provisions no longer required	31	1,658
Financial income related to operating activities	51,251	56,459
Investment incentive income	2,847	2,571
Other	11,851	5,228
	96,776	83,147

	1 January- 31 March 2020	1 January- 31 March 2019
Other operating expense		
CO2 emission quota expense	-	(24,533)
Financial expense related with operating activities	(38,319)	(27,559)
Provision expenses	(381)	(709)
Commission expense	(300)	(262)
Loss on sale of raw materials and materials	(2,891)	-
Loss on sale of scraps	(3,738)	(2,859)
Other	(4,379)	(19,193)
	(50,008)	(75,115)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

33. Income and Expenses from Investing Activities

	1 January- 31 March 2020	1 January- 31 March 2019
Income from Investing Activities		
Gain on valuation of financial investments measured at amortized cost	125,470	87,377
Gain on sale of fixed assets	263	416
	125,733	87,793

	1 January- 31 March 2020	1 January- 31 March 2019
Expense from Investing Activities		
Loss on sale of fixed assets	(1,015)	(535)

Impairment losses and reversals of impairment losses determined in accordance with TFRS-9:

	1 January- 31 March 2020	1 January- 31 March 2019
Impairment loss		
Impairment of financial investments	-	(209)
Impairment of cash and cash equivalents	(22)	(2,071)
Reversal of impairment of financial investments	2,903	2,383
Reversal of impairment of cash and cash equivalents	182	2
	3,063	105

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

34. Financial Income and Expenses

	1 January- 31 March 2020	1 January- 31 March 2019
Financial Income		
Foreign exchange gain	396,164	136,620
- <i>Cash and cash equivalents</i>	334,269	122,459
- <i>Bank loans</i>	139	25
- <i>Derivative instruments</i>	25,846	-
- <i>Other</i>	35,910	14,136
Interest income	20,083	17,485
- <i>Time deposits</i>	12,062	11,663
- <i>Derivative instruments</i>	6,698	-
- <i>Other</i>	1,323	5,822
	416,247	154,105
	1 January- 31 March 2020	1 January- 31 March 2019
Financial Expense		
Foreign exchange loss	(411,169)	(202,504)
- <i>Cash and cash equivalents</i>	(66,577)	(45,029)
- <i>Bank loans</i>	(103,238)	(25,201)
- <i>Bonds issued</i>	(220,700)	(130,432)
- <i>Rents</i>	(457)	-
- <i>Other</i>	(20,197)	(1,842)
Interest expense	(81,631)	(40,532)
- <i>Bank loans</i>	(36,456)	(13,617)
- <i>Bonds issued</i>	(37,924)	(19,259)
- <i>Derivative instruments</i>	(570)	-
- <i>Rents</i>	(625)	-
- <i>Other</i>	(6,056)	(7,656)
	(492,800)	(243,036)
	1 January- 31 March 2020	1 January- 31 March 2019
Financial Income/Expense (Net)		
Foreign exchange gain/ (loss)	(15,005)	(65,884)
- <i>Cash and cash equivalents</i>	267,692	77,430
- <i>Bank loans</i>	(103,099)	(25,176)
- <i>Bonds issued</i>	(220,700)	(130,432)
- <i>Derivative instruments</i>	25,846	-
- <i>Rents</i>	(457)	-
- <i>Other</i>	15,713	12,294
Interest income / (expense)	(61,548)	(23,047)
- <i>Bank deposits and loans</i>	(24,394)	(1,954)
- <i>Bonds issued</i>	(37,924)	(19,259)
- <i>Derivative instruments</i>	6,128	-
- <i>Rents</i>	(625)	-
- <i>Other</i>	(4,733)	(1,834)
	(76,553)	(88,931)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

35. Assets Held for Sale

	31 March 2020	31 December 2019
Cost		
Buildings	32,474	29,933
Accumulated depreciations and impairments		
Buildings	(2,255)	(2,079)
Net book value of tangible assets	30,219	27,854
	31 March 2020	31 March 2019
1 January	27,854	-
Currency translation differences	2,365	-
	30,219	-

Fixed assets with a net book value of TRY 30,219 thousand classified for assets held for sale relate to buildings in the Germany-Besigheim location, which Richard Fritz Holding GmbH plans to sell. The Group management has classified the related real estates for sale immediately and, as of the balance sheet date, the assets held for sale in accordance with TFRS – 5 "Assets Held for Sale and Discontinued Operations" as of the balance sheet date.

36. Taxes on Income (Including Deferred Tax Assets And Liabilities)

Deferred Tax Assets and Liabilities

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

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

	31 March 2020	31 December 2019
Deferred tax assets	32,958	62,727
Deferred tax liabilities (-)	(99,912)	(102,548)
Deferred tax liabilities (net)	(66,954)	(39,821)
	31 March 2020	31 December 2019
Temporary differences		
Useful life and valuation differences on tangible and intangible assets	1,814,717	1,913,627
Carry forward tax losses	(437,284)	(430,578)
Employment termination benefits	(104,977)	(103,472)
Provision for inventory write-down	(35,333)	(42,413)
Valuation of investment property	(593,742)	(559,427)
Receivables and payables rediscount	(1,430)	(3,184)
Provisions for litigation	(6,695)	(8,764)
Provision for doubtful receivables	(23,135)	(22,204)
Other	71,411	(82,757)
	683,532	660,828

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

Deferred Tax Assets and Liabilities (Continued)

	31 March 2020	31 December 2019
Deferred tax assets/ (liabilities)		
Useful life and valuation differences on tangible and intangible assets	258,815	249,747
Carry forward tax losses	(43,142)	(35,016)
Employment termination benefits	(23,378)	(23,092)
Provision for inventory write-down	(4,713)	(6,023)
Reduced investment to be utilized	(144,757)	(136,660)
Receivables and payables rediscount	(315)	(700)
Provisions for litigation	(1,493)	(2,178)
Provision for doubtful receivables	(4,270)	(4,141)
Other	30,207	(2,116)
	66,954	39,821

The expiration schedule of carry forward tax losses are as follows:

	31 March 2020	31 December 2019
Within one year	14,586	22,085
Within two years	38,846	12,845
Within three years	42,766	36,071
Within four years	52,145	41,576
Within five years	106,299	49,533
Within six years	94,614	101,138
Within seven years	42,861	91,988
Within eight years	23,331	30,532
Within nine years	14,772	26,576
Within ten years	7,064	18,234
	437,284	430,578

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

	1 January- 31 March 2020	1 January- 31 March 2019
1 January	39,821	15,385
Recognized in the consolidated statement of profit or loss	12,165	(8,783)
Associated with equity	15,461	14,129
Impact of change in consolidation method	-	715
Currency translation differences	(493)	(13,674)
	66,954	7,772

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

Corporate Tax

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax. Non-taxable revenues and other discounts (if any previous year losses, if preferred investment allowances and also R&D center incentive) are deducted.

In Turkey, applied corporate tax rate is 22% as of 31 March 2020 (31 December 2019: 22%).

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

Country	Tax Rate (%)
Bulgaria	10.0
Egypt	20.0
Romania	16.0
Russia (*)	2.0 – 20.0
Netherlands (**)	20.0 – 25.0
Germany	15.0
India	34.9
Slovakia	19.0
Hungary	10.0-19.0
Italy	27.9

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

(**) In the Netherlands, a tax of 20% for income up to Euro 200,000 and a tax rate of 25% for excess. Euro 200,000 is effective.

In Turkey, advance tax returns are filed on a quarterly basis and 22% of temporary tax rate is applied during the taxation of corporate income in 2020. (31 December 2019: 22%).

The 20% tax rate stated in the first paragraph of Article 32 of the Corporate Tax Law No 5520 Law and the amendment to the Law on the Amendment of Certain Tax Laws and Some Other Laws No. 7061, which was accepted on 28 November 2017, and the tax rate of 20% for the taxation periods of 2018, 2019 and 2020 will be applied 22% as a provisional basis. In addition, the 75% portion of the taxable profits from the sale of immovable properties that are included in the assets of the institutions for at least two full years has been changed to 50%, which is stated in the same law and in the first paragraph of Article 5 of the Corporate Tax Law No. 5520 Law.

Therefore, timing differences in the companies in Turkey subject to deferred tax calculation up to 2020 transactions would be 22%. and whereas by taking effect of time into consideration 21% and 20% has been considered in recognizing deferred tax assets and liabilities for timing differences allocated to short and longer term to published procedures.

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). However, tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years.

Losses can be carried forward for offset against future taxable income for up to 5 years (Russia unlimited, Romania 7 years, Germany 10 years, India 8 years). Losses cannot be carried back for offset against profits from prior periods.

With the term of not exceeding the companies subsidiary Trakya Glass Bulgaria EAD's investments more than 50% which operations take place in Bulgaria, the company can benefit from tax allowance. Company has benefited from the tax allowance in year 2020.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

Income Withholding Tax

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

An advance taxation of 19,8% must 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.

Reduced Corporate Tax Application (Investment Incentives)

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

	31 March 2020	31 December 2019
Current tax provision	15,993	79,276
Prepaid taxes and funds (-)	(38,589)	(105,043)
Tax provision in the statement of the financial position	(22,596)	(25,767)

	1 January- 31 March 2020	1 January- 31 March 2019
Provision for corporate tax for current period	(15,993)	(52,838)
Deferred tax income	(12,165)	8,783
Tax provision in the statement of profit or loss	(28,158)	(44,055)

Reconciliation of provision for tax	1 January- 31 March 2020	1 January- 31 March 2019
Profit before taxation and non-controlling interest	191,186	198,039
Effective tax rate	%22.00	%22.00
Calculated tax	(42,061)	(43,569)

Tax reconciliation		
- Non-deductible expenses	(8,967)	(3,668)
- Reduced corporate tax	20,883	10,717
- Subsidiary gains or losses	1,569	3,270
- The effect of the foreign subsidiaries that have different tax rates	793	(1,481)
- Other	(375)	(9,324)
Tax provision in the statement of income	(28,158)	(44,055)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

37. Earnings Per Share

	1 January- 31 March 2020	1 January- 31 March 2019
Earnings per share		
Average number of shares existing during the period (1/1000 value)	1,250,000	1,250,000
Net profit for the period attributable to equity holders of the parent	161,067	149,363
Earning per share	0.1289	0.1195
Total comprehensive income attributable to equity holders of the parent	154,447	403,943
Earnings per share obtained from total comprehensive income	0.1236	0.3232

38. Related party disclosures

The immediate parent of the Group is Türkiye Şişe ve Cam Fabrikaları A.Ş. and ultimate parent of the Group is Türkiye İş Bankası A.Ş. Since the transactions between the Company and its consolidated subsidiaries are eliminated during consolidation, they are not disclosed in this note.

The full list of the relationship level of companies which are specified as related parties is grouped in alphabetical order as follows:

	31 March 2020	31 December 2019
Deposits held on related parties		
Türkiye İş Bankası A.Ş.		
- Time deposit	3,220,046	3,434,644
- Demand deposit	347,933	252,476
	3,567,979	3,687,120
İşbank AG		
- Time deposit	-	-
- Demand deposit	1,856	1,935
	1,856	1,935
	3,569,835	3,689,055

	31 March 2020	31 December 2019
Due to related parties		
Şişecam Holding (*)	2,501,619	2,292,740

(*) The parent company, T. Şişe ve Cam Fabrikaları A.Ş. issued on 9 May 2013, a 7-year term, fixed interest bonds amounting to US dollar 500 million with the maturity date May 2020. The interest rate for the bonds was determined as 4,25%. The capital payment of the bond would be made at maturity date. Funds amounting to US dollar 250 million thousand provided after issuance of these bonds transferred to the Group under the same conditions and the Group guaranteed principal, interest and other payments of fund transferred from T. Şişe ve Cam Fabrikaları A.Ş. On 29 March 2019, USD 200 million (Group's share of USD 100 million) principal payment has been made and the remaining principal payment will be made on due date. In addition, Şişecam Holding issued a 7-year bond with a nominal value of USD 700 million and a redemption date of 14 March 2026 on 14 March 2019 and USD 550 million on 28 March 2019. The interest rate for these bonds is determined as 6,95%. Following the issuance of these bonds USD 233 million of funds were transferred to the Group on the same terms and guaranteed individually for the principal, interest and similar payments as much as the amount of funds provided to the Group. The principal payment will be made on the due date, TRY 997,972 thousand portion of the period balance is short term and TRY 1,503,647 thousand portion is long term.

	31 March 2020	31 December 2019
Held to maturity financial investments		
Türkiye İş Bankası A.Ş.	291,216	261,961
Türkiye Sınai Kalkınma Bankası A.Ş.	149,846	134,876
	441,062	396,837

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

38. Related Party Disclosures (Continued)

Coupon interest rates and nominal values of held to maturity financial investments cost are as follows:

Bond Issuer	ISIN Code	Coupon Interest Rate (%)	31 March 2020	31 December 2019
			Nominal Amount (thousand USD)	Nominal Amount (thousand USD)
Türkiye İş Bankası A.Ş.	XS1390320981	%5.3750	15,982	15,982
Türkiye İş Bankası A.Ş.	XS1079527211	%5.0000	15,374	15,374
Türkiye İş Bankası A.Ş.	XS1508390090	%5.5000	12,000	12,000
Türkiye İş Bankası A.Ş.	XS1578203462	%6.1250	550	550

The non-trade receivables and payables of the Group with its related parties consist of financial loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries. These non-trade receivables and payables do not have maturities. Interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. based on money markets. The monthly interest rate used for 31 March 2020 was 0,88% (31 December 2019: 0,93%)

Other receivables from related parties	31 March 2020	31 December 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	86,242	13,304
Şişecam Dış Ticaret A.Ş.	36,675	-
Pasabahçe Bulgaria EAD	13,839	37,783
Camiş Madencilik A.Ş.	2,525	-
Camiş Elektrik Üretim A.Ş.	392	384
Soda Sanayii A.Ş.	4	-
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	-	2,163
Other	2,099	4,028
	141,776	57,662

Trade payables to related parties	31 March 2020	31 December 2019
Sisecam Bulgaria EOOD	31,936	-
Soda Sanayii A.Ş.	22,379	21,205
Şişecam Dış Ticaret A.Ş.	21,768	12,114
Şişecam Enerji A.Ş.	10,167	9,961
Camiş Elektrik Üretim A.Ş.	4,717	4,971
Camiş Madencilik A.Ş.	3,306	4,360
Pasabahçe Bulgaria EAD	162	27,623
Other	2,979	11,994
	97,414	92,228

Other payables to related parties	31 March 2020	31 December 2019
Türkiye Şişe ve Cam Fabrikaları A.Ş.	198,593	204,574
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	1,993	-
Dividend debt to shareholders (*)	37,799	-
	238,385	204,574

(*) Refers to the portion of the cash profit distribution amount that was decided in the Ordinary General Assembly Meeting of 2019 held on March 26, 2020.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

38. Related Party Disclosures (Continued)

	1 January- 31 March 2020	1 January- 31 March 2019
Interest income from related parties		
T. İş Bankası A.Ş.	9,659	7,623
Şişecam Dış Ticaret A.Ş.	982	-
Türkiye Şişe ve Cam Fabrikaları A.Ş.	185	4,500
Other	-	1,099
	10,826	13,222

	1 January- 31 March 2020	1 January- 31 March 2019
Interest expenses to related parties		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	3,079	3,465
T. İş Bankası A.Ş.	41	215
Other	3	20
	3,123	3,700

	1 January- 31 March 2020	1 January- 31 March 2019
Other income from related parties		
Pasabahçe Bulgaria EAD (*)	13,619	18,325
Türkiye Şişe ve Cam Fabrikaları A.Ş.	5,023	586
Other	2,143	1,624
	20,785	20,535

(*) It is due to the sale of materials to Paşabahçe Bulgaria EAD.

	1 January- 31 March 2020	1 January- 31 March 2019
Other expenses to related parties		
Soda Sanayii A.Ş. (1)	60,175	40,424
Türkiye Şişe ve Cam Fabrikaları A.Ş.	44,496	35,244
Camiş Madencilik A.Ş. (2)	42,378	32,634
Sisecam Bulgaria EOOD (3)	38,685	25,486
Şişecam Enerji A.Ş.	26,251	22,439
Camiş Elektrik Üretim A.Ş.	11,737	9,548
Other	12,895	4,606
	236,617	170,381

(1) Soda purchases from Soda Sanayii.

(2) Sand purchases from Camiş Madencilik.

(3) Soda purchases from Sisecam Bulgaria EOOD.

	1 January- 31 March 2020	1 January- 31 March 2019
Benefits provided to key management		
Parent (Holding)	1,385	1,476
Consolidated entities	7,416	6,720
	8,801	8,196

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 28.

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

As of 31 March 2020, and 31 December 2019 the Group's net debt / total equity ratios are as follows:

	31 March 2020	31 December 2019
Financial liabilities and trade payables	7,447,557	7,336,611
Less: Cash and cash equivalents	(3,676,006)	(3,928,489)
Net debt	3,771,551	3,408,122
Total equity	6,835,346	6,796,543
Net debt / total equity ratio	%55	%50

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

b) Financial Risk Factors

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

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

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

b.1) Credit Risk Management

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

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued)

b,1) Credit Risk Management (Continued)

	Receivables				Cash and Cash Equivalents	Financial Investments and Derivatives
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
Credit risks exposed through types of financial instruments						
Maximum credit risk exposed as of balance sheet date 31 March 2020 (A+B+C+D+E)	-	808,726	141,776	47,198	3,676,006	1,334,800
- The part of maximum risk under guarantee with collaterals etc.	-	(470,685)	-	-	-	-
A. Net book value of financial assets that are neither overdue not impaired	-	728,299	141,776	47,198	3,680,216	1,351,989
- The part under guarantee with collaterals, etc	-	(435,517)	-	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
C. Carrying value of financial assets that are overdue but not impaired	-	80,427	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(35,168)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	(4,210)	(17,189)
- Overdue (gross carrying amount)	-	54,182	-	-	-	-
- Impairment (-)	-	(54,182)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	(4,210)	(17,189)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-
(*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.						

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued)

b,1) Credit Risk Management (Continued)

	Receivables				Cash and Cash Equivalents	Financial Investments and Derivatives
	Trade Receivables		Other Receivables			
	Related Party	Third Party	Related Party	Third Party		
Credit risks exposed through types of financial instruments						
Maximum credit risk exposed as of balance sheet date 31 December 2019 (A+B+C+D+E)	-	929,956	57,662	42,847	3,928,489	1,235,429
- The part of maximum risk under guarantee with collaterals etc.	-	(556,741)	-	-	-	-
A. Net book value of financial assets that are neither overdue not impaired	-	878,800	57,662	42,847	3,932,865	1,255,521
- The part under guarantee with collaterals, etc	-	(530,700)	-	-	-	-
B. Net book of financial assets that are renegotiated, if not that will be accepted as overdue or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
C. Carrying value of financial assets that are overdue but not impaired	-	51,156	-	-	-	-
- The part under guarantee with collaterals, etc.	-	(26,041)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	(4,376)	(20,092)
- Overdue (gross carrying amount)	-	49,899	-	-	-	-
- Impairment (-)	-	(49,899)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	(4,376)	(20,092)
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (continued)

b) Financial Risk Factors (Continued)

b,1) Credit Risk Management (Continued)

Guarantees received from the customers are as follows:

	31 March 2020	31 December 2019
Letters of guarantee	120,054	133,129
Security cheques and bonds	49,236	76,605
Mortgages	4,454	7,492
Direct debit system	37,278	42,944
Other	259,663	296,571
	470,685	556,741

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

	31 March 2020	31 December 2019
1-30 days overdue	33,405	18,319
1-3 months overdue	17,882	9,076
3-12 months overdue	19,502	15,284
1-5 years overdue	9,638	8,477
Total overdue receivables	80,427	51,156
Secured with collaterals (-)	35,168	26,041

b,2) Liquidity Risk Management

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

Liquidity risk

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

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

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b,2) Liquidity Risk Management (Continued)

Liquidity risk tables (Continued)

The following table details the Group's expected maturity for its financial liabilities. The tables below have been prepared based on the undiscounted contractual maturities and the earliest date of payment of the financial liability. Amount of interest payable to be paid on aforementioned liabilities are considered in the table.

31 March 2020						
Non- derivative financial Liabilities	Carrying value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Bank loans	4,095,711	4,216,472	262,568	820,533	3,118,526	14,845
Financial liabilities due to related parties (Note 38)	2,501,619	3,152,311	997,904	105,668	422,671	1,626,068
Lease liabilities	63,280	95,733	6,439	17,822	47,553	23,919
Trade payables	689,533	690,717	612,274	78,443	-	-
Due to related parties	335,799	335,798	254,577	81,221	-	-
Other payables	136,935	98,281	30,906	86	67,289	-
Total liabilities	7,822,877	8,589,312	2,164,668	1,103,773	3,656,039	1,664,832
31 December 2019						
Non- derivative financial Liabilities	Carrying value	Total Contractual Cash flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Bank loans	4,007,913	4,146,950	584,502	835,821	2,713,011	13,616
Financial liabilities due to related parties (Note 38)	2,292,740	2,921,915	48,165	957,887	385,321	1,530,542
Lease liabilities	60,056	91,239	5,699	15,662	46,742	23,136
Trade payables	883,674	885,383	816,343	69,040	-	-
Due to related parties	296,802	296,802	17,415	189,005	90,382	-
Other payables	108,347	108,347	78,565	-	29,782	-
Total liabilities	7,649,532	8,450,636	1,550,689	2,067,415	3,265,238	1,567,294

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b,3) Market risk management (Continued)

The Group is exposed to financial risks related to changes in foreign exchange and interest rates because of its operations. At the Group level market risk exposures are measured by sensitivity analysis. Comparing to previous year, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b,3,1) Foreign currency risk management

Transactions in foreign currency cause the exchange rate risk to occur. The Group has adopted currencies different than the functional currencies according to the economies of the countries in which the subsidiaries and associates operate as foreign currencies.

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

		Foreign Currency Position as of 31 March 2020			
		TRY Equivalent	USD	EUR	Other
1.	Trade receivables	73,336	2,084	8,030	1,819
2a.	Monetary financial assets, (cash and banks included)	3,224,445	253,643	217,838	6
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	3,297,781	255,727	225,868	1,825
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	1,334,800	204,850	-	-
6b.	Non-monetary financial assets	217,216	1,237	21,408	54,697
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	1,552,016	206,087	21,408	54,697
9.	Total Assets (4+8)	4,849,797	461,814	247,276	56,522
10.	Trade payables	248,576	2,239	27,927	32,496
11.	Financial liabilities	1,291,829	157,969	36,383	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Current liabilities (10+11+12)	1,540,405	160,208	64,310	32,496
14.	Trade payables	-	-	-	-
15.	Financial liabilities	2,854,037	244,536	174,725	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Non-current liabilities (14+15+16)	2,854,037	244,536	174,725	-
18.	Total liabilities (13+17)	4,394,442	404,744	239,035	32,496
19.	Net assets of off balance sheet derivative items/(liability) position (19a - 19b)	85,623	238,076	(203,143)	-
19a.	Total amount of assets hedged	1,593,712	244,584	-	-
19b.	Total amount of liabilities hedged	1,508,089	6,509	203,143	-
20.	Net foreign assets / (liability) position (9-18+19)	540,978	295,145	(194,902)	24,026
21.	Net foreign currency asset /(liability)/ (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a)	238,139	55,833	(13,167)	(30,671)
22.	Net realizable values of derivative instruments for currency hedging	75,403	11,572	-	-
23.	Export	122,218	6,915	11,285	4,252
24.	Import	475,081	7,932	62,762	4,974

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b,3) Market risk management (Continued)

b,3,1) Foreign currency risk management

Foreign Currency Position as of 31 December 2019

	TRY Equivalent	USD	EUR	Other
1. Trade receivables	204,227	14,027	17,827	2,345
2a. Monetary financial assets, (cash and banks included)	3,064,866	240,517	246,015	-
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current assets (1+2+3)	3,269,093	254,544	263,842	2,345
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	1,235,429	207,978	-	-
6b. Non-monetary financial assets	262,190	6,557	23,615	66,186
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	1,497,619	214,535	23,615	66,186
9. Total Assets (4+8)	4,766,712	469,079	287,457	68,531
10. Trade payables	278,898	5,868	32,646	26,928
11. Financial liabilities	1,196,547	160,221	36,809	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	1,475,445	166,089	69,455	26,928
14. Trade payables	-	-	-	-
15. Financial liabilities	2,623,619	244,177	176,399	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	2,623,619	244,177	176,399	-
18. Total liabilities (13+17)	4,099,064	410,266	245,854	26,928
Net assets of off balance sheet derivative items/(liability) position (19a - 19b)	11,226	175,533	(155,095)	-
19a. Total amount of assets hedged	1,042,701	175,533	-	-
19b. Total amount of liabilities hedged	1,031,475	-	155,095	-
20. Net foreign assets / (liability) position (9-18+19)	678,874	234,346	(113,492)	41,603
21. Net foreign currency asset /(liability)/ (position of monetary items (=1+2a+5+6a 10-11-12a-14-15-16a))	405,458	52,256	17,988	(24,583)
Net realizable values of derivative instruments for currency hedging	75,405	12,694	-	-
23. Export	796,661	55,051	73,621	17,108
24. Import	1,772,286	34,344	243,807	29,816

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b,3) Market risk management (Continued)

b,3,1) Foreign currency risk management (Continued)

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

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

Foreign Currency Sensitivity

	31 March 2020			
	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	36,381	(36,381)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1+2)	36,381	(36,381)		
Change of EUR against TRY by 10%				
4 - EUR net assets / liabilities	(9,500)	9,500	317,422	(317,422)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4+5)	(9,500)	9,500	317,422	(317,422)
Change of other currencies against TRY by 10 %				
7 - Other currencies net assets / liabilities	(3,067)	3,067	222,238	(222,238)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7+8)	(3,067)	3,067	222,238	(222,238)
Total (3+6+9)	23,814	(23,814)	539,660	(539,660)

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b,3) Market risk management (Continued)

b,3,1) Foreign currency risk management (Continued)

Foreign Currency Sensitivity (continued)

	31 December 2019			
	Profit/(Loss)		Profit/(Loss)	
	Foreign currency appreciation	Foreign currency appreciation	Foreign currency appreciation	Yabancı paranın değer kaybetmesi
Change of USD against TRY by 10%				
1 - USD net assets / liabilities	31,041	(31,041)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1+2)	31,041	(31,041)		
Change of EUR against TRY by 10%				
4 - EUR net assets / liabilities	11,963	(11,963)	296,968	(296,968)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4+5)	11,963	(11,963)	296,968	(296,968)
Change of other currencies against TRY by 10 %				
7 - Other currencies net assets / liabilities	(2,458)	2,458	235,164	(235,164)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7+8)	(2,458)	2,458	235,164	(235,164)
Total (3+6+9)	40,546	(40,546)	532,132	(532,132)

b,3,2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mainly consist of floating rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased/decreased by 1% and foreign currency interest rates were increased/decreased by 0,25% with the assumption of keeping all other variables constant. The effect on net profit/loss for the period before taxation and non-controlling interest would decrease/increase by TRY 10,239 thousand as of 31 March 2020 (31 December 2019: TRY 10,020 thousand).

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

39. Financial Instruments and Financial Risk Management (Continued)

b) Financial Risk Factors (Continued)

b,3) Market Risk Management (Continued)

b,3,2) Interest rate risk management

Interest Rate Sensitivity

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

	31 March 2020			Total
	Floating Interest	Fixed Interest	Non-interest bearing	
Financial assets	-	5,626,648	381,858	6,008,506
Cash and cash equivalents	-	3,294,148	381,858	3,676,006
Financial assets	-	1,334,800	-	1,334,800
Trade receivables	-	808,726	-	808,726
Due from related parties	-	141,776	-	141,776
Other receivables	-	47,198	-	47,198
Financial Liabilities	4,095,711	3,727,166	-	7,822,877
Bank borrowings	4,095,711	2,501,619	-	6,597,330
Lease liabilities	-	63,280	-	63,280
Trade payables	-	689,533	-	689,533
Due to related parties	-	335,799	-	335,799
Other payables	-	136,935	-	136,935

	31 December 2019			Total
	Floating Interest	Fixed Interest	Non-interest bearing	
Financial assets	-	6,030,513	163,870	6,194,383
Cash and cash equivalents	-	3,764,619	163,870	3,928,489
Financial assets	-	1,235,429	-	1,235,429
Trade receivables	-	929,956	-	929,956
Due from related parties	-	57,662	-	57,662
Other receivables	-	42,847	-	42,847
Financial Liabilities	4,007,913	3,210,965	430,654	7,649,532
Bank borrowings	4,007,913	1,862,086	430,654	6,300,653
Lease liabilities	-	60,056	-	60,056
Trade payables	-	883,674	-	883,674
Due to related parties	-	296,802	-	296,802
Other payables	-	108,347	-	108,347

TRAKYA CAM SANAYİİ A.Ş.

Notes to the Consolidated Financial Statements for the Interim Period 1 January-31 March 2020

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

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

Fair Value of Financial Instruments

Financial Assets	Total	31 March 2020		
		Category 1	Category 2	Category 3
Derivative financial assets	119,314	-	119,314	-

Financial Assets	Total	31 December 2019		
		Category 1	Category 2	Category 3
Derivative financial assets	29,530	-	29,530	-

41. Events after reporting period

- The Ordinary General Assembly Meeting decisions of the Group regarding the year 2019 made on March 26, 2020 were registered by the Istanbul Trade Registry Directorate on April 9, 2020 and published in the Trade Registry Gazette numbered 10057 on April 13, 2020.
- It is decided, within the framework of Şişecam Holding Board of Management's decision No.34 on 27 April 2020, that our subsidiaries, namely Trakya Cam Sanayii A.Ş., Paşabahçe Cam Sanayii ve Tic. A.Ş., Denizli Cam Sanayii ve Tic. A.Ş., Anadolu Cam Sanayii A.Ş. ve Soda Sanayii A.Ş. will be taken over by the Firm as a whole, including all the assets and liabilities of the subsidiaries. With this regard, in accordance with the articles 145 and 147 of Turkish Commercial Code and expert opinion report of PWC Yönetim Danışmanlık A.Ş., "Merger Report and Merger Contract" is signed and application has been made to Capital Markets Board on 27 April.
- The recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections originating in China and spreading in various jurisdictions, may negatively affect economic conditions regionally as well as globally, disrupt operations situated in countries particularly exposed to the contagion. The ultimate severity of the Coronavirus outbreak is uncertain at this time and therefore the Group cannot reasonably estimate the impact on Group's operations.

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

Approval of Financial Statements

The consolidated statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in equity (Financial Statements) for the period ended March 31, 2020 of the Group which have been prepared in compliance with format that has been determined by Capital Market Board ("CMB") and Public Oversight Authority ("POA") in accordance with the Communiqué on Principles Regarding Financial Reporting in Capital Markets Turkish Accounting Standards / Turkish Financial Reporting Standards (TAS / TFRS) by CMB have been examined by taking into consideration the opinion of the Audit Committee, and it is decided on Board of Directors meeting held on 30 April 2020 that the consolidated financial statements have been fairly presented, the result of operations are accurately presented, the accounting principles applied by the Company are accurate and in compliance with the regulations of the Capital Markets Board by approving of financial statements by Chief Financial Officer Hüseyin Burak Dağlı and Financial Control Manager Bünyamin Arslan on electronic platform and by making required notifications in the scope of CMB regulations.