



2002
annual report



ŞİŞECAM

group profile

Şişecam is a group primarily involved in the production of glass and inorganic chemicals. It is one of the leading manufacturers specializing in all types of basic glass products such as flat glass, glassware, glass packaging, glass fiber as well as sodium and chromium chemicals.

Established in 1935 by İşbank upon a directive issued by Atatürk, the founder of modern Turkey, Şişecam celebrated the 67th anniversary of its operations in 2002. Şişecam initially set out to meet the requirements of the country as regards to glass products; in the 1960s, it turned its attention toward exports on the principle that "the whole world is our market." In the 1970s and 1980s, the Group diversified its activities and expanded further into global markets.

Today, as a result of specialization and highly competitive operations, Şişecam has taken its place among the leading glass manufacturers in the world. The fact that it ranks between third and tenth position worldwide in terms of the size of its operations is a clear testimony of this achievement.

With a modern management style, strong adherence to the principles of industry and professionalism and its focus on the market and R&D activities, Şişecam is set to continue strong growth in the future. The Group's vision, "to become the leading glass manufacturer in its immediate geographical region," will be achieved on these foundations.

Recent investments abroad as well as initiatives taken in a number of other countries, still in the planning stage, constitute significant steps toward realizing this vision. Current attempts, especially with regard to joint ventures and strategic partnerships with other reputable enterprises in similar business lines, should be perceived as stepping-stones toward a prosperous future.

Shares of Group companies, Trakya Cam, Anadolu Cam, Denizli Cam, Soda Sanayii and Camiş Lojistik, as well as those of Şişecam are traded on the Istanbul Stock Exchange. One of the main targets of Şişecam is to have all of its operations go public and thus expand the capital base of the Group.

a year of achievements...



Şişecam completed the year 2002 with very strong operating results. The financial performance indicators maintained their high levels while successful results from new initiatives strengthened confidence for the future.

Group dominance in the ownership of subsidiaries was targeted. All shares of Paşabahçe Cam and Cam Elyaf in the portfolio of our main shareholder İşbank were bought out. The transaction of USD 105 million was entirely financed through surplus cash.



TÜRKİYE \$ BANKASI



Anadolu Cam's glass packaging subsidiary Ruscam in the Russian Federation, became operational in June. Due to its success, a 120% expansion project was launched immediately. The second furnace will come on stream in April 2003.

Trakya Cam initiated a USD 100 million float line project in Bulgaria. With the collaboration of country officials, it is progressing very positively. The plant, scheduled to come on stream in 2005, will add new horizons to our 'flat glass geography'.



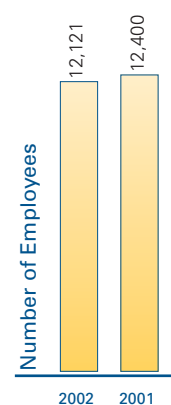
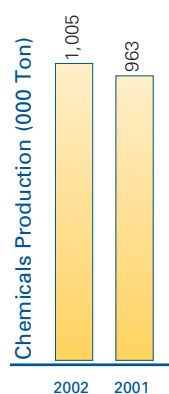
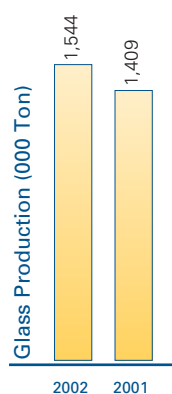
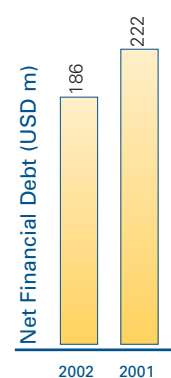
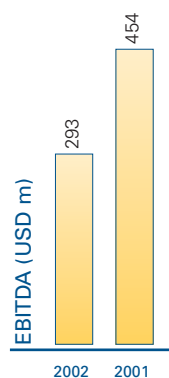
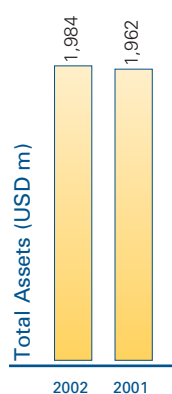
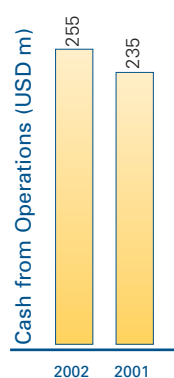
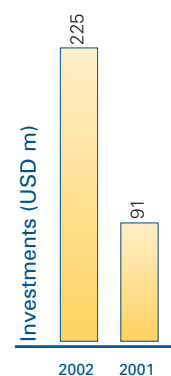
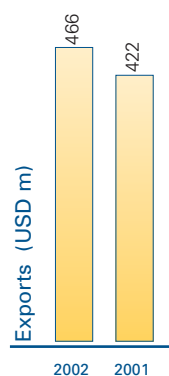
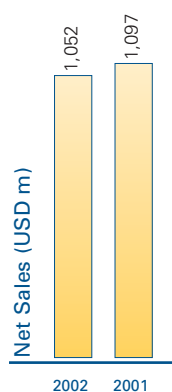
Cam Elyaf is poised to take its strong growth and high-performance in recent years into a whole new level. The second furnace, which will increase its glass fiber production by 80%, will be operational in March 2003.

Paşabahçe Cam closed its historical Beykoz factory in August and with enhanced competitiveness entered a high-performance phase. The traditional goblets are now created by Denizli Cam. New production capacity is due from the expansion project at Paşabahçe Eskişehir in February 2003.



Paşabahçe

financial highlights



Summary Consolidated Balance Sheets in Accordance with IAS*

	2002		2001	
	TRL	USD	TRL	USD
Current assets	707	432	689	422
Long-term assets	2,536	1,552	2,517	1,540
Total assets	3,243	1,984	3,206	1,962
Current liabilities	465	284	420	257
Long-term liabilities	474	290	527	322
Minority interest	864	529	993	608
Shareholders' equity	1,440	881	1,266	775
Total liabilities and shareholders' equity	3,243	1,984	3,206	1,962

Summary Consolidated Statements of Income in Accordance with IAS*

	2002		2001	
	TRL	USD	TRL	USD
Net sales	1,719	1,052	1,794	1,097
Cost of sales	1,071	655	1,128	690
Gross profit	648	397	666	407
Operating expenses	356	218	364	223
Operating profit	292	179	302	184
Finance expenses (net)	26	15	397	243
Other expenses (net)	37	23	28	17
Tax provision in accordance with Turkish Tax Legislation	61	38	45	27
Monetary gain / (loss)	41	25	295	181
Net income / (loss) after taxation and monetary gain	209	128	127	78
Deferred tax provision in accordance with IAS 12	55	34	168	103
Minority interest	(82)	(50)	19	12
Net profit / (loss)	72	44	(22)	(13)
Earnings before interest and taxes (EBIT)	296	181	569	348
Depreciation and amortisation	183	112	173	106
Earnings before interest, taxes and depreciation (EBITDA)	479	293	742	454
Cash provided by operating activities	417	255	384	235
Net financial debt	304	186	363	222

Financial Ratios

	2002	2001
Current assets / Current liabilities	1.52	1.64
Total liabilities / Total assets	0.29	0.30
Total liabilities / (Shareholders' equity + Minority interest)	0.41	0.42
Net financial debt / Total assets	0.09	0.11
Gross profit / Net sales	0.38	0.37
Operating profit / Net sales	0.17	0.17
EBIT / Net sales	0.17	0.32
EBITDA / Net sales	0.28	0.41
Net financial debt / EBITDA	0.63	0.49

* Amounts expressed in trillions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at Dec. 31, 2002 and millions of USD.

message to shareholders

Şişecam maintained its robust performance in 2002. The principled industrial approach we have adopted always enables us to make more headway than our competitors, even in crisis.

Economic Conditions

Harvesting of the fruits from the 'Transformation to a Robust Economy' program, implemented following the economic crisis at the beginning of 2001, began to pay off in 2002 when the Turkish economy grew by 7.8% exceeding all expectations. The drop in the inflation rate, which went below 30% in terms of retail prices, was also ahead of the program.

Implementation of the floating exchange rate system settled down to a certain extent and the Turkish Lira gained value. The revaluation of the Turkish Lira and the fast growth rate, coupled with the increase in imports, have been partially balanced with an increase in exports and tourism revenues; thus, the current account deficit has remained at reasonable levels.

Positive developments in the economy, especially during the first half of 2002, saw confidence in the program grow, leading to a faster decrease in interest rates. However, this positive position in the first half of the year began to fade away in mid-2002 as a result of the negative developments in the political arena. Due to this instability, interest rates climbed one more time. As a result of rising doubts on the serviceability of public debt with such a heavy burden stemming from interest rates and political uncertainties, trust in the program weakened somewhat. Despite these negative developments, macroeconomic indicators such as growth, inflation and balance of payments have continued in line with the program goals.

The positive development of the macroeconomic indicators, coupled with the perception that the long awaited political stability had finally arrived with the elections in December, resulted in renewed optimism toward the end of the year. However, optimism in the markets began to fade away in early 2003

when problems surfaced regarding full EU membership, the Cyprus dispute and the potential for war in Iraq began to weigh heavily on the government's agenda, along with the failure to achieve anticipated results and a slackening in the financial discipline.

As a result of the structural adjustments that were put in place during recent years, the Turkish economy's structure has become more robust. Despite this progress and the single party government, it has not been possible to create a stable and confidence-building environment yet. However, Turkey's most important need today is an enduring, safe and stable economic and political environment.

The IMF loans that have been received have played an important role in economic growth and successful reduction of inflation in 2002. One of the assumptions of the current program is that, as a result of a stable economic environment, foreign direct investments would increase and so a balance of economic resources would be maintained propelling the economy into fast and sustainable growth. Since such an environment could not be established, even Turkish citizens refrain from depositing money in time deposit accounts longer than three months. Under these circumstances it would be too optimistic to expect foreign investors to come to Turkey.

Yet, in spite of all these facts, we still are optimistic about the upcoming period. We believe that by prudently taking advantage of political stability and the single party administration, we are able to recreate the environment of confidence and are entering a period of sustainable growth. We only need to make use of our existing advantages and other opportunities through long-term and rational policies.

The downturn in the global economy that began with the crisis in Japan and Russia deepened after the September 11th terrorist attacks. Growth that



Mina Glass Packaging's second furnace in Georgia was inaugurated and fired-up by His Highness, the Head of State Edward Shevardnadze in a special ceremony.

came after long-term expansion, can still be observed in the US economy, which has been closely monitored during the downturn period. However, since this growth has been maintained as a result of 'budget deficit' policies rather than the dynamic structure of the country's domestic economy, it is not producing much confidence. The transition process into the Euro in the European Union has not been smooth and Japan has not yet recovered from its recession. The impact of the downturn has been felt in global commerce and as a result the number of mergers, co-operations, buy-out agreements and mutual investments between companies have seriously dropped in the 2000s.

These changes have slowed the pace of Turkey's development but have not been able to bring it to a complete stop. Despite political and economic obstacles standing between Turkey and its EU membership, public support for Turkey's 2004 target continues. The government is still determined to pass the 'harmonization laws' through the parliament.



The launch of the Ruscam facilities and the ground breaking ceremony for the second furnace was undertaken with the participation of distinguished guests and former and current Şişecam executives. Above, the group reflects its enthusiasm in Nizhni Novgorod.

The Bulgarian Prime Minister, His Highness, Coburg Gotha, who honored Şişecam with his presence during his official staff visit to Turkey, was briefed on Şişecam and projects concerning Bulgaria.

Operating Results

It is essential to evaluate Şişecam's 2002 operating results within the context of the aforementioned economic conditions. These results have been achieved in a business environment where global markets have still not recovered from recession, domestic markets that are still under the pressure of weak demand and there is an increasing threat of imports from countries that have protectionist economic policies and which create unfair competition.

Şişecam left 2002 behind with glowing achievements. A principled concept of industry has always, even at times of crisis, taken us one step further than the competition. This year's radical precautions have again taken the Group to levels of even higher performance. Our consolidated operating results according to IAS can be evaluated as follows:

- Total sales was realized at USD 1.05 billion.
- Exports increased by 10%, reaching USD 466 million. The number of countries to which we now export has reached 126; additional steps have

been taken with regard to direct sales organizations in foreign markets.

- Total glass production increased by 10% and exceeded a record-breaking 1.5 million tons.
- Chemicals production increased by 4% and surpassed one million tons.
- Despite new investments and an increase in production, the size of our workforce was decreased by 2.2% and now totals 12,121 employees.
- Financial highlights indicate a strong performance. Cash provided by operating activities totals USD 255 million. Gross profit, EBITDA and EBIT margins are 38%, 28% and 17%, respectively.
- Despite high investment expenditure, net financial debt decreased by 16% down to USD 186 million.
- In an effort to achieve our goals, investment expenditure increased and reached USD 225 million, of which USD 105 million was spent on portfolio and USD 120 million on capital investments.

Within the scope of portfolio investments, Group companies purchased all the shares of Paşabahçe Cam and Cam Elyaf owned by our main shareholder, İşbank, through surplus cash without any external financing.

This policy, that we hope to stick to in the future, will put the Group in a more dominant position with regard to its affiliates. In this way, the Group's value will increase; a great advantage to be gained for the future.

Without any doubt, our Ruscam facility, which has been built up from greenfield, is the most important capital investment we have made. As a result of the success of the facilities that became operational in June, a 120% enlargement project was put in place and is scheduled to be operational in April 2003.

During 2002, the production capacity of the Mina facilities in Georgia was increased by 150% and the first stage of Trakya Otocam's enlargement project was completed. The ongoing Paşabahçe Eskişehir and Cam Elyaf enlargement projects and the Trakya Cam float line 2 furnace renewal was completed and will be operational in the first quarter of 2003. Cam Elyaf in particular is expected to become one of the important players in the market as a result of the enlargement investment.

Şişecam firmly believes that the best way to predict the future is to create it - and keeps this belief alive whatever the circumstances may be.

Negotiations with the Bulgarian officials with regard to the USD 100 million Balkan float investment are continuing. On the other hand, we are in the process of acquiring and expanding a facility in Russia to start manufacturing glassware in this country as well.

One significant sign of our Group's perception of social obligations is the importance we place on environmental investments. Soda Sanayii, the manufacturer of soda ash and chromium compounds, alone has made environmental investments worth USD 8 million within the framework of the trilateral commitment.

The closing of the historical Paşabahçe Beykoz factory, which was closely followed by the public, was a sad event in our history. Its location within the city and its cost structure rendered it impossible to maintain the factory where the foundations of our Group were laid. Therefore, to safeguard the interests of both our Company and our country, the necessary steps were taken to meet our social obligations. An appropriate solution was found with a different approach to the Company's employment policy. Paşabahçe Cam investments in Eskişehir have continued at full speed to compensate for the capacity loss. Thus, Paşabahçe Cam has regained its competitiveness and is heading toward robust performance.

As usual, during 2002, the Group continued intensive optimization and productivity-enhancing projects in all fields of operation. Regardless of successful financial results, our ambitious positioning in the sector and ever-increasing competition have made these efforts imperative; we are doing what needs to be done without any compromise.

As a small indicator of our stance, we would like to emphasize that within the year we brought all flat glass sales activities under the roof of Trakya Cam

and completed the process of consolidating sales activities in all of our businesses under their main companies. Through these efforts, we are pleased that we have succeeded in bringing increased transparency to Group operations.

Future Perspectives

Believing that the best way to predict the future is to create it, Şişecam is a group that adheres to this belief regardless of the circumstances. With expertise in all main fields of operation, i.e. glass and inorganic chemicals; its wealth of experience, market lead, power to set standards, determination to equip its facilities with the latest technology, continuous upgrading of business processes, determination to adapt its manpower profile to contemporary conditions, commitment to achieve perfection, responsibility to keep customer satisfaction at the maximum level and widespread quality image, the Group possesses all the elements of modern management. Despite the limitations caused by the structural and economic characteristics of the sector, our Group has created the flexibility required by international markets and has kept the 'continuous regulation' concept alive thereby maintaining our competitive edge sharp; we have managed to increase our expertise and guarantee our long-term commitment to the future.

Strong strides must be taken to become the 'leading manufacturer within our immediate geographical region,' a goal reflected in Şişecam's vision during the 2000s. The Group has been moving full speed ahead to become a multi-focus global company rather than a single-focus producer - one of the goals of the aforementioned vision. Our ongoing projects, such as the glassware project in the Russian Federation and flat glass and its derivatives in the Balkans, are solid proof that we are reinforcing our leadership claims and establishing our

strength in the immediate geographical area.

The first step toward becoming a global entity is to market one's products to the world. The second step is to achieve the necessary dynamism to undertake multi-focused production; the third step is to reach the level of multi-cultural management. Once the third step is achieved, the objective of becoming a global entity will be completed.

In today's business environment, in addition to demand and factor conditions, interdependent relationships with our supplier sectors and the structure of these companies have been changing rapidly. This change brings out the importance of information in the production of value and the people who create information and people who add it into the production of goods and services. Through its expertise and wealth of experience, Şişecam is cognizant of the exceptional role human resources play in the process through which information is carried over into production. By keeping the lines of communication between personnel levels open and taking confidence-based relationships to the highest levels, we will strengthen our human resources-focused approach - our most important guarantee for success in the future.

Thus, we believe that by making the most of opportunities created by new developments and by utilizing all of our resources, we will be able to create a much stronger group.



H. Ersin Özince
Chairman

A. Doğan Arıkan
Vice Chairman -
President

board of directors



H. Ersin Özince
Chairman



A. Doğan Arıkan
Vice Chairman - President



Alpaslan Akıncı
Member



Sırrı Erkan
Member



Suat İnce
Member



Mahmut Magemizoğlu
Member



Zafer Memişoğlu
Member



Fevzi Onat
Member



Turgay Tanes
Member

executive management



A. Doğan Arıkan
President



Alev Yaraman
*Executive Vice President
Flat Glass*



Gülsüm Azeri
*Executive Vice President
Glassware*



Teoman Yenigün
*Executive Vice President
Glass Packaging*



Dr. Ateş Kut
*Executive Vice President
Chemicals*



Dr. Türcay Ergun
*Vice President
Treasury*



Ahmet F. Polatkan
*Vice President
Financial Control*



Mehmet Kara
*Vice President
Corporate Planning*



Dr. Yıldırım Teoman
*Vice President
Research & Technology*



Dr. Rüştü Bozkurt
Secretary General



Mete Saadetlioğlu
Chief Internal Auditor

* Managers numbered 1-10 are members of the Management Committee.

review of businesses

flat glass business

The Flat Glass Business increased its domestic sales despite a shrinking construction sector. With regard to exports, while preserving its position in existing markets, it has taken solid steps in new ones.

The main target markets of the flat glass industry are the construction and automotive sectors however; this industry also provides materials for household appliances (white goods), furniture and agriculture sectors making flat glass a very important and necessary product. Despite the fact that the global flat glass sector generally grows by 4-5% in terms of volume, growth rates dropped to 1.5% and 1.9% in 2001 and 2002, respectively. The downturn continued particularly in the most important markets, Europe and North America; it has been determined that consumption has dropped even further in 2002. Although growth rates are anticipated to stay low in the near term due to instability in the global economy, the long-term predictions suggest that growth rates will follow historical upward trends.

Flat glass consumption in Turkey strongly parallels economic growth. In the recovery period following the 2000-2001 economic crisis, flat glass sales increased considerably.

Consolidated Financial Highlights

IAS	USD m	2002	2001
Net sales		251	269
Exports		96	84
Gross profit		100	108
Operating profit		54	58
EBIT		97	100
EBITDA		124	128
Total assets		717	705
Shareholders' equity		519	509
Capital expenditure		31	3
Number of employees		2,260	2,149



The Trakya Cam Mersin factory, with the Company's newest two float lines, continues its strong performance. This factory will also house the new figured glass investment, to be realized in the coming year.

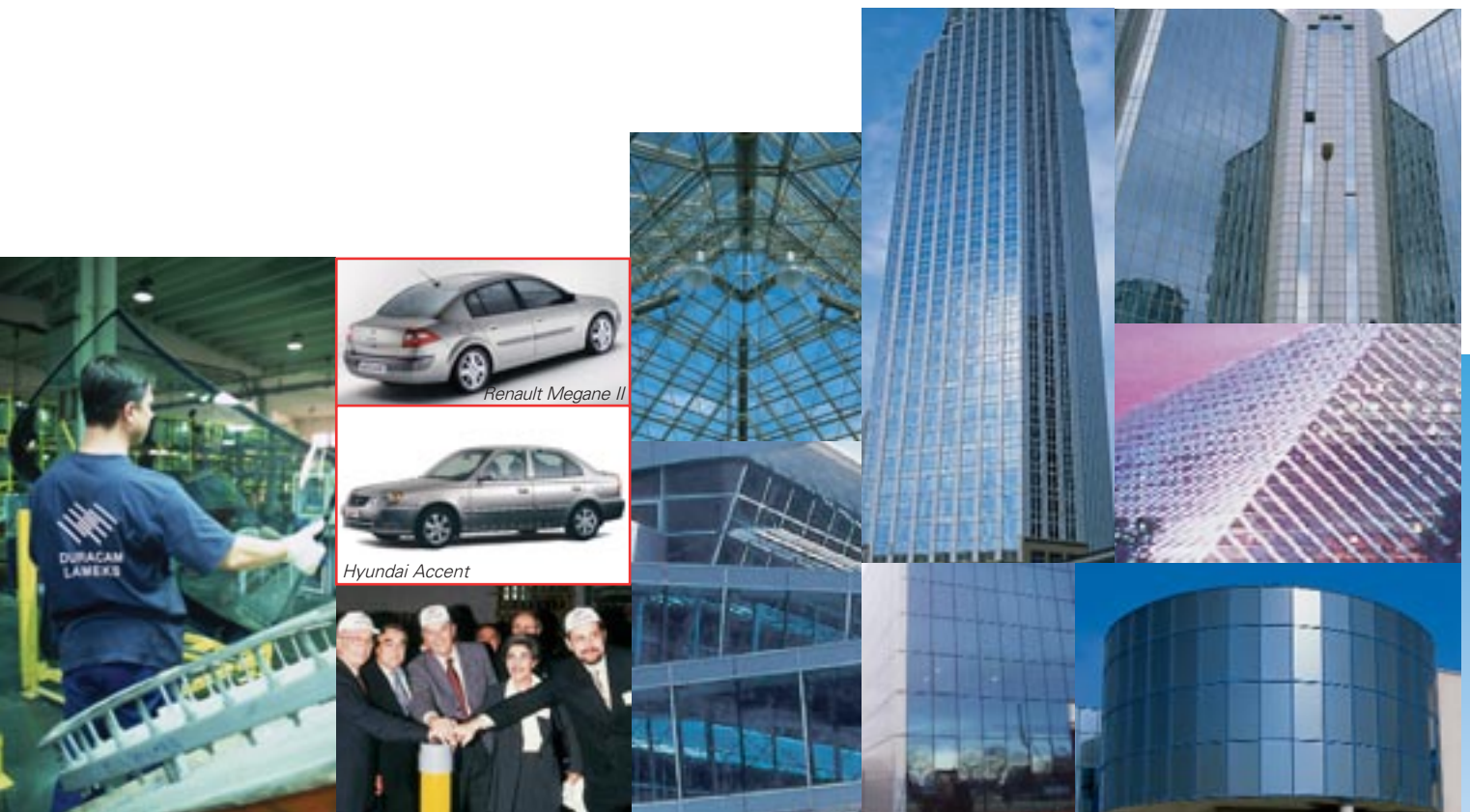
Domestic sales of the Flat Glass Business have surpassed the growth in the sectors to which it supplies materials. As a result of increasing international sales and the positive effects of cost reduction and efficiency improving activities, the Flat Glass Business had a successful 2002.

The construction sector shrunk by 4.9% in 2002, since positive developments in the economy did not translate into new building construction. Decreases in public sector investments following the crisis, dwindling demand for home construction and a drop in private sector investments resulted in the shrinkage of new building construction. In contrast, the revival of the renewal market, which makes up more than half of the glass sales to the construction sector, along with the increasing use of processed glass types such as mirrors, laminated glass, tempered glass and automotive

glass, have increased the use of raw glass within the Business and resulted in an increase in the consumption of flat glass.

In the automotive sector, even with an 11% drop in domestic sales, automotive production increased by 25% as a result of a 30% increase in exports. In spite of the fluctuations in the past few years, automotive manufacturers who focused on export activities have rapidly increased their success levels. Turkey has been taking solid steps toward becoming the manufacturing and sales base of the European automotive sector. It is anticipated that 440,000 vehicles will be manufactured in 2003 and when new export projects are taken into consideration, it is expected that this volume will increase rapidly in a short period of time.

The Trakya Otocam factory, the leader in Turkey's automotive glass industry



In December, Trakya Otocam launched the first phase of the investment that will double its production capacity. Trakya Otocam is the preferred supplier of prominent automotive producers, in Turkey and the region.

Coated-glass is moving away from its traditional functions to areas where it is becoming a decisive factor in the light and heat balance of buildings and, as such, contributing to the development of architecture. R&D work carried out with eagerness is helping us to continuously develop our product range in this area.

sector, has been supplying automotive glass for existing models, new models and also for the automotive replacement parts market. Particularly during times of crises, due to stagnant demand in the domestic market, the flat glass business focused on international markets and increased export activities with many European countries both in the automotive industry and replacement markets. In addition, with contracts concluded with global customers such as Fiat in Italy, Ford in Germany and Britain and Renault in Slovenia and Romania, Trakya Otocam has become a sought-after company. With receipt of the ISO/TS 16949-2002 quality assurance certificate, it has strengthened its quality image and its effectiveness with regard to exports.

From the total sales in the automotive glass industry in Turkey, 44% is made to international markets. To this end, international service centers have

been established to develop a logistical infrastructure abroad. Customer orders are met promptly, technological developments are closely followed and technical capabilities are constantly updated to provide design support for new models developed within the automotive industry. The constant change in demand and variety in the automotive sector also affects the production of flat glass, as an input, contributing to product diversification as well.

In 2002, the domestic durable white goods market grew by 4.8%. The exports segment, which is the major element of growth in this sector, continued to grow in European markets as a result of improved technology developed by Turkish manufacturers of consumer durables; in 2002, export sales increased by 55%. Most of the demand for white goods sales comes from

replacements; this, coupled with the growing number of young households, demonstrates that the sector holds great promise for long-term growth. As a consequence, the Glass Processing Factory was able to meet a significant portion of the demand from the main manufacturers in the sector such as Arçelik and Vestel. In 2003, the Company will continue along the same path while also focusing on the export of tempered glass.

The Flat Glass Business maintained its position in existing markets and made a solid effort to develop new markets. In 2001, the Business began exporting to new markets such as Morocco, Iraq, Romania, Georgia, Finland and Cuba; as of 2002, Ukraine, Russia and Yemen were included among export destinations. In parallel to these developments, flat glass and figured glass export volume increased by 16% and reached 233,000 tons; export volume of mirrors, laminated glass,

The strong financial structure of the Flat Glass Business and its current geographical position provide an excellent basis for realizing its domestic and foreign expansion projects.

tempered glass and automotive glass increased by 10% and reached 51,000 tons. The total amount of exports came to 284,000 tons. Total exports in 2002 for the Flat Glass Business amounted to USD 96 million; 66% of all exports were to European and Balkan countries. For 2003, the Business is targeting total exports of 295,000 tons.

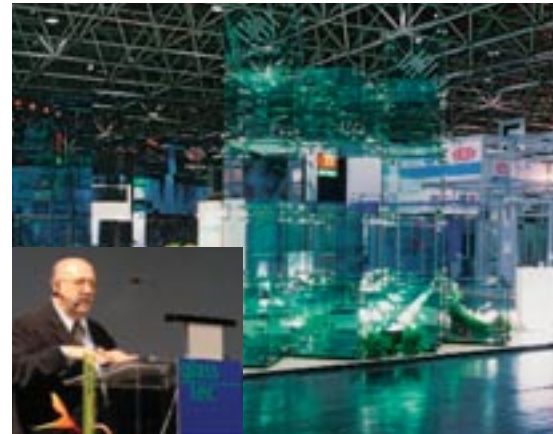
The strong financial structure of the Flat Glass Business is suitable for realizing domestic and international projects aimed at growth. In 2002, a total of USD 31 million was invested in various projects; the majority of the spending was made in the Trakya Cam float line 2 furnace Renewal and Modernization Project and Trakya Autoglass Expansion Project. With USD 25 million worth of technological updates, the infrastructure necessary for the future was put in place at the Trakya Cam float line 2, which will become operational in March 2003. With the completion of this investment, the Business will have created a strong production base comprising four float lines enjoying the competitive edge. In terms of automotive glass, USD 7 million was spent in 2002 - the first step in the USD 34 million expansion investments which will double the capacity and reach 1.2 million cars per year by 2005; the current capacity was increased to 800,000 cars per year.

As for the year 2003, domestic and foreign investment projects worth USD 53 million were developed. The remaining part of the Trakya Otocam Expansion Project and Mersin Figured Glass Project are the most

comprehensive among the domestic projects. Studies focusing on foreign investment projects are being rigorously carried out. In this context, meetings with the Bulgarian officials are continuing with regard to the USD 100 million worth of Balkan float investment envisaged in Bulgaria.

Productivity enhancement and cost reduction issues have been the focal points of the Flat Glass Business and in the 2000-2002 period a total savings of USD 28 million was achieved. The cost reduction projects, a vital concern of each unit, are continuing.

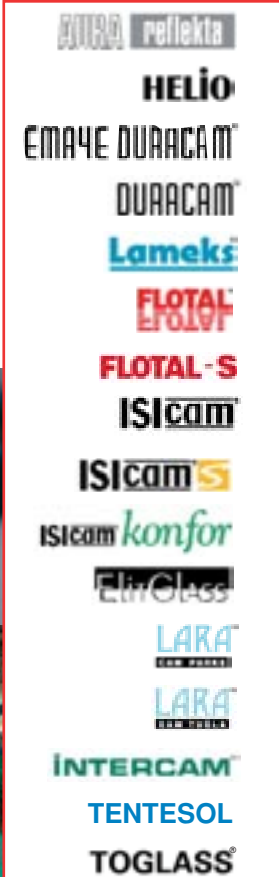
The fierce competition among the world's big flat glass manufacturers continues. Research and development activities and new product development have become major tools of competition. The Flat Glass Business continues with intensity on projects and investments in these areas. The Tentesol product used primarily for the surface covering of business and service structures is easily utilized in horizontal and vertical surfaces and in other structures that require sun control and reflection (windows, parapets, wall fronts), was introduced to the markets with silver, green and blue color options. With the addition of a Lameks plus Insulation Glass (Isicam) unit, a noise control glass was introduced to the market, which provides a soundproof environment that cuts noise by up to 44 decibels, creating library-like quiet indoors. In the figured glass segment, the new 'net curtain' design has been added to the Elite Glass series. In the Helio segment, one of the sun-control




Şişecam participated in the Glasstec Fair where it displayed its capabilities in the field of flat glass, supporting it with a presentation that was submitted within the fair organization.


series, 'blue glass' has been included in the product line. The product range for auto-glass was also extended with the addition of heated windshields and rain sensors.

In accordance with developments in energy efficiency and the increasing importance given to environmental issues, the flat glass industry continues its work with great speed. In most establishments in Europe, it has become a legal requirement to use double-glazing systems made of energy-efficient coated glass. In parallel with these trends, the Flat Glass Business is now manufacturing high-performance double-glazed glass such as Isicam, Isicam S and Isicam Konfor and coated glass such as Tentesol, offering world-class, high-quality and environment-friendly products to its customers.





"Elit Glass" Tulle Design



"Lara" Glass Brick

Elite Glass series products and Lara glass brick and tiles enrich living spaces.

Work is ongoing to increase brand awareness within the framework of promotions.

The use of tempered glass is rapidly increasing in buildings and products where security is a priority. This stems from the aesthetics of glass and adds value to both the glass itself and the products and premises in which they are used.

In 2002, the Flat Glass Business participated in Construction and Window expositions in Istanbul, Ankara and Izmir and other domestic seminars and exhibitions dealing with heat insulation, the environment and the efficient use of energy. In these fairs and exhibitions, Isicam S and Isicam Konfor, the Group's products developed for energy saving were emphasized and new and existing products were demonstrated. In an effort to expand operations abroad, the Business participated in construction and Turkish export fairs in Romania, Bulgaria, Iraq, Algeria and the Russian Federation targeting flat glass, processed glass and auto glass; the Business also took part in the International Automotive and Parts Fair that was organized in the Ukraine. In addition, the Flat Glass Business with its 234 square meter stand at Glasstec, the world's most important flat glass fair organized every other

year in Düsseldorf, took its place among the world's leading glass manufacturers.

The Flat Glass Business has brought all of its production activities and marketing and sales activities, excluding the figured glass production, under the roof of Trakya Cam Sanayii A.Ş. Today, almost half of the entire production is exported; the Business has become an active player in the European markets with a considerable market share especially in the Balkans and Middle Eastern countries. From 2003 onward, to enhance its competitive edge in both domestic and international markets while supported by its strong financial structure and high-quality workforce, the Business will continue to introduce new products, efficiency enhancement projects and investments both in domestic and international markets.



Glass is becoming ever more indispensable in modern agriculture. This greenhouse in Antalya gives a hint of the future to come.

glassware business

The Glassware Business increased its exports by 6% in 2002 to reach USD 203 million. Domestic sales also grew by 6% compared to last year, despite weak

The economic stagnation that emerged in 2001 in world glassware markets continued in 2002 as well. A general shrinkage was observed in the European Union, especially in Germany, once was one of the biggest glassware markets. This downturn was also seen in the US where it was observed that toward the end of the year the demand for glassware began to increase when compared to the same period of the previous year. As a result of consistent growth and the introduction of large retailers into the market, the market in Eastern Europe continued to be relatively attractive. Although the demand for glassware in the Middle East has exhibited an upward trend in the past few years, increasing local production and European Union's increasing export activities to the region, as well as the recent political developments has affected the demand. As for the Far East region, a slow increase in demand was observed excluding Japan.

Consolidated Financial Highlights

IAS	USD m	2002	2001
Net sales		353	405
Exports		203	191
Gross profit		131	144
Operating profit		42	48
EBIT		53	106
EBITDA		94	147
Total assets		608	613
Shareholders' equity		394	371
Capital expenditure		16	9
Number of employees		4,507	5,267



Paşabahçe Eskişehir, specializing in mass-produced consumer glassware, is in a class by itself in the sector. The continuing capacity enlargement investment of the factory will become operational in February 2003.

However, the recession in Latin American markets still continues.

Large manufacturers that operate in the world glassware market have a tendency to increase their dominance through investing in new markets with promising potential or by means of buyouts. With the increasing competition in Eastern Europe and Asia, the industry continues to be a part of the competition by introducing new products, product diversification, fast shipment and flexibility in order formats. The increasing import activities from these two regions result in price reductions on standard glassware products and soon the retailers begin to demand more products from Asian countries due to cheaper prices.

Despite the negative conditions in the world economy and in the major glassware markets, in 2002 the

Glassware Business managed a 6% increase over the previous year's export figures and reached USD 203 million. This increase was the result of additional export revenue generated from the Business's core product line, mechanically produced glassware products. The sales were mostly to Northern Europe (England, Denmark, Germany) and Eastern Europe (Russia, Poland, Czech Republic), the Middle East and the United States. The restructuring of the distribution channels in some countries and increased logistical support made a major contribution to increasing international sales.

Mechanically produced glassware consumption in the domestic market increased by 6% over the previous year. Despite the economic crisis, Paşabahçe managed to maintain its market share as a result of the increase of its domestic net sales



parallel to that of the general consumption. The parallel exports, dropped by 80% as a result of the decreasing attraction of the US dollar. As for the retail market, increasing promotions and new product introductions helped to keep the demand alive. With the help of marketing activities inspired by global events such as the World Cup, sales to the promotions sector increased. In the service sector, the positive impact of the growth of foreign demand in tourism was felt along with the restructuring of distribution channels and sector-specific marketing projects that were launched in 2001 and carried over to 2002.

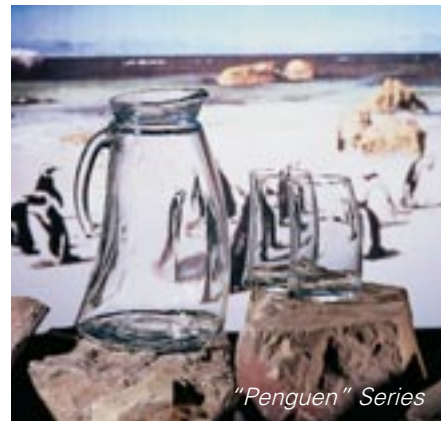
In 2002, the goal was to improve the effectiveness of sales channels through meetings with both domestic and international clients and representatives. For the domestic market, regional meetings were

organized; annual meetings took place for international markets to bring high-volume clients together at the Business's headquarters.

Product development activities continued with the introduction of new items in each product segment to reflect the latest global trends in products in 2002. As in previous years, the Business participated in many international glassware fairs such as Ambiente in Frankfurt, Macef in Milan, the International Houseware Show in Chicago and Zuchex in Istanbul where Paşabahçe's exhibition booth attracted much admiration.

Mechanically produced glassware production increased by 10% in terms of tons during the year. Within the scope of the optimization project, the Beykoz factory, which was no longer economically viable, was shut down and the decision was taken for an

investment in a large new furnace that would in return double the capacity of the Paşabahçe Eskişehir factory. This investment will be operational in February of 2003. Production costs for mass produced glassware dropped and capacity utilization increased during 2002. With the help of technology and process development projects, production capabilities were increased.



The second furnace of Paşabahçe Eskişehir, currently under construction, will double its production capacity and take its technological capabilities to new heights. The entire production will be exported.

Denizli Cam, which offers top-of-the-line handmade items for domestic and international gift markets, continued to create fashionable designs whose quality and craftsmanship were the primary elements of the product; the Company continued to work with many designers, both foreign and local. The Company constantly improves its product design and production capability - always keeping one step ahead of its competitors. Denizli Cam, which mainly focuses on exports and chooses countries with high living standards as export destinations, directed almost 80% of its entire sales to international markets. Significant progress was achieved in terms exports to the European Union market, especially Scandinavian countries where the demand for quality and design is high. As for the domestic market, in terms of household purchases, Denizli Cam focused on promotion-sales activities in the retail market, Paşabahçe Stores being the primary source; activities in

the promotion goods sector also improved.

Being the leader in its segment, new Paşabahçe Stores offer the 'Life' concept for functional table and kitchenware for everyday use and the 'Boutique' concept for designer products for decoration and collection purposes, gift products and accessories to its customers. As a result of the projects carried out in accordance with Paşabahçe's new concept - 'an integrated sense of taste and life style,' 14 of its 28 stores were renovated to reflect this model, resulting in significant increases in the total sales figures.

The cardboard packaging sector, which suffered losses due to the economic crisis of the previous year, increased its sales in 2002 and reached sales levels of 2000 when cardboard package users refocused on exports. Camiş Ambalaj, one of the leading manufacturers in the sector, increased its sales by 7% in 2002. The Company manufactures offset printed cardboard and laminated consumer packaging materials, flexo printed corrugated consumer and transportation packaging materials, base plates and multiple packages for automatic bottling lines as well as display and promotional materials for the market according to demand and on order. Positive results were achieved from waste reduction and efficiency enhancement projects. As an indicator of its success in design, Camiş Ambalaj received three Golden Packaging awards at the TSE (Turkish Standards Institute) Golden Packaging competition and a World Star award at



Camiş Ambalaj, winner of the "2002 Golden Packaging Award" for three of its products, is taking great strides toward becoming the strong, high quality supplier of the sector.



Paşabahçe continues to bolster its position in the international arena with customer meetings it organizes regularly and activities it undertakes in various trade fairs and exhibitions.

the World Star Packaging competition. In addition to these accomplishments, the Company also participated in the 8th Istanbul Packaging Industry 2002 Fair and focused on promoting its services.

The production in the Glassware Business's factories is undertaken in accordance with ISO Quality Assurance System Certificates. The Paşabahçe Kırklareli, Mersin and Denizli Cam factories all operate under the guidelines of the ISO 9002 standard. The Camiş Ambalaj Tuzla and Eskişehir factories have documented their process quality with



Denizli Cam, representing innovative ideas and boutique production for hand-made glassware, meticulously strives to promote Turkish glass culture. Exports make up 80% of its sales.

Paşabahçe Stores, which have been refurbished with a significant conceptual change in recent years, won the "Retailer of the Year Award" thanks to the enhancement in its product selections and shopping environment.

ISO 9001 Certificates. In addition to the ISO 9001, Tuzla factory has also earned the ISO 14001 Environment Management Certificate. Paşabahçe Cam marketing and sales units, which have been implementing and improving quality systems for years, have received the ISO 9001: 2000 Quality Management System Certificate as a result of the new arrangements which conform to the Total Quality concept. It is anticipated that the Paşabahçe Eskişehir and Camiş Ambalaj Tuzla ISO 9001:2000 Certificate applications will be finalized during 2003.

In terms of the new investments that will be completed within the year, 2003 is very important for the Glassware Business. The second furnace of Paşabahçe Eskişehir which will become operational in February 2003, will double the capacity of the operation, take it to higher levels in

terms of technological capabilities and focus its entire production on export sales.

For the year 2003, when increases of 12% for exports and USD 228 million in sales have been planned, the Business also has plans to increase its market share in Russia via local production, to restructure marketing, sales and logistics, to start up a marketing and sales company in the United States and to enable speedy shipment in small portions from the KALA storage facility in the Netherlands, which will become operational in February of 2003 to penetrate deeper into the Northern European market. Plans for the domestic market call for an increase in marketing activities, increase the demand for glassware and maintain the current market share.

Within the course of 2003, in addition to modernization investments for the

improvement of quality and process technology used in glassware production, furnace renovation investments will be made in Kırklareli factory, Mersin factory and Denizli Cam.



"Living & Amanda Series"

glass packaging business

The Glass Packaging Business added a significant impetus to its growth with the launching of Ruscam in June, while enhancing its financial performance considerably.

The Glass Packaging field is significant because it makes up more than half of the glass industry in terms of volume. Due to economic conditions and the competition from the substitute packaging materials, it is possible to observe regional performance differences in this industry. While the downturn continues in the North American and Japanese markets, the picture in other developed countries is static; some regions of Europe and Asia Pacific also exhibit strong growth. This situation makes the consolidation and restructuring of the sector a primary issue.

As for Turkey, glass packaging consumption is still very low when compared to developed countries. As of 2001, glass packaging consumption was only 7 kg/capita in Turkey, whereas the figures in Western Europe vary from 15 to 75 kg/capita. This situation encourages growth potential.

In 2001, the Glass Packaging Business's sales were 458,000 tons;

however, in 2002, as a result of new operations abroad, it increased by 20% and reached 546,000 tons. The Ruscam factory, which began production in June 2002, reached 45,000 tons of sales. Anadolu Cam realized the largest export volume ever with 78,200 tons of glass packaging exports. As a result of direct sales to the beverage, food and beer bottling companies in Italy, Spain and Morocco, the Business accomplished its strategic targets.

In developed countries, due to individualist lifestyles and the increase in demand for product variety, the general tendency in the markets has been toward product diversification and switching from mass packaging to individual packaging. Eventually this trend will arrive in Turkey, too. If every segment of the glass packaging market is evaluated, beer and wine consumption is expected to increase during the upcoming period. Anadolu Cam aims to gain control in the market by utilizing every advantage that only glass can offer with regards to brand, volume and product variety.

The target is to support the segmental developments in the food sector with new design-intensive products. In the pharmaceuticals sector where substitute-import competition is very high, contacts will be established with multinational companies, ultimately making Turkey a major supplier for the sector.

The Business plans to continue its promotional activities together with institutions such as Masuder, Çevko and Feve in 2003. During the 'New



The Ruscam factory in Gorohovets/Vladimir was completed in record time with Şişecam technology and has set new standards for the industry in the Russian Federation.

Products, New Markets, New Opportunities' symposium organized by Anadolu Cam and White Cap, participants discussed developments in the food and packaging industry with examples from the European markets. These meetings were attended by the representatives from companies in food and beverage sectors. They were offered sample products and packaging materials preferred by European and domestic markets and discussed sectoral information and current market trends.

In an effort to utilize the latest technology, the Business has focused on modernization investments in its factories. The Business plans to undertake only partial repairs to the furnaces that are getting close to the end of their economic lives and thus extend their productivity. In this respect, the partial furnace renewal of Mersin factory furnace number 20 was completed. Additionally, the

Consolidated Financial Highlights

IAS	USD m	2002	2001
Net sales		209	180
Exports		35	23
Gross profit		62	45
Operating profit		34	11
EBIT		34	21
EBITDA		58	43
Total assets		415	376
Shareholders' equity		277	262
Capital expenditure		35	19
Number of employees		2,732	2,413



Ruscam meets the rapidly growing beer bottle demand in Russia with high quality products. The light bottle technology has opened new horizons to the beer industry.

The Mina factory in Tbilisi is operating with a level of technology and production capacity that is able to serve the market in Georgia and the entire region.

furnace renewal of Topkapı A furnace will take place at the beginning of 2003 to improve the quality of glass and increase its glass drawing capability.

As a result of the projects carried out to regain melting capacities that have diminished due to lighter products, in 2003 and 2004 the target is to manufacture additionally a total of 16,000 tons/year at Topkapı A and D furnaces and also a total of 20,000 tons/year at the Mersin number 20 and 30 furnaces.

Efficiency enhancement and cost reduction projects that were carried out within the scope of technical cooperation agreements with Heye Glass and Ishizuka Glass continued in 2002. As a result of the Ishizuka Glass technical cooperation covering the 2001-2003 period, it is expected that the length of product change and run-in time will decrease by 40%. At

present, there has been a decrease of 30% in the length of product change time and a 20% reduction in the run-in time already. Within the scope of environment friendly projects, studies are being carried out to decrease the percentage of heavy metals in glass and to use unleaded paint for printing. With ongoing efficiency and improvement investments, the goal is to increase the per person production volume. For the 2002-2005 period, the per-person efficiency increase is targeted at approximately 24%.

The ability of glass to assume various shapes and designs coupled with light bottle technology has certain advantages over other packaging materials. Projects are ongoing to discover new methods to make glass lighter, in various shapes and colors so that the product has more consumer appeal. In 2002, a total of 69 new products were introduced to the

market. In 2003, the Business will emphasize the skill of creativity that



Disposing of used glass in containers has widespread. During the year, 90,000 tons of glass cullet collected from the containers network and other channels has been redirected into production.

The Glass Packaging Business, aiming for regional leadership, intends to undertake production in neighboring countries to become a supplier with a production capacity of one million tons in 2005.

goes beyond classic patterns while joining functionality and attractiveness.

The Business's domestic growth strategy includes full capacity utilization resulting from machinery improvements that will increase production levels; concurrently, planning has been started for a new furnace in a new location. With regard to the Business's growth strategy abroad, it plans to meet the demand that is expected to increase in Russia and Georgia with new capacities at present locations.

The Glass Packaging Business has defined the geographical area of its operations as the Russian Federation, the Balkans, the Turkic Republics, Eastern Europe and the Middle East. It aims to expand its operations in order to become the leading packaging supplier in the region.



Omco Istanbul aims to be a leading regional supplier of high quality, low cost molds for glass containers and household glassware.

With respect to the Business's regional dominance strategy, within the scope of the project developed to meet the demand in Russia's growing beer market for quality glass packaging, the first glass packaging furnace investment with a capacity of 90,000 ton/year was finished in a record breaking ten months; this facility went into production in June 2002. The Russian beer market has grown approximately 10% per year between 1995-2002; beer production reached 6.2 billion liters in 2001. Beer consumption, which was 42 liters in 2001, is anticipated to increase to 50 liters per capita in 2005. To meet this growing demand for quality bottles paralleling the rapid growth in beer consumption, the Business gave the green light for a second furnace in August. Benefiting from the infrastructure advantage of the current facility, the second furnace with 110,000-tons/year capacity is scheduled to be operational in April of 2003; it is anticipated that the total production capacity will then increase to 200,000 tons/year. The Business plans to invest USD 20 million for the second furnace in addition to the USD 26 million already invested. As the beer market grows, it is anticipated that a third furnace might also be necessary. The Business's five-year plan is to become the number one glass packaging company in Russia.

As the impact of the 1998 Russian crisis faded, the Mina Factory in Georgia faced a significant increase in demand starting from the second half of 2000. The necessity to take advantage of the domestic and



Promotional efforts to increase public awareness about the advantages of glass containers were supported in 2002 at international symposia and by billboard advertising in metro stations.

regional market potential generated the idea for the second furnace investment. Projects were initiated and the new furnace with a capacity of 30,000 tons/year became operational in November, increasing the total capacity in Georgia to 50,000 tons/year. The investment made for the new furnace was USD 6.6 million and was financed through the International Finance Corporation (IFC). The goal of the capacity increase is to focus on export-oriented sectors such as mineral water and wine, to meet all demand for glass bottles for mineral water, non-alcoholic beverages and beer sectors in the domestic markets and through product diversification to increase Mina's market share in the wine sector. Azerbaijan currently imports all of its glass packaging in this segment. Therefore, another goal is to supply half of its green bottle demand and increase Mina's share in the new bottle imports from 24% to 60%.



The leading brands in the food and beverage industry have opted for glass containers due to their appropriate cost, aesthetic appeal, hygienic properties and their value adding capability to the product placed in them. As a result, glass occupies a larger space on market shelves.



The Business has become a reliable supplier to international brands. The regional expansion of production will further consolidate the Business' strength.

Ferro Döküm, which represents the iron casting operations of the Group, makes 90% of its sales to the automotive sector. Severely affected by the economic crises in 2000 and 2001, the sector turned to exports to overcome the stagnation in the domestic market. In this regard, Ferro Döküm focused on exports as well and the Company's export figures rose to USD 8 million in 2002. It is anticipated that the domestic automotive market will grow by approximately 8-10% in 2003. Ferro Döküm plans to take advantage of both the increasing demand in the domestic market and to concentrate on international sales. In parallel with the supply agreements, the targeted increase on overseas sales is around 20%.

Omco-Istanbul, a 50:50 partnership between Anadolu Cam and the BMT Group based in Belgium, reported USD 8 million sales revenue and USD

1.7 million pretax profit in 2002, its first year of operation. With USD 250,000 worth of exports to markets in Bulgaria, Greece, Egypt and Iran, Omco-Istanbul also supplies the entire mold needs of the Business's operations in Russia and Georgia.

In both glass packaging and glassware sectors, due to increasing competition, the life span of products has been getting shorter while product diversification and new product development activities have begun to gradually increase. Omco-Istanbul invested USD 500,000 for modernization projects carried out to meet customers' needs in 2002. Additionally, the Company plans to invest USD 400,000 in 2003 to renew its machinery with faster and more accurate machining tools. During the upcoming period, Omco-Istanbul will further improve domestic sales and expand its activities in export markets for glassware and glass packaging molds.

Through increased production and marketing activities in the neighboring countries, the Glass Packaging Business aims to become a glass packaging supplier with one million tons of production and sales volume by 2005 and thereby maintain regional dominance.



Ferro Döküm cooperates with international companies by prioritizing customer satisfaction and exports a significant portion of its output.

chemicals business

The Chemicals Business countered the challenges of the severe worldwide competition in inorganic chemicals by cutting costs. Its environment-friendly practices were also continued without compromise.

The global demand for soda ash is increasing - especially in Eastern Europe and Russian market where the increase has been above average. However, production activities in some of the older facilities have stopped and as a result, idle soda ash manufacturing capacity has reached 1.4 million tons worldwide.

As a result of new facilities opening and an increase in export-based activity in the target domestic industrial sectors to which Soda Sanayii directs its products, domestic sales were higher than originally planned. Full capacity utilization has been achieved while bulk sales in domestic markets and product sales that aim to develop additional customers have increased. Within the scope of the ongoing logistics project, the aim is to improve domestic competitiveness beginning with the Marmara region and further improve service quality. Export sales continue to increase in markets with higher

yields. In an effort to improve export-oriented logistical infrastructure and to reduce costs, the Business launched an investment for silo and mechanical loading facilities at the Mersin Port, which are scheduled to become operational in 2003. In countries with ample potential, similar logistical infrastructure projects are ongoing.

The Business acquired certificates of Hazard Analysis and Critical Control Point (HACCP) and Good Manufacturing Practices (GMP); these are required by all international and some domestic customers for sodium bicarbonate products. Also during the year, the Business participated in various sector-specific fairs and symposiums.

During the year, the Soda factory incurred a capital spending of USD 7.8 million, which included capacity increase, modernization, maintenance and environmental projects. The cooling water project has been completed for the most part and will become operational by the beginning of 2003. The utilization of alternative raw materials and raw material resources resulted in a considerable production cost reduction. Total Productive Maintenance (TPM) projects have been set up within the factory; full capacity utilization has been supported and R&D support was



Soda Sanayii's Mersin soda ash factory has a strong and effective position on the international level as well. Environment-conscious development efforts are continued for additional competitive strength.

secured to carry out development projects.

Soda Sanayii's joint venture, Solvay Sodi in Bulgaria, had successful sales along with associated high capacity utilization ratios. The partnership period for one of the shareholders of Solvay Sodi, the European Bank for Reconstruction and Development (EBRD), has been extended until 2007 as a result of an agreement between the parties.

The chromium chemicals sector (Kromsan) is experiencing intense worldwide competition. However, recovery is expected on the supply side as a result of buyouts and planned plant shut downs due to lacking economies of scale or insufficient profitability. The leather industry, one of the main customer segments for the chromium product group, had a successful year in 2002

Consolidated Financial Highlights

IAS	USD m	2002	2001
Net sales		322	340
Exports		126	117
Gross profit		86	112
Operating profit		49	64
EBIT		53	67
EBITDA		71	80
Total assets		474	461
Shareholders' equity		329	326
Capital expenditure		36	19
Number of employees		2,098	2,068



We
are
committed
to
environment,
human
health
and
safety.







Kromsan is geared toward international markets with chromium chemicals that predominantly target the leather industry. It exports 70% of its production. The Far East is increasingly becoming the focal point of its activities, where it further strengthens its sales organization.

and increased its production volume. Paralleling this development, chromium product sales to this sector increased by 11%. As a result of improved sales, the number of distributors increased and distribution channels were strengthened. The international leather sector continues to be concentrated in the Asia-Pacific region, primarily in China. To better serve China, it is envisaged that the office of the Chemicals Business in Shanghai will be converted into a company and the Hong Kong office will be moved to a closer region to customer locations in China. Kromsan attended trade fairs during 2002: Leather Days in Istanbul, the Asia Pacific Leather Fair in Hong Kong, the All China Leather Fair in Shanghai and Tanning Tech in Bologna, Italy.

Chromic acid sales increased by 53% over sales in 2001; the Business continued to import and sell sodium

sulphide, which it had stopped producing previously. Since sales were higher than predicted, projects geared to prevent excess sodium sulphate waste accumulation have been put on hold although technical solutions are readily available.

During the year, USD 4.8 million was invested in the production facility. In addition to the new line filter, quality increased as a result of modernization projects on raw material feeding systems while more investments were made with regard to environmental health projects and maintenance. Optimization projects have been carried out in the facility and production volume has increased. Full capacity utilization was observed in sodium bichromate and Tankrom products. The Company benefited from R&D support for development projects at the Kromsan factory. The new, modern wastewater treatment

facility will become functional at the beginning of 2003.

Soda Sanayii continued to implement its program of environment-friendly projects in compliance with the trilateral commitment system. Forestation and landscaping activities were carried out. To help raise environmental awareness and to educate the young in terms of environmental protection, an art contest was organized in Mersin municipality elementary schools. Soda Sanayii was the main sponsor of the 1st Mersin International Festival that took place in October. In November, Soda Sanayii Turkish Folk Music and Turkish Classical Music Choirs gave a concert at the İş Sanat Center; the income from the concert was donated to a charitable organization, the Association for the Protection of Homeless Children.

Cam Elyaf will increase production by 80% when a second furnace goes on stream in March 2003 with a USD 40 million investment, creating the opportunity to further enhance its already strong position in the sector.

Composite materials, using glass fiber as a primary component, are steadily replacing traditional materials throughout the world, creating a favorable position for glass fiber. The fiber glass market continues to grow by 3-4% every year; the domestic market has also significantly improved in 2002. In addition to the increasing production by domestic fiber glass reinforced pipe manufacturers, the progress of exporters also played a significant role in this performance. It was observed that modern machine-oriented production steadily increased. Under present market conditions, international glass fiber sales increased by 9% with domestic glass fiber sales increasing by 69%. With the support of the distributors, the polyester products segment made a advance in the domestic market and sales increased by 69%.

Cam Elyaf participated in the international JEC Composite Materials Fair. The Company conducted a customer satisfaction survey for both domestic and international clients during the year.

The newly developed glass recovery system design was successfully integrated and the percentage of recovered glass in batch was increased. The number of production cartridges was increased and the channel burning system was improved. Production from the existing furnace has been increased due to developments such as this one. Standardization has been improved as a result of new implementation techniques used on the materials and thus stocks were liquidated and production costs reduced.

It was a year of continued growth for Cam Elyaf; work on the new furnace investment projects continued at full speed. Increasing production capacity by 80% with a capital cost of USD 40 million, the furnace will be operational in March 2003. As for the polyester production facility, through system revisions, bottlenecks were removed and the waste burning system was successfully completed and implemented. Cam Elyaf spent USD 15.7 million on investments in 2002.



Camış Elektrik has rapidly completed its investments to meet the Şişecam affiliates' energy requirements.



Camış Madencilik started deliveries from its quartzite sand preparation facilities in Kurucuşile to the Trakya Cam operations.



JEC - Paris

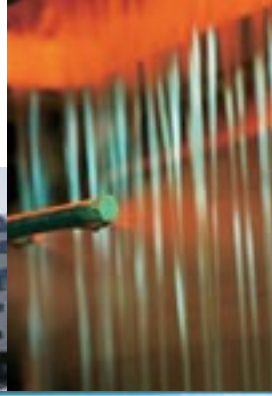


Leather - Shanghai

The Chemicals Business continues its effective presence at all important specialist trade fairs while carefully nourishing its customer relations.

In accordance with the importance the Chemicals Business places on research and development, the new development center was opened during the course of the year. Two new products were developed in polyester; three new products were included among the standard glass fiber and polyester products.

Demand for Vitamin K3, produced by Oxyvit, has risen in parallel with an escalating consumption of white meat throughout the world; consequently, Oxyvit's sales rose by 35%. A new high value added product has been created on a laboratory scale and



CAMELYAF.
GLASS FIBER



Cam Elyaf's second furnace investment, to be completed in a record period of ten months, will enable the Company to further expand its activities in world markets.



The Glass Fiber Development Center, established in 1994 to diversify the use of glass fiber products in various industries as a supplementary material and to develop new products, was refurbished and resumed operations during the year.



commercial production is scheduled to start in 2003 with a small investment. Two solid waste storage pools were built and put into use within the production premises. Preparations have begun to obtain the HACCP certificate in 2003.

Camiş Madencilik, designated to supply industrial raw materials for the Group's glass manufacturers, with 1.4 million tons, achieved the majority of its target sales program. Successful results in terms of the cost of services purchased and the cost of equipment were reflected in the total expenses as a 10% savings. There have been no new or important investment projects during the year. However, projects that began in 2002 were completed and implemented. The largest of the investment projects, the Kurucaşile facility, began supplying raw material for glass manufacturers. Albeit in small

portions, industrial raw materials were sold abroad and by utilizing existing resources, industrial raw materials were supplied to domestic sectors other than glass. As for the future, new prospecting activity focused on locating cheaper resources is underway. In order to process and use the hot furnace slag as raw material for glass, the Group has been working on developing a joint project with an international company.

This has been a year of intensive preparations for the transition to free market conditions in Turkey's energy sector. Camiş Elektrik has closely monitored the developments in the renewed Turkish energy sector. At three power plants approximately 398 million kWh of electricity has been produced. As a result of the necessary modifications at Çayırova Plant's switching facility, progress has been

made to meet the increasing energy demand in the region.

In this increasingly competitive environment, the Chemicals Business has implemented systems aimed at the improvement of human resources. A performance evaluation system was developed, along with a career planning system and management training programs were launched on the Internet.



Oxyvit substantially increased the output of its animal feed additives and further consolidated its position in world markets.

service operations



Cam Pazarlama

Cam Pazarlama continues its activities as the Group's foreign trade company and serves as an intermediary for the exports of its subsidiaries.

Cam Pazarlama handles the Group's raw materials and equipment import activities, also manages warehouses, fuel oil and lubricants distributorships. It has free trade zone operations.

Cam Pazarlama completed and implemented development projects in 2002, which it also aims to continue in the coming year to further increase the quality of its services.

Camiş Lojistik

Camiş Lojistik organizes the most appropriate means of transportation (highway, sea, air and railway) for the domestic and international shipments of raw materials and products for

Group companies. In 2002, the Company arranged transportation for four million tons of payload with a revenue of USD 52 million. The Company's target is to grow and create value by developing strategies in parallel with the Group's objectives.

Camiş Sigorta

Camiş Sigorta, the largest agency within Anadolu Sigorta's agency network, is able to meet all of the insurance requirements of the Group with high-quality services. The Company has continued to be the top commission-generating agency during 2002, with a net insurance premium of USD 5.6 million.

Foreseeing that the insurance sector will soon overcome the negative impact of the recent economic hardships, Camiş Sigorta plans to sell more insurance policies in 2003.

Currently offering services to 2,700 companies and individuals, Camiş Sigorta will continue to serve the insurance needs of both Group and non-Group companies during the upcoming years, as it has done in the past.

Camiş Menkul Değerler

Along with many of its financial services, Camiş Menkul Değerler, the Group's portal to the capital markets, acts as a brokerage house during capital increases and dividend payment transactions of the Group's public companies.

During the year, the Company successfully made the interactive branch ready for customer use and concluded 25% of the stock trading transactions over the Internet. Further projects will be carried out to increase this percentage and gradually move all transactions to the electronic environment. Some of the projects that the Company is considering in this regard include an IVR system that enables transaction via telephone without additional equipment and a call center. In the later stages, feasibility studies will be undertaken to make transaction orders possible through other means of communication, such as WAP systems offered by most cellular phones, palm computers and digital TVs. If the results are promising, necessary infrastructure investments will be made to enable the provision of services through these channels.

focal points



Human Resources

In an effort to secure its growth and future, the Group has adopted a human resources policy which begins from the hiring process of its most important element, the human resources, to the maintenance of its personnel at a certain level of quality, talent and dynamism, where career development and result-oriented training is planned and performance is reinforced.

Acknowledging the fact that to maintain profitable and stable growth, it is essential to constantly develop employee satisfaction and efficiency, the Group creates a quality work environment for its employees. This dynamic workforce sheds its energy cohesively to achieve the goals of the Group.

In the belief that all line and staff personnel are the main resources behind the Group's competitiveness and the accomplishment of its goals, Şişecam continues its efforts to develop these resources and to build the framework of its training policies and strategies from this perspective.

The training requirements that are the basis of the training program have been determined on an individual basis, employing two main human resource systems: the Performance Evaluation System, which is used in relation to the objectives and the Career Planning System, which focuses on competencies. The purpose is for the individual to gain all the necessary information to accomplish his/her goals in their current position. It also provides support and opportunities to train the staff for other career opportunities that exist in the career plan.

Depending on the needs of the staff, training programs were organized in 12-month periods starting in April 2002 and ending the following May. During this period, 288 courses and seminars in 79 different subjects were given for 59,474 man-hours for 5,534 executives and employees. Plans partially completed at the end of 2002, the Training Department had already organized 194 courses and seminars for 3,424 people lasting 31,549 man-hours by year's end. Computer training courses organized by the

Computer Support Services Department and other on-the-job training conducted by the Group's companies on their own have reached a total of 20,841 people and equal approximately 119,643 man-hours.

In 2002, the Group implemented the e-learning project as a pilot application in 2001. With the e-learning method, the Group began a one-year Executive Development Program called The MBA Club, which covered 35 different subjects for 82 managers and/or management trainees; the project is continuing.

Recognizing the importance and the potential of human resources, Şişecam continues its never-ending journey in the constant development of these resources with determination.

Industrial Relations

For the past 19 biannual periods all of the Group companies have worked under collective labor agreement terms to maintain stability and resolve problems in the workplace. Today, it again continues to act in recognition of the importance of the social parties in

Şişecam regards human resources, industrial relations, R&D, information technology and communications as essential focal points and believes that achievements in these areas will determine future performance.

creating a balance through agreements based on knowledge and wisdom.

Şişecam is guided by the principle that industrial relations should follow a 'human-oriented' approach. Thus, it has faithfully abided by the principle of 'workplace security before work.' The most significant example of this was demonstrated when the Paşabahçe Beykoz factory had to be shut down after years of struggling to increase its productivity and profitability. For all the employees of the facility who requested it, a new job opportunity was created within the Group that set a solid example for its 'human-oriented' approach.

Another industrial relations issue on which the Group places great emphasis, is the principle that sound decisions cannot be made without necessary and sufficient information. The five labor unions organized at the Group's companies are advised of every detail in the workplace; the aim is to build a basis for information-based brainstorming.

The largest current problem within the Group with regard to industrial relations is the danger caused by demands that do not take into consideration changing conditions in the business environment, interdependent relationships and the Company's structure. The Group has the power to compete with the world's most advanced companies and with countries that manage to maintain low input costs through protectionist policies. Therefore, efforts are made to ensure that excessive demands do not jeopardize the future of the Group in the long run.

As a result of the steps taken within the scope of these approaches, collective bargaining agreements between Soda Sanayii and Petrol İş Union and between Çimse İş Union and Denizli Cam and Paşabahçe Eskişehir were finalized constructively.

Research and Development

Şişecam, in 2002, undertook the largest number of furnace engineering and design work during one year since its foundation and has so far completed 13 projects. The technological aspects of these projects, such as location and capacity assessment, furnace design and support systems, environmental aspects of the new investments, digital modeling support for furnace designs, raw materials and glass compositions and analytic support for management are very important parts of research and development activities. The plans to increase the number of international investments bring up issues such as the development of a systematic technology transfer model, consideration of different approaches to the quality of human resources and the organization and necessity to acquire new skills such as the command of cultural and geographical differences in addition to engineering and research disciplines. The year 2002 has been a year of fast developments in terms of newly acquired abilities for the Group and also a year when the companies successfully implemented the standards, problem-solving and cooperation techniques that already exist in both Turkey and in factories abroad.

Şişecam allocates close to 1% of its sales revenue to R&D activities, demonstrating that the Group is still confident that technological innovation is the major element in competition.

Particularly with regard to developing surface coating and value added products, Şişecam carries out joint projects with research institutions and universities in Turkey. On the international level, the Group began participating in an integrated project for a transparent conductor oxide



Training activities, vital to enhance the quality of work in the Group, continue with great intensity. New programs are normally implemented by own staff but the support from expert organizations is also obtained.

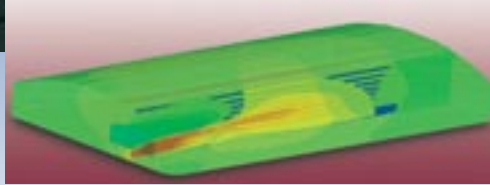
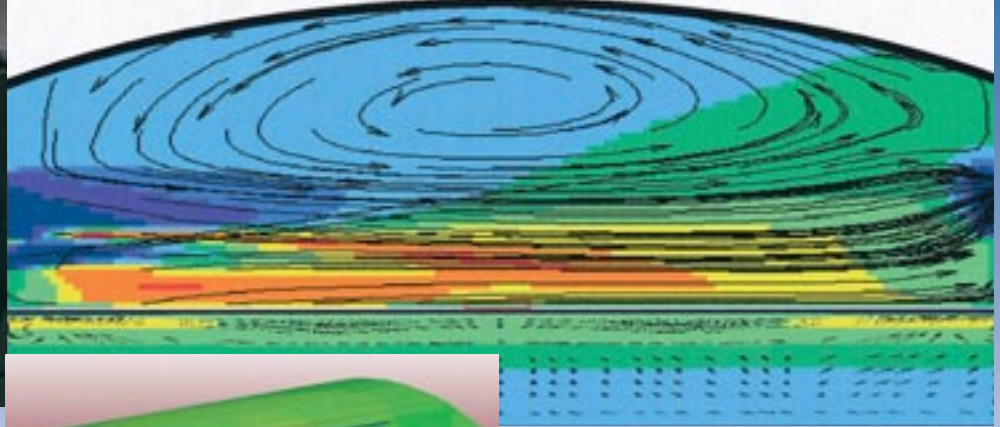
coating that is used in many new products. It is anticipated that this project will increase Şişecam's capabilities in terms of high value added coated glass manufacturing technology in the flat glass sector.

In the glass industry, coating is the field that has created the greatest innovation and associated added value. All glass products, including glass fiber and flat glass, cannot be used without going through at least one surface process. In this respect, parallel to the developments in the world, surface processing and coating have become the primary subjects for R&D projects.

With the help of the on-line coating technology, a result of developmental efforts carried out in the past few years, pyrolytic coating was applied on blue, green and colorless glass in 2002 and were introduced to the market as new products under the commercial name of Tentecol. As for off-line coating, new and unique glass types in terms of their optical and physical features were included in Şişecam's product range as well.



The International Commission on Glass (ICG) awarded the Turner Prize to Orhan Çorumluoğlu from the Şişecam Research Center. The prize was presented for the first time in 2002.



R&D continues with a project approach, an indispensable tool in modern times, while applied engineering work undertaken with a view to establish the technology of the future is becoming widespread.

Sol-gel, also known as 'nano-technology' is used widely in areas from the food sector to pharmaceuticals and has taken a very large share of the research budgets of developed countries over the past few years. In the field of materials, it has taken its place in thin film technology generally referred to as wet coating. Using this process, the surface features of the glass are designed at the atomic level giving any desired characteristics to the glass. Among the types of sol-gel coating, the most popular is the 'photocatalytic' surface also known as self-cleaning glass. In addition to this type of surface, among these coatings that Şişecam uses for various projects, there are coatings that add anti-bacterial features to the glass, one with hydrophobic / hydrophilic features, the surfaces that can generate electricity if they are designed with organic pigment/electrolyte systems; other surfaces can be used for painting.

Information Technology and Communications

The shared computer infrastructure and software applications have

compatible features with communication facilities at Şişecam. As in previous years, intensive efforts continued in computer networking, office automation, CAD/CAM, Internet, infrastructure management, user support and training activities.

Inspired by the concept of connecting the computer and communication infrastructures, expanding the use of e-mail, telephone, voice recording, facsimile and SMS options within the companies, administration of the authorities of computer and communication system users, maintaining continuity of infrastructure and security issues related to computers and communication techniques have become primary projects.

Improved system management and testing units were activated to bring the rapidly increasing infrastructure and system problems and interruptions to a minimum, to be able to leverage maximum utilization out of current capacities and to be able to make the necessary investments to meet demands. As a result of joining computer and communications

infrastructures in accordance with geographical locations of the Group's companies, work has begun on projects to reduce purchasing and administration expenses and increase standardization.

The infrastructure necessary for independent time and location access from anywhere to e-mail, fax, SMS, voice mail and PC files in the office made available to the users via a PC connected to Şişecam's network, called Camnet, has been developed and is being extended to Group companies.

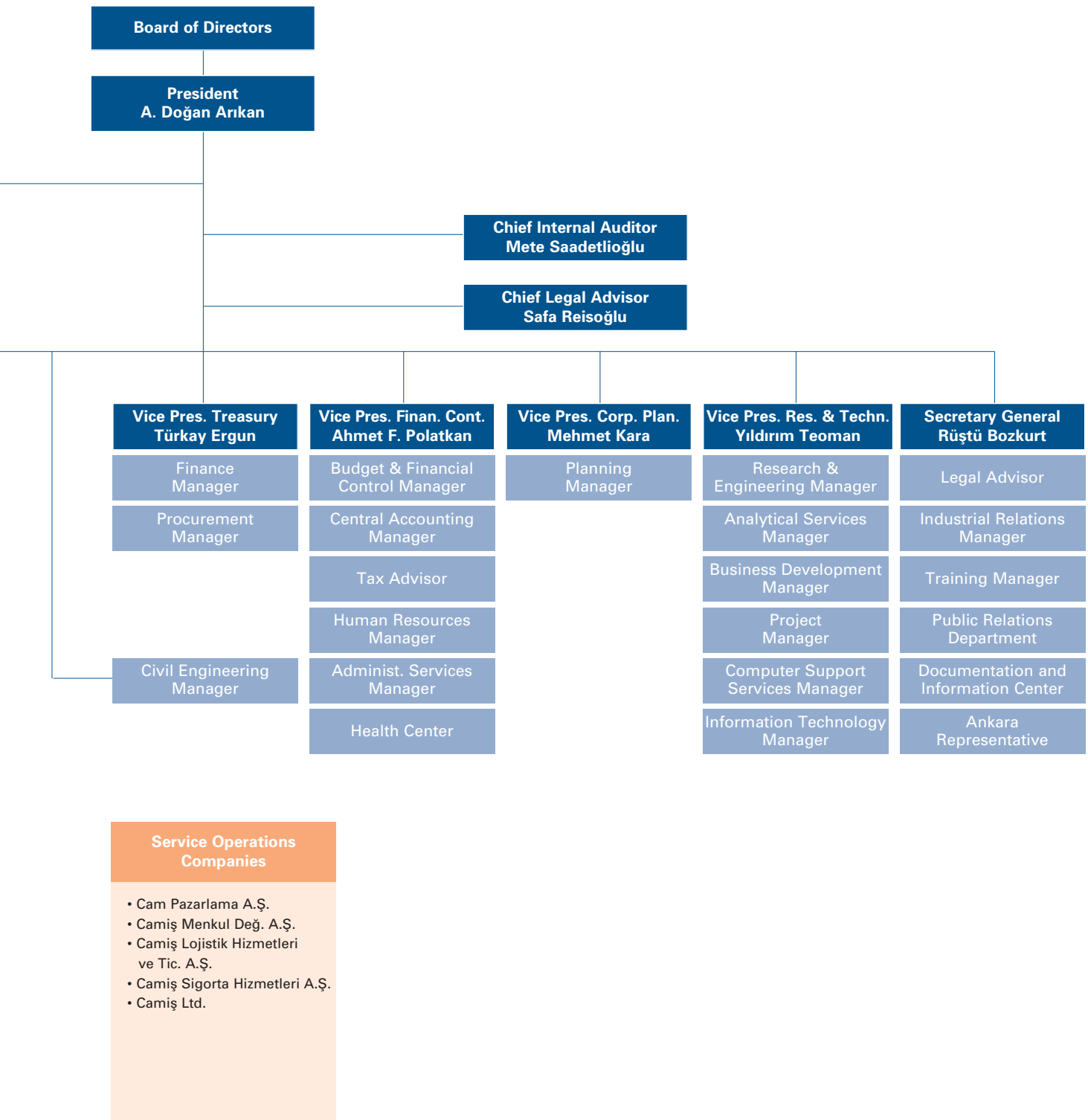
The 19th Information Technology Congress, organized in September 2002, included presentations about Camnet's administration, communication via e-mail, information technology policies based on confidence and open systems. The 8th Annual Internet Days conference included presentations on Digital Management and Safety of Information Technology. Both organizations provided very productive input to the development of Turkey's information technology community.

organization chart

Management Committee

Exec. Vice Pres. Flat Glass Alev Yaraman	Exec. Vice Pres. Glassware Gülsüm Azeri	Exec. Vice Pres. Glass Pack. Teoman Yenigün	Exec. Vice Pres. Chemicals Ateş Kut
Prod. & Develop. Director Ulukan İyigün	Prod. & Develop. Director Taner Uz	Operations Director Mustafa Akay (Acting)	Operations Director Atilla Didin
Autom. & Proc. Glasses Director Ömer Boyacıoğlu	Prod. Plan. & Logis. Director Süreyya Bilsen	Development Director Mustafa Akay	Development Director Ünay Güldal
Marketing & Sales Director Çetin Aktürk	Marketing & Sales Director Gür Kaynak	Marketing & Sales Director Ekrem Barlas	Marketing & Sales Director Mehmet Atukalp
Management Services Director Akif Sözen	Management Services Director Hüseyin Özcan	Management Services Director Aktan Pınar	Management Services Director Mehmet Orhon

Flat Glass Business Companies	Glassware Business Companies	Glass Packaging Business Companies	Chemicals Business Companies
<ul style="list-style-type: none"> Trakya Cam Sanayii A.Ş. Çayırova Cam Sanayii A.Ş. 	<ul style="list-style-type: none"> Paşabahçe Cam San. ve Tic. A.Ş. Paşabahçe Eskişehir Cam San. ve Tic. A.Ş. Denizli Cam San. ve Tic. A.Ş. Paşabahçe Mağazaları A.Ş. Camış Ambalaj Sanayii A.Ş. Paşabahçe Glas GmbH 	<ul style="list-style-type: none"> Anadolu Cam Sanayii A.Ş. JSC "Mina" Ruscaml Ltd. Ferro Döküm San. ve Tic. A.Ş. Omco İst. Kalıp San. ve Tic. A.Ş. 	<ul style="list-style-type: none"> Soda Sanayii A.Ş. Cam Elyaf Sanayii A.Ş. Camış Madencilik A.Ş. Oxyvit Kimya San. ve Tic. A.Ş. Camış Elektrik Üretimi Otoprodüktör Grubu A.Ş. Şişecam Bulgaria Ltd. Camış Egypt Mining Ltd. Co. Şişecam China Ltd. Solvay Şişecam Holding AG



Türkiye Şişe ve Cam Fabrikaları A.Ş.
(Parent Company)

Financial Statements for the Years Ended
31 December 2002 and 2001
Prepared in Accordance with
International Accounting Standards (IAS)

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Balance Sheets as of 31 December 2002 and 2001

(Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002.)

	31 December 2002	31 December 2001
CURRENT ASSETS		
Cash and banks	1,453	519
Marketable securities	-	126
Trade receivables (net)	13	-
Due from related parties	4,071	4,746
Inventories	367	528
Other receivables and current assets	656	2,895
Deferred tax asset	-	53
Total Current Assets	6,560	8,867
LONG TERM ASSETS		
Long term trade receivables	1	1
Equity participations	863,048	815,487
Property, plant and equipment (net)	20,557	21,579
Intangible fixed assets (net)	3,521	4,258
Deferred tax asset	30,660	37,118
Total Long Term Assets	917,787	878,443
TOTAL ASSETS	924,347	887,310
CURRENT LIABILITIES		
Short term borrowings	69,384	149,344
Trade payables (net)	3,491	3,078
Due to related parties	25,870	35,551
Other payables and current liabilities	1,042	1,032
Corporate tax payable	-	(27)
Deferred tax liability	19	21
Total Current Liabilities	99,806	188,999
LONG TERM LIABILITIES		
Long term borrowings	396	634
Retirement pay provision	3,608	3,409
Deferred tax liability	7,165	7,004
Total Long Term Liabilities	11,169	11,047
SHAREHOLDERS' EQUITY		
Capital	322,294	237,229
Premium in excess of par	1,898	1,852
Revaluation reserve	4,546	4,491
Legal reserves	24,650	24,650
Retained earnings	419,042	377,234
Net income for the year	40,942	41,808
Total Shareholders' Equity	813,372	687,264
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	924,347	887,310

Türkiye Şişe ve Cam Fabrikaları A.Ş.**Statements of Income for the Years Ended 31 December 2002 and 2001**

(Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002.)

	2002	2001
Net Sales	28,166	31,013
Cost of sales	(13,811)	(15,391)
Gross profit	14,355	15,622
Operating expenses	(11,962)	(13,089)
Operating profit	2,393	2,533
Finance (expenses) / income	(9,714)	(115,441)
Other (expenses) / income (net)	11,406	11,403
Income from investment in associate	23,571	15,306
Income before taxation and monetary gain / (loss)	27,656	(86,199)
Taxation	436	31,804
Income after taxation and monetary gain / (loss)	28,092	(54,395)
Monetary gain / (loss)	12,850	96,203
Net income	40,942	41,808

**Türkiye Şişe ve Cam Fabrikaları A.Ş.
and its Subsidiaries**

**Consolidated Financial Statements
for the Years Ended
31 December 2002 and 2001
Prepared in Accordance with
International Accounting Standards (IAS)**

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Levent - İstanbul
Türkiye

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**Deloitte
& Touche**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Türkiye Şişe ve Cam Fabrikaları A.Ş.

1. We have audited the consolidated balance sheets of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2002 and 2001, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended, all expressed in the equivalent purchasing power of the Turkish Lira at 31 December 2002. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

2. Except as discussed in paragraph 3, we conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

3. Available-for-sale investments that do not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate or unworkable are carried at restated cost in the accompanying consolidated financial statements in accordance with International Accounting Standard No. 39 "Financial Instruments: Recognition and Measurement". We could not obtain sufficient data to enable us to assess the necessity of an impairment reserve for those investments.

4. In our opinion, except for such adjustments if any as may be necessary in respect of the matter set out in the above paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of 31 December 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.
Member firm of **DELOITTE TOUCHE TOHMATSU**

İstanbul, 15 April 2003

**Deloitte
Touche
Tohmatsu**

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries

Consolidated Balance Sheets as of 31 December 2002 and 2001

Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002
(note 2) USD balances are stated in thousands.

		31 December 2002		(As Restated)	
	Note	TRL	USD	TRL	USD
CURRENT ASSETS					
Cash and banks	4	104,624	64,010	50,853	31,112
Investments in securities	5	9,009	5,512	21,237	12,993
Trade receivables (net)	6	262,053	160,326	278,938	170,656
Due from related parties	7	5,858	3,584	4,756	2,910
Inventories (net)	8	277,031	169,490	291,876	178,572
Other receivables and current assets (net)	9	48,585	29,725	41,671	25,495
Total Current Assets		707,160	432,647	689,331	421,738
LONG TERM ASSETS					
Investments (net)	10	318,479	194,848	291,591	178,398
Goodwill (net)	11	19,335	11,829	3,827	2,341
Negative goodwill (net)	12	(53,090)	(32,481)	(20,202)	(12,360)
Property, plant and equipment (net)	13	2,219,834	1,358,111	2,208,304	1,351,057
Intangible assets (net)	14	26,002	15,908	29,284	17,916
Other receivables and long term assets	15	5,707	3,492	3,947	2,415
Total Long Term Assets		2,536,267	1,551,707	2,516,751	1,539,767
TOTAL ASSETS		3,243,427	1,984,354	3,206,082	1,961,505

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries

Consolidated Balance Sheets as of 31 December 2002 and 2001

Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002
(note 2) USD balances are stated in thousands.

		31 December 2002		(As Restated) 31 December 2001	
	Note	TRL	USD	TRL	USD
CURRENT LIABILITIES					
Short term borrowings	16	293,251	179,413	269,207	164,703
Trade payables (net)	17	88,894	54,386	75,409	46,136
Due to related parties	7	3,273	2,002	3,481	2,130
Advances received		10,145	6,207	7,732	4,730
Other payables and current liabilities	18	37,250	22,790	26,468	16,193
Corporate tax payable	19	32,425	19,838	37,498	22,942
Total Current Liabilities		465,238	284,636	419,795	256,834
LONG TERM LIABILITIES					
Long term borrowings	16	124,775	76,338	165,619	101,327
Other long term liabilities	17	2,736	1,674	7,841	4,797
Retirement pay provision	20	90,289	55,239	89,313	54,642
Deferred tax liabilities (net)	19	256,394	156,864	263,844	161,422
Total Long Term Liabilities		474,194	290,115	526,617	322,188
MINORITY INTEREST					
Share capital and reserves		781,846	478,342	1,012,674	619,562
Net income / (loss) for the year		82,435	50,434	(19,127)	(11,702)
Total Minority Interest	21	864,281	528,776	993,547	607,860
COMMITMENTS & CONTINGENCIES	22				
SHAREHOLDERS' EQUITY					
Capital	23	285,000	174,365	84,106	51,457
Adjustment to capital	23	36,844	22,541	152,779	93,471
Premium in excess of par		1,964	1,202	1,919	1,174
Translation reserves		(1,814)	(1,110)	2,885	1,765
Investments revaluation reserves		28,686	17,550	876	536
Revaluation reserves		230,839	141,229	237,240	145,145
Retained earnings		786,318	481,074	808,467	494,627
Net Income / (loss) for the year		71,877	43,976	(22,149)	(13,552)
Total Shareholders' Equity		1,439,714	880,827	1,266,123	774,623
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,243,427	1,984,354	3,206,082	1,961,505

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries

Consolidated Statements of Income for the Years Ended

31 December 2002 and 2001

Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002
(note 2) USD balances are stated in thousands.

	Note	2002		(As Restated) 2001	
		TRL	USD	TRL	USD
Net sales	24	1,718,699	1,051,513	1,794,115	1,097,653
Cost of sales	25	(1,070,549)	(654,970)	(1,128,582)	(690,475)
Gross profit		648,150	396,543	665,533	407,178
Operating expenses	26	(356,091)	(217,859)	(363,909)	(222,642)
Operating profit		292,059	178,684	301,624	184,536
Finance expenses (net)	27	(25,563)	(15,640)	(397,292)	(243,066)
Other expenses (net)	28	(37,807)	(23,131)	(29,043)	(17,769)
Income from equity participations (net)	29	1,065	652	942	576
Profit / (loss) before taxation and monetary gain		229,754	140,565	(123,769)	(75,723)
Tax provision in accordance with Turkish Tax Legislation	19	(61,598)	(37,686)	(44,640)	(27,311)
Profit / (loss) after current tax and before monetary gain		168,156	102,879	(168,409)	(103,034)
Monetary gain		41,331	25,287	295,078	180,530
Profit before minority interest and deferred tax charge		209,487	128,166	126,669	77,496
Deferred tax provision in accordance with IAS 12	19	(55,175)	(33,756)	(167,945)	(102,750)
Profit / (loss) before minority interest		154,312	94,410	(41,276)	(25,254)
Minority interest	21	(82,435)	(50,434)	19,127	11,702
Net profit / (loss)		71,877	43,976	(22,149)	(13,552)
Earnings / (loss) per share in full TRL and USD	3.u	134	0,000082	(51)	(0,000031)

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity for the Years Ended 31 December 2002 and 2001

(Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002. (note 2))

	Capital	Adjustments to Capital	Premium in Excess of Par	Translation Reserves	Investments Revaluation Reserves	Revaluation Reserves	Retained Earnings	Total
As previously reported	84,106	163,135	1,856	-	-	202,670	858,759	1,310,526
Restatement effect	-	(10,356)	-	(1,104)	4,870	33,724	(50,292)	(23,158)
Balance as of 1 January 2001, as restated	84,106	152,779	1,856	(1,104)	4,870	236,394	808,467	1,287,368
Profit on sale of shares issued	-	-	63	-	-	-	-	63
Decrease in fair value of available-for-sale investments	-	-	-	-	(3,994)	-	-	(3,994)
Exchange differences on foreign operations	-	-	-	3,989	-	-	-	3,989
Change in revaluation surplus	-	-	-	-	-	846	-	846
Net loss for the year	-	-	-	-	-	-	(22,149)	(22,149)
Balance as of 31 December 2001	84,106	152,779	1,919	2,885	876	237,240	786,318	1,266,123
Cash increase in share capital	65,890	19,069	-	-	-	-	-	84,959
Non-cash increase in share capital	135,004	(135,004)	-	-	-	-	-	-
Profit on sale of shares issued	-	-	45	-	-	-	-	45
Increase in fair value of available-for-sale investments	-	-	-	-	27,810	-	-	27,810
Exchange differences on foreign operations	-	-	-	(4,699)	-	-	-	(4,699)
Change in revaluation surplus	-	-	-	-	-	(6,401)	-	(6,401)
Net profit for the year	-	-	-	-	-	-	71,877	71,877
Balance as of 31 December 2002	285,000	36,844	1,964	(1,814)	28,686	230,839	858,195	1,439,714

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries

Consolidated Statement of Cash Flows

for the Years Ended 31 December 2002 and 2001

(Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002. (note 2))

	Note	2002	(As Restated) 2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the year		71,877	(22,149)
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities:			
Amortisation of goodwill	11	317	317
Negative goodwill released to income	12	(1,112)	(1,112)
Depreciation of property, plant and equipment	13	177,036	169,285
Impairment loss on property, plant and equipment	13	1,338	28
Amortisation of intangible assets	14	5,461	4,846
Provision for retirement pay	20	14,569	(12,894)
Provision for doubtful receivables	6	(2,267)	(152)
Changes in other allowances and provisions		2,037	1,181
Accrued exchange losses and accrued interests on borrowings		43,208	116,201
Accrued foreign exchange difference and interest income		(4,818)	(323)
Accrual for minority share in profit and loss	21	82,435	(19,127)
Income from investment in associate		(1,025)	(942)
Accrued taxation net of monetary gain	19	54,147	126,074
Operating cash flow provided before changes in working capital		443,203	361,233
Changes in operating assets and liabilities	30	53,831	71,623
Cash generated from operations		497,034	432,856
Corporate taxes paid	19	(66,671)	(40,208)
Retirement benefits paid	20	(13,593)	(9,030)
Net cash provided by operating activities		416,770	383,618
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in investments (net)		13,276	(37,852)
Goodwill recognized during the year	11	(15,825)	-
Negative goodwill recognized during the year	12	34,000	-
Purchases of property, plant and equipment	13	(154,325)	(107,652)
Changes in construction in progress		(64,112)	28,999
Purchases of intangible assets	14	(3,226)	(23,390)
Net book value of property, plant and equipment disposed	13	16,948	24,327
Net book value of intangible assets disposed	14	1,046	2,657
Change in revaluation surplus		4,743	846
Exchange differences on foreign operations		(4,699)	3,989
Dividends received		1,025	942
Changes in other investing activities	31	(6,423)	(1,739)
Net cash used in investing activities		(177,572)	(108,873)
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings		239,242	148,273
Repayment of borrowings		(299,251)	(376,711)
Changes in minority interests (net)	21	(211,699)	(18,808)
Increase in capital and premium in excess of par		85,004	63
Net cash used in financing activities		(186,704)	(247,183)
NET CHANGES IN CASH AND BANKS		52,494	27,562
CASH AND BANKS AT THE BEGINNING OF YEAR	4	50,853	23,024
Effect of foreign exchange difference and interest accrual on cash		1,277	267
CASH AND BANKS AT THE END OF YEAR	4	104,624	50,853

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries

Notes to the Consolidated Financial Statements

for the Years Ended 31 December 2002 and 2001

(Amounts expressed in billions of Turkish Lira (TRL) in terms of the purchasing power of the TRL at 31 December 2002.)

1. Organization and operations of the group

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), the holding company and its subsidiaries comprising 34 companies in which the Company owns a majority shareholding and/or effectively controls their management.

The Group, employing 12,121 people as of 31 December 2002 (2001: 12,400) was established 67 years ago in Turkey by T. İş Bankası A.Ş. ("İşbank") which is one of the largest private commercial banks in Turkey. The shares of the Company have been publicly traded at the Istanbul Stock Exchange ("ISE") for over 17 years but İşbank has kept a controlling interest and currently owns 66.106% of its capital.

Consolidated subsidiaries

The nature of the businesses and for the purpose of these consolidated financial statements, the respective business segments of the consolidated subsidiaries and the Group's proportion of direct and effective ownership interests are as follows:

Name	Nature of business	Country of registration	Segment
T. Şişe ve Cam Fabrikaları A.Ş. (*)	Holding Company	Turkey	Holding
Trakya Cam Sanayii A.Ş. (*)	Flat and processed glass production	Turkey	Flat glass
Çayırova Cam Sanayii A.Ş.	Figured and coated glass production	Turkey	Flat glass
Camtaş Düzcamlar Pazarlama A.Ş.	Flat glass sales	Turkey	Flat glass
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Glassware production and sales	Turkey	Glassware
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	Automatic glassware production	Turkey	Glassware
Denizli Cam Sanayii ve Tic. A.Ş. (*)	Handmade and crystal glassware production	Turkey	Glassware
Camiş Ambalaj Sanayii A.Ş.	Paper and cardboard packaging prod. and sales	Turkey	Glassware
Paşabahçe Mağazaları A.Ş.	Retail chain for glassware	Turkey	Glassware
Anadolu Cam Sanayii A.Ş. (*)	Glass packaging production and sales	Turkey	Glass Packaging
Joint Stock Company "Mina"	Glass packaging production	Georgia	Glass Packaging
Ruscam Ltd.	Glass packaging production	Russia	Glass Packaging
Ferro Döküm Sanayii ve Tic. A.Ş.	Nodular and gray iron castings production	Turkey	Glass Packaging
Camiş Makina ve Kalıp Sanayii A.Ş.	Glass moulds and machinery prod. and sales	Turkey	Glass Packaging
Cam Ambalaj Pazarlama A.Ş.	Glass packaging sales	Turkey	Glass Packaging
Cam Ürünleri İşleme San. ve Tic. A.Ş.	Processing of glass products	Turkey	Glass Packaging
Anadolu Cam Investment B.V.	Financing and Holding Company	Netherlands	Glass Packaging
Soda Sanayii A.Ş. (*)	Soda ash, sodium & chromium chemicals prod.	Turkey	Chemicals
Şişecam Bulgaria Ltd.	Soda ash sales	Bulgaria	Chemicals
Cam Elyaf Sanayii A.Ş.	Glass fiber & polyester production and sales	Turkey	Chemicals
Camiş Madencilik A.Ş.	Glass raw materials production and sales	Turkey	Chemicals
Madencilik San. ve Tic. A.Ş.	Glass raw materials production and sales	Turkey	Chemicals
Camiş Egypt Mining Ltd. Co.	Sand supplier	Egypt	Chemicals
Camiş Elektrik Üretimi Otoprodüktör Gr. A.Ş.	Electricity production	Turkey	Chemicals
Camsar San. Ara. Mal. Paz. A.Ş.	Chemicals sales	Turkey	Chemicals
Cam Pazarlama A.Ş.	Export company of the Group	Turkey	Other
Camiş Lojistik Hizmetleri ve Tic. A.Ş. (*)	Logistics services	Turkey	Other
Camiş Ltd.	Foreign purchasing services	Jersey, U.K	Other
Camiş Menkul Değerler A.Ş.	Securities trading	Turkey	Other
Camiş Sigorta Hizmetleri A.Ş.	Insurance agency services	Turkey	Other

(*): Indicates companies with shares publicly traded at ISE.

Name	2002		2001	
	Proportion of direct ownership %	Proportion of effective interest %	Proportion of direct ownership %	Proportion of effective interest %
Trakya Cam Sanayii A.Ş.	50.00	49.31	50.00	49.28
Çayırova Cam Sanayii A.Ş.	68.40	47.31	68.40	47.18
Camtaş Düzcam Pazarlama A.Ş.	99.36	87.54	99.36	87.42
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99.36	85.97	66.16	65.04
Paşabahçe Eskişehir Cam Sanayii ve Tic. A.Ş.	100.00	92.85	100.00	93.07
Denizli Cam Sanayii ve Tic. A.Ş.	51.00	35.25	51.00	35.21
Camiş Ambalaj Sanayii A.Ş.	95.58	89.16	95.58	89.11
Paşabahçe Mağazaları A.Ş.	100.00	62.18	100.00	60.01
Anadolu Cam Sanayii A.Ş.	46.65	45.13	46.65	45.11
Joint Stock Company "Mina"	80.64	70.11	61.44	61.44
Ruscam Ltd.	99.74	23.34	-	-
Ferro Döküm Sanayii ve Tic. A.Ş.	100.00	80.04	100.00	79.75
Camiş Makine ve Kalıp Sanayii A.Ş.	100.00	57.24	100.00	58.69
Cam Ambalaj Pazarlama A.Ş.	100.00	65.58	100.00	55.10
Cam Ürünleri İşleme Sanayii ve Tic. A.Ş.	100.00	86.21	100.00	86.11
Anadolu Cam Investment B.V.	51.85	23.40	51.85	23.39
Soda Sanayii A.Ş.	51.28	51.20	51.28	51.20
Şişecam Bulgaria Ltd.	100.00	51.20	100.00	51.20
Cam Elyaf Sanayii A.Ş.	98.15	69.50	49.37	34.93
Camiş Madencilik A.Ş.	21.53	15.87	21.54	14.11
Madencilik San. ve Tic. A.Ş.	100.00	95.99	100.00	92.53
Camiş Egypt Mining Ltd. Co.	99.70	15.83	99.70	14.07
Camiş Elektrik Üretimi Otoprodüktör Gr. A.Ş.	100.00	54.05	100.00	50.92
Camsar San. Ara. Mal. Paz. A.Ş.	100.00	99.38	100.00	99.38
Cam Pazarlama A.Ş.	99.95	92.31	99.95	92.29
Camiş Lojistik Hizmetleri ve Tic. A.Ş.	69.58	28.80	69.58	27.96
Camiş Limited	100.00	93.48	100.00	87.20
Camiş Menkul Değerler A.Ş.	100.00	75.47	100.00	74.64
Camiş Sigorta Hizmetleri A.Ş.	100.00	82.56	100.00	82.51

Joint ventures

The Group has 2 joint ventures. The nature of the businesses and for the purpose of these consolidated financial statements, the respective business segments of the joint ventures and the Group's proportion of direct and effective ownership interests are as follows:

Name	Nature of Business	Country of Registration	Segment
Omco İstanbul Kalıp San. ve Tic. A.Ş.	Glass moulds prod. and sales	Turkey	Glass Packaging
Oxyvit Kimya San. ve Tic. A.Ş.	Vitamin K prod. and sales	Turkey	Chemicals

	2002		2001	
	Proportion of direct ownership %	Proportion of effective interest %	Proportion of direct ownership %	Proportion of effective interest %
Omco İstanbul Kalıp San. ve Tic. A.Ş.	50.00	45.13	50.00	45.11
Oxyvit Kimya San. ve Tic. A.Ş.	50.00	51.20	50.00	51.20

Significant events during the year

Turkish economy recovered significantly in 2002 after one year contraction in economic activity and volatility in major economic indicators such as foreign currency exchange rates, inflation and interest rates in 2001. As a result of a new program introduced in May 2001 the legal and economic infrastructure has been strengthened. The confidence in the markets has increased with newly established government at the end of 2002. These two improvements led to betterment in basic economic indicators through the end of 2002. The inflation rate was achieved as 27.6% in consumer prices and as 30.8% in wholesale prices as at 31 December 2002, which is considerably lower than official targets indicating better management and

perception in the economy. Also Turkish Lira had continuously appreciated against USD until May 2002. After May 2002 though the appreciation trend has turned to an opposite way and the depreciation started. But this depreciation of TL is far much lower as of 31 December 2002 at 13.5% on a year-to-date basis when compared to 31 December 2001 depreciation rate of 114.3%. These indicators imply that in the accompanying consolidated financial statements the net sales revenue as of 31 December 2001 is restated to 2002 with an inflation factor of 30.8% and then conveniently translated into USD with the 31 December 2002 rate which has increased by 13.5% from 31 December 2001. Hence the increase in inflation rate which is higher than the currency devaluation led to a decrease in comparative presentation of net sales for 2002 and 2001. The Group's sales in real USD terms, which implies translation of TRL balances to USD with historical exchange rates, has increased in 2002 as compared to 2001.

2. Basis of the consolidated financial statements

Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with accounting principles in the Turkish Commercial Code and tax legislation. Foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries where they are registered. The accompanying consolidated financial statements (the "IFRS Financial Statements") are based on the statutory records, with adjustments and reclassifications, including restatement for the changes in the general purchasing power of the Turkish Lira, for the purpose of fair presentation in accordance with Statements of IFRS issued by the International Accounting Standards Board.

Inflation accounting

Restatement adjustments have been made to the financial statements of the Company and its Turkish subsidiaries to compensate for the effect of changes in the general purchasing power of the Turkish Lira, as of the balance sheet date, in accordance with International Accounting Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29").

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Such cumulative rate in Turkey exceeded 227% for the three years ended 31 December 2002 based on the wholesale price index announced by the Turkish State Institute of Statistics ("SIS").

The restatement was calculated by means of conversion factors derived from the Turkish countrywide wholesale price index ("the WPI") published by the State Institute of Statistics (with the index beginning in 1994 at 100). Such index and the conversion factors used to restate the accompanying consolidated financial statements as of the end of each year to 31 December 2002 are given below:

	Index	Conversion Factor
31 December 1998	1,215.1	5.3319
31 December 1999	1,979.5	3.2729
31 December 2000	2,626.0	2.4672
31 December 2001	4,951.7	1.3084
31 December 2002	6,478.8	1.0000

The annual change in the TRL exchange rate against the USD can be compared with the rates of general price inflation in Turkey according to the WPI as set out below:

Year	2002	2001	2000	1999	1998
Currency deflation USD - (%)	13.5	114.3	24.4	72.7	52.7
WPI inflation - (%)	30.8	88.6	32.7	62.9	54.3

At 31 December 2002, the exchange rate announced by the Turkish Central Bank, which is a market rate, was TRL 1,634,501 = USD 1.

The main guidelines for the IAS 29 restatement are as follows:

- All balance sheet amounts not already expressed in terms of the measuring unit current at the balance sheet date are restated by applying a general price index, the WPI. Corresponding figures for previous periods are similarly restated.
- Monetary assets and liabilities are not restated because they are already expressed in terms of the measuring unit current at the balance sheet date. Monetary items are money held and items to be received or paid in money.
- Non-monetary assets and liabilities are restated by applying, to the initial acquisition cost and any accumulated depreciation, the change in the general price index from the date of acquisition or initial recording to the balance sheet date. Hence, property, plant and equipment, investments and similar assets are restated from the date of their purchase, not to exceed their market value. Depreciation is similarly restated. In addition, land and buildings may be revalued to an expert valuation. In such cases, the increase from indexed book value to expert valuation is recorded as a revaluation reserve (net of the applicable deferred taxation). The components of shareholders' equity are restated by applying the applicable general price index from the dates the components were contributed or otherwise arose.
- All items in the statement of income are restated by applying the relevant conversion factors from the dates when the income and expense items were initially recorded in the financial statements.
- The gain or loss on the net monetary position is the result of the effect of general inflation and is the difference resulting from the restatement of non-monetary assets, shareholders' equity and income statement items. The gain or loss on the net monetary position is included in net income.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company as explained in Note 1. Adjustments are made to eliminate intercompany sales and purchases, intercompany receivables and payables and intercompany equity investments.

Entities in which the Company, directly or indirectly, has above 50% shareholding or interest of voting rights or otherwise has power to exercise control over operations, have been fully consolidated. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. All significant transactions and balances between the Company and its consolidated subsidiaries are eliminated on consolidation. In cases where the consolidated entities are not 100% owned, the shareholders' equity and net income, which belong to third party shareholders are separately disclosed as minority interest (Note 21).

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. Enterprises in which the Company has significant influence with 20% to 50% ownership or interest of voting rights but does not have a power to control operations are accounted under the equity method. Under the equity method, the net assets of the investee company are carried in the balance sheet and the share of the Company in the investee company's results of operations is recognised in the statement of income.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period and then restated to the purchasing power of the Turkish Lira at the balance sheet date. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserves. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity, which is subject to joint control.

Joint venture arrangements, which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation - the Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Change of index

The Turkish Capital Market Board ("CMB"), which is planning to adopt inflation accounting for financial statements starting from 1 January 2003, has announced the inflation indices to be used for the restatement calculations. Although based on the same SIS Wholesale Price Index, these new indices differ from the ones used by all Turkish entities, including the Company, in past years. To achieve consistency between the Company's IFRS financial statements and its CMB financial statements, the Company has adopted the new CMB indices in the accompanying IFRS financial statements and has restated the comparative figures for 2001 accordingly (Note 33).

USD convenience translation

US Dollar ("USD") amounts shown in these consolidated financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TRL"), as a matter of arithmetic computation only, at the Central Bank of Republic of Turkey official TRL exchange rate of TRL 1,634,501=USD 1 at 31 December 2002. Thus, US Dollar amounts do not form a part of the consolidated financial statements prepared in accordance with IFRS as at 31 December 2002. Such translations should not be construed as a representation that the TRL amounts have been or could be converted into USD at this or any other rate.

3. Summary of significant accounting policies

The significant accounting policies used in the preparation of the accompanying consolidated financial statements are as follows:

a. Related parties

For the purpose of the accompanying financial statements, shareholders of the Company and related companies, consolidated and non-consolidated group companies, and the companies related to those companies, their directors and key management personnel and any groups to which they are known to be related, are considered and referred to as related companies.

b. Investments

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Trading and available-for-sale investments that do not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate or unworkable are carried at restated cost in the accompanying financial statements.

c. Trade receivables

Trade receivables are carried at anticipated realizable value that is the net of trade receivables measured at amortized cost method using the effective interest rate in accordance with IAS 39 and allowance for doubtful receivables. The allowance for doubtful receivables is based on management's evaluation of the receivables, including such factors as the volume type of receivable outstanding, collateral obtained, past experience and economic conditions. Bad debts are written-off during the year in which they are identified.

d. Inventory valuation

Inventories are stated at the lower of cost or net realizable value (market value less sales expenses). Cost includes raw materials, direct labor and production overhead appropriate to the relevant stage of production. Inventories are valued with the weighted average method.

e. Property, plant and equipment

Property, plant and equipment are carried at indexed historical cost except where revalued. Property, plant and equipment, except land that is deemed to have indefinite life, are depreciated principally on a straight-line basis using the following rates, which amortize the assets over their expected useful lives:

Buildings	50 years
Land improvements	50 years
Machinery and equipment	15 years
Vehicles	5-15 years
Furniture and fixtures	10 years
Leasehold improvements	10 years

Land, land improvements and buildings are stated at their revalued cost based on an expert valuation as of 31 December 1997. The revaluation surplus (net of the applicable deferred taxation) resulting from the increase in the net book value of such assets as at 31 December 1997 is credited in the revaluation reserve account included in equity. The depreciation on land improvements and buildings is provided based on the revalued amounts thereafter.

Gains or losses on disposal of property, plant and equipment with respect to their restated amounts are included in the related income and expense accounts, as appropriate.

Expenses for the repair of property, plant and equipment are normally charged against income. In cases where they result in an enlargement or substantial improvement of the respective assets, all the cost associated with the repair, including the interest charges for the period of the relining on any loans specifically taken to finance the repair, are capitalised and subjected to depreciation in accordance with the depreciation policies explained above.

f. Impairment of assets

Long term assets other than deferred tax assets and financial assets are tested for impairment according to the provisions of IAS 36 ("Impairment of Assets"). IAS 36 requires an impairment loss to be recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount of an asset is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its life.

g. Borrowing costs

Interest expenses directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recorded in the income statement in the period in which they are incurred.

h. Taxation and deferred income taxes

Turkish tax legislation 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, have been calculated on a separate-entity basis.

Taxes on income for the year comprise of current tax and the change in deferred taxes. The Group accounts for current and deferred taxation on the results for the period, in accordance with IAS 12 (Revised).

The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are recognized using the liability method in respect of material temporary differences arising from different treatment of items for accounting and taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are only provided to the extent if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the statement of income.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred income tax assets and liabilities are also offset.

i. Retirement pay provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. The total provision represents the vested benefit obligation as at the balance sheet date.

j. Foreign currency transactions

In the statutory accounts of the Group companies, which are incorporated in Turkey, transactions in foreign currencies (currencies other than Turkish Lira) are translated into Turkish Lira at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

k. Revenue recognition

Revenue is recognized on an accrual basis at the time of delivery. Net sales represents the invoiced value of goods shipped or services rendered less any sales returns and discounts, all restated in equivalent purchasing power as of 31 December 2002.

l. Cash and banks

Cash and banks include cash on hand and demand and time deposits with banks. Interest accrued on time deposits are measured with amortized cost method using the effective interest rate. The interest amount accrued to date but not received at the balance sheet date is included in cash and banks.

m. Finance leases - the Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

n. Financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Market value is the amount obtainable from the sale, or payable on the acquisition of a financial instrument in an active market, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein may not necessarily be indicative of the amounts the Group could realise in a current market exchange.

Balances with banks, receivables, contingent liabilities like letters of guarantee, letters of credit are important financial instruments which would have negative effects on the financial structure of the Group if the other party failed to comply with the terms and conditions of the agreement.

The fair values of certain financial assets carried at cost are considered to be representative of carrying values due to their short term nature.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value.

Cash and Bank Balances: Cash and bank balances denominated in foreign currencies are translated at year-end exchange rates. The carrying amounts of the remaining cash and bank balances are reasonable estimates of their fair value.

Investments: Fair value is estimated using quoted market prices wherever applicable. For those where no market price is available, the carrying amounts in the books are estimated to be their fair values.

Trade Receivables and Payables: Book values of the trade receivables along with the related allowances for uncollectibility and trade payables balances are estimated to be their fair values, except receivables and payables discounted to their present value when they hold significant credit periods.

Due to/from Related Parties: The carrying value of the due to and due from related parties are estimated to be their fair value except receivables and payables discounted to their present value when they hold significant credit periods.

Borrowings: Borrowings have interest rates that are fixed on an entry value basis. However, borrowings at LIBOR plus mark up are subject to fluctuation in accordance with prevailing interest rates in the market. Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

The Group deals with financial instruments with off-balance sheet risk in the normal course of business such as letters of credit, etc. The Group's exposure to losses arising from these instruments is represented by the contractual amount of those instruments.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The credit risk on liquid funds is limited because the funds are invested in time deposits with banks, government bonds and treasury bills for short term purposes.

Price risk

The Group is exposed to exchange rate fluctuations between foreign currencies and Turkish Lira due to the nature of its business. The Group's export sales and imports are in foreign currencies. Certain parts of the interest rates related to borrowings and leasing transactions are based on market interest rates, therefore the Group is exposed to interest rate fluctuations on domestic and international markets.

Liquidity risk

The Group is generally raising funds by liquidating its short term financial instruments such as collecting its receivables and disposing of investments in security. The Group's proceedings from these instruments generally approximate their fair values.

The Group obtains funds from its bankers and its major shareholder, İşbank if short of liquidity.

o. Goodwill

Goodwill arises on consolidation in cases where the purchase consideration paid by the Company or its consolidated subsidiaries exceeds the fair value of assets acquired. Similarly, negative goodwill arises in cases where the fair value of assets acquired exceeds the purchase consideration. Positive and negative goodwill are amortised on a straight-line method with an economic life of 20 years. Amortization expense and income arising from these operations were recorded in the related periods and included in general administrative expenses. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill or negative goodwill is included in the determination of the profit or loss on disposal.

p. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

q. Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

r. Reclassifications

Certain classifications have been made to the prior year financial statements to comply with the current year presentation. Such reclassifications have no effect on the statement of operations.

s. Dividends

Dividends receivable are recognised as income in the period when they are declared and dividends payable are recognised as an appropriation of profit in the period in which they are declared.

t. Segmental information

For management purposes, the Group is currently organized into five operating businesses; flat glass, glassware, glass packaging, chemicals and other including import, export, insurance agency and investment agency. These divisions are the basis of on which the Group reports its primary segment information (Note 29).

u. Earnings per share

As required by IAS 33, the calculation of basic earnings per share for 2001 has been retrospectively adjusted for the impact of bonus shares issued in 2002. During 2002 and 2001, there were no dilutive equity instruments outstanding, which would require the calculation of a separate diluted earnings per share.

A summary of the weighted average number of shares outstanding during 2002 and 2001 and the basic earnings per share calculation is as follows (assuming that the cash increase did not involve a bonus element):

	2002	(As Restated) 2001
Number of shares outstanding at 1 January (in full)	168,212,000,000	168,212,000,000
Bonus shares issued (by transfer of the revaluation fund)		
During 2001	-	-
During 2002	270,008,000,000	-
New shares issued (cash increase)	131,780,000,000	-
Number of shares outstanding at year end (in full)	570,000,000,000	168,212,000,000
Weighted average number of shares outstanding during the year (in full)	537,055,000,000	438,220,000,000
Net profit / (loss) (billion TRL)	71,877	(22,149)
Basic earnings / (loss) per share (TRL)	134	(51)

4. Cash and banks

	31 December 2002	31 December 2001
Cash on hand	197	106
Demand deposits	58,855	18,071
Time deposits	38,525	31,983
Other liquid assets	7,047	693
	104,624	50,853

Time Deposits:

Currency	Interest rate	Maturity	31 December 2002 TRL	31 December 2001 TRL
EUR	2.8-4.0%	January 2003	1,081	7,581
TRL	30.7-43.0%	January 2003	30,547	9
USD	2.0-5.0%	January 2003	6,897	24,393
			38,525	31,983

5. Investments in securities

Trading investments	31 December 2002	31 December 2001
Equity shares	13	27
Investment funds	318	2,470
Government bonds and treasury bills	1,828	2,060
Repurchase agreements	6,807	16,546
Other investments	43	134
	9,009	21,237

Repurchase agreements	Interest rate	Maturity	TRL
31 December 2002	34%-44%	January 2003	6,807
31 December 2001	37%-86%	Jan - Feb. 2002	16,546
Government bonds	Nominal value	Maturity	TRL
31 December 2002	123,936	April - Dec. 2003	96
31 December 2002	USD 1,000,000	June 2010	1,732
			1,828
31 December 2001	175	Jan - July 2002	156
31 December 2001	USD 1,000,000	June 2010	1,871
			2,027
Treasury bills	Nominal value	Maturity	TRL
31 December 2001	35	Feb - July 2002	33

6. Trade receivables (net)

	31 December 2002	31 December 2001
Trade receivables	244,172	258,838
Notes receivable	19,864	23,709
Discount on receivables	(2,558)	(5,440)
Deposits and guarantees given	100	305
Other trade receivables	443	696
Doubtful trade receivables	7,049	11,473
Allowance for doubtful receivables (-)	(7,017)	(10,643)
	262,053	278,938

The average credit period taken on sale of goods is 57 days (2001: 61). An allowance has been made for estimated irrecoverable amounts. This allowance has been determined by reference to past default experience. Movements in the allowance for doubtful receivables during 2002 and 2001 are as follows:

	2002	2001
Beginning balance at 1 January	10,643	14,597
Charge for the year	242	3,290
Recoveries	(1,359)	(3,803)
Monetary gain	(2,509)	(3,441)
Ending balance at 31 December	7,017	10,643

Notes receivables are discounted at 47% and their maturity composition is as follows:

	31 December 2002	31 December 2001
Overdue	-	109
Within 30 days	10,623	12,076
Within 31-60 days	7,513	9,004
Within 61-90 days	1,305	2,260
Within 91-120 days	220	194
121 days and thereafter	203	66
	19,864	23,709

The Group holds the following collaterals for the trade receivables:

	31 December 2002	31 December 2001
Letters of guarantee	62,837	59,748
Notes and bills	7,837	6,592
Mortgages	15,030	13,524
Others	4,336	984
	90,040	80,848

7. Balances and transactions with related parties

	31 December 2002	31 December 2001
Deposits in İşbank		
Demand Deposits	56,589	11,197
Time Deposits	38,427	31,975
	95,016	43,172
Loans from İşbank	22,934	109,081
Due from related parties		
Şişecam Glass Marketing Ltd.	5,742	3,599
İstanbul Porselen Sanayii A.Ş.	116	-
Paşabahçe Glas GmbH	-	508
Asmaş Ağır Sanayi Makinaları A.Ş.	-	534
Others	-	115
	5,858	4,756
Due to related parties		
Anadolu Anonim Türk Sigorta A.Ş.	2,255	1,911
İstanbul Porselen Sanayii A.Ş.	1,015	1,184
İş Merkezleri Yönetim ve İşletim A.Ş.	-	206
Others	3	180
	3,273	3,481
Interest income from related parties		
İşbank	10,134	711
Şişecam Glass Marketing Ltd.	136	263
Paşabahçe Glas GmbH	95	-
Mepa Merkezi Pazarlama A.Ş.	1	57
İş Factoring A.Ş.	-	263
	10,366	1,294
	31 December 2002	31 December 2001
Interest expense to related parties		
İşbank	3,984	24,682
İstanbul Porselen Sanayii A.Ş.	339	58
	4,323	24,740
Other income from related parties		
İş Genel Finansal Kiralama A.Ş.	4	-
Other expense to related parties		
İşbank	1,295	3,631
İş Yatırım Menkul Değerler A.Ş.	11	467
Mepa Merkezi Pazarlama A.Ş.	2	-
	1,308	4,098

8. Inventories

	31 December 2002	31 December 2001
Raw materials	65,948	70,557
Work in process	14,389	16,858
Finished goods	167,873	182,538
Trade goods	11,335	12,186
Order advances given	12,281	6,536
Other inventories	7,560	4,950
Allowance for diminution in value of inventories	(2,355)	(1,749)
	277,031	291,876

Movements in the allowance for diminution in value of inventories during 2002 and 2001 are as follows:

	2002	2001
Beginning balance as 1 January	1,749	568
Charge for the year	1,019	1,315
Monetary gain	(413)	(134)
Ending balance as 31 December	2,355	1,749

9. Other receivables and current assets (net)

	31 December 2002	31 December 2001
Due from personnel	457	542
Other doubtful receivables	244	331
Provision for doubtful receivables (-)	(239)	(324)
Prepaid expenses	2,994	11,513
Moulds (*)	14,824	11,464
Income accruals	71	24
VAT receivable	5,354	2,314
VAT receivable arising from export sales	6,868	7,172
Prepaid taxes and dues	1,287	22
Business advances given	87	95
Advances given to personnel	444	255
Other receivables	16,194	8,263
	48,585	41,671

* The moulds, which are used in production process, are initially capitalized and amortized over their useful lives.

10. Investments (net)

	31 December 2002	31 December 2001
Unconsolidated subsidiaries	381	4,100
Investment in associate	116,399	116,399
Available-for-sale investments	201,699	171,092
	318,479	291,591

The Group's shares in its unconsolidated subsidiaries as of 31 December 2002 and 2001 were as follows:

Unconsolidated subsidiaries	Share %	31 December 2002	Share %	31 December 2001
		TRL		TRL
Şişecam China Ltd.	100.00	28	100.00	28
Mepa Merkezi Pazarlama A.Ş.	99.24	141	99.24	141
İstanbul Porselen Sanayii A.Ş.	99.87	6,652	99.87	6,652
Paşabahçe Glas GmbH	100.00	53	100.00	53
Şişecam Glass Marketing Ltd.	100.00	289	100.00	174
Topkapı Yatırım Holding A.Ş.	80.00	11	80.00	11
Camiş Egypt Mining Ltd. Co.	-	-	99.70	1,254
Anadolu Cam Investment B.V.	-	-	51.85	2,580
		7,174		10,893
Less: Impairment reserve		(6,793)		(6,793)
		381		4,100

Anadolu Cam Investment B.V. and Camiř Egypt Mining Ltd. Co. have been consolidated for the first time in the accompanying 2002 financial statements.

řıřecam Glass Marketing Ltd., řıřecam China Ltd. and Pařabahçe Glas GmbH were established outside of Turkey for marketing and sales activities. They were considered either immaterial or they were not yet in operation for consolidation purposes and therefore they were stated at their indexed cost in the accompanying consolidated financial statements.

Mepa Merkezi Pazarlama A.ř. is a dormant company and İstanbul Porselen Sanayii A.ř. is in the process of liquidation. Therefore, those companies were not consolidated and the Group's participation in them was fully written off.

Investment in associate	Share%	31 December 2002 TRL	Share %	31 December 2001 TRL
Trakya Yatırım Holding A.ř.	34.65	116,399	34.65	116,399

Trakya Yatırım Holding A.ř. is under control of İşbank. Since the Group have neither significant influence or interest of voting rights nor a power to control operations, the investment is carried at restated cost in the accompanying consolidated financial statements.

Available-for-sale investments	Share %	31 December 2002 TRL	Share %	31 December 2001 TRL
Petrol Ofisi A.ř. (*) (***)	4.12	73,047	5.00	43,050
İř-Tim Telekomünikasyon Hizm. A.ř. (**)	5.00	66,941	5.00	66,941
Solvay řıřecam Holding AG	19.13	53,979	19.13	52,866
İř Factoring A.ř.	7.83	1,721	7.83	1,721
İMKB Takas ve Saklama Bankası A.ř.	<1	1,498	<1	1,218
İř Yatırım Menkul Değerler A.ř.	2.00	1,475	2.00	983
Anadolu Hayat Sigorta A.ř. (***)	1.00	911	1.00	1,795
İř Genel Finansal Kiralama A.ř. (***)	2.65	438	2.65	869
Yatırım Finansman A.ř.	8.00	187	8.00	182
Destek Reasürans T.A.ř.	<1	97	<1	92
Efes Holding A.ř.	<1	77	<1	77
Kule Temizlik Güv. İnř. Tur. ve İşl. A.ř.	<1	18	<1	18
İř Merkezleri Yönetim ve İşletim A.ř.	1.33	17	1.33	17
İř Gayrimenkul Yat. ve Proje Değ. A.ř. (***)	<1	16	<1	34
Camiř Yatırım Holding A.ř.	<1	11	<1	11
İř Koray Tur. Orm. Mad. İnř. Tah. Tic. A.ř.	<1	4	<1	4
Anadolu Turizm İnřaat Ticaret A.ř.	<1	1	<1	-
		200,438		169,878
Other		1,261		1,214
		201,699		171,092

(*) Formerly, the participation was to İş Doğan Petrol Yatırımları A.ř., which merged with Petrol Ofisi A.ř. during 2002.

(**) As of the report date, the financial statements of İş-Tim Telekomünikasyon Hizmetleri A.ř. could not be obtained.

(***) Indicates companies with shares publicly traded on ISE.

11. Goodwill (net)

Cost	2002
At 1 January 2002	6,335
Arising on acquisition of a subsidiary's shares	15,825
At 31 December 2002	22,160
Amortisation	
At 1 January 2002	(2,508)
Charge for the year	(317)
At 31 December 2002	(2,825)
Carrying amount	
At 31 December 2002	19,335
At 31 December 2001	3,827

12. Negative Goodwill (net)

Gross amount	2002
At 1 January 2002	(22,241)
Arising on acquisition of a subsidiary's shares	(34,000)
At 31 December 2002	(56,241)
Released to income	
At 1 January 2002	2,039
Released in the year	1,112
At 31 December 2002	3,151
Carrying amount	
At 31 December 2002	(53,090)
At 31 December 2001	(20,202)

13. Property, plant and equipment (net)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Fixed Assets	Total
<u>Acquisition cost</u>								
As previously reported	349,815	169,192	656,674	3,918,339	26,503	189,324	7,474	5,317,321
Restatement effect	1,081	(31,913)	(73,008)	(345,346)	(1,832)	(14,487)	(275)	(465,780)
Opening balance, 1 Jan 2002, as restated	350,896	137,279	583,666	3,572,993	24,671	174,837	7,199	4,851,541
Additions	675	12,753	21,506	107,171	2,890	8,819	511	154,325
Disposals	(11)	-	(1,406)	(65,191)	(4,644)	(11,382)	(56)	(82,690)
Release from revaluation surplus	(11,143)	-	-	-	-	-	-	(11,143)
<u>Closing balance, 31 December 2002</u>	<u>340,417</u>	<u>150,032</u>	<u>603,766</u>	<u>3,614,973</u>	<u>22,917</u>	<u>172,274</u>	<u>7,654</u>	<u>4,912,033</u>
<u>Accumulated depreciation</u>								
As previously reported	-	(54,437)	(170,931)	(2,610,396)	(19,307)	(145,902)	(3,749)	(3,004,722)
Restatement effect	-	28,516	64,708	240,255	2,100	11,697	178	347,454
Opening balance, 1 Jan 2002, as restated	-	(25,921)	(106,223)	(2,370,141)	(17,207)	(134,205)	(3,571)	(2,657,268)
Charge for the year	-	(3,346)	(13,120)	(149,892)	(2,055)	(8,032)	(591)	(177,036)
Disposals	-	-	281	53,139	2,807	9,491	24	65,742
Impairment	-	(184)	(1,154)	-	-	-	-	(1,338)
<u>Closing balance, 31 December 2002</u>	<u>-</u>	<u>(29,451)</u>	<u>(120,216)</u>	<u>(2,466,894)</u>	<u>(16,455)</u>	<u>(132,746)</u>	<u>(4,138)</u>	<u>(2,769,900)</u>
CIP and order advances given at 31 Dec. 2002								77,701
<u>Net book value at</u>								
31 December 2002	340,417	120,581	483,550	1,148,079	6,462	39,528	3,516	2,219,834
CIP and order advances given at 31 Dec. 2001								14,031
<u>Net book value at</u>								
31 December 2001	350,896	111,358	477,443	1,202,852	7,464	40,632	3,628	2,208,304

14. Intangible assets (net)

	Rights	Establishment Costs	Research & Development Costs	Leasehold Improvements	Other Intangible Assets	Total
Acquisition cost						
As previously reported	26,360	6,607	548	42,191	3,298	79,004
Restatement effect	(1,564)	(2,317)	-	(893)	(48)	(4,822)
Opening balance, 1 January 2002, as restated	24,796	4,290	548	41,298	3,250	74,182
Additions	621	76	-	2,488	39	3,224
Disposals	(7,272)	(40)	-	(1,075)	(3)	(8,390)
Closing balance, 31 December 2002	18,145	4,326	548	42,711	3,286	69,016
Accumulated depreciation						
As previously reported	(20,764)	(4,233)	(548)	(16,625)	(1,246)	(43,416)
Restatement effect	(174)	121	5	(1,478)	44	(1,482)
Opening balance, 1 Jan 2002, as restated	(20,938)	(4,112)	(543)	(18,103)	(1,202)	(44,898)
Charge for the year	(792)	(153)	(1)	(4,211)	(303)	(5,460)
Disposals	6,427	40	-	876	1	7,344
Closing balance, 31 December 2002	(15,303)	(4,225)	(544)	(21,438)	(1,504)	(43,014)
Net book value at 31 December 2002	2,842	101	4	21,273	1,782	26,002
Net book value at 31 December 2001	3,858	178	5	23,195	2,048	29,284

15. Other receivables and long term assets

	31 December 2002	31 December 2001
Due from personnel	14	18
Prepaid expenses	1,897	170
Moulds (Note 9)	3,598	3,554
Sundry long term assets and receivables	198	205
	5,707	3,947

16. Borrowings

	31 December 2002	31 December 2001
Short term bank loans	229,928	204,011
Current portion of long term loans	61,549	63,898
Other short term borrowings	1,774	1,298
Total short term borrowings	293,251	269,207
Long term portion of long term loans	124,379	164,987
Other long term borrowings	396	632
Total long term borrowings	124,775	165,619
Total borrowings	418,026	434,826

Analysis of loan repayments is as follows:

	31 December 2002	31 December 2001
Within one year	293,251	269,207
Between one to two years	55,916	20,637
Between two to three years	35,444	65,239
Between three to four years	15,307	13,185
Between four to five years	5,778	65,924
Five years and thereafter	12,330	634
	418,026	434,826

Short term bank loans consist of the following:

Currency Type	Interest Rate %	Currency Amount		31 Dec. 2002 TRL	Interest Rate %	Currency Amount	31 Dec. 2001 TRL
		Principal	Interest Accrual				
USD	Libor+1.6-2.5						
	7.0-8.0	106,048	1,223	175,336	Libor+2-8	75,820	143,199
EUR	Euribor+1.9-2.5						
	4.8-9.0	13,741	348	24,001	Euribor+2.75-8	21,241	35,179
TRL	39.0-50.0	27,650	2,941	30,591	44-52	-	20,518
DEM	-	-	-	-	Fibor+4-7	6,040	5,115
				229,928			
							204,011

Current portion of long term bank loans consist of the following:

Currency Type	Interest Rate %	Currency Amount		31 Dec. 2002 TRL	Interest Rate %	Currency Amount	31 Dec. 2001 TRL
		Principal	Interest Accrual				
USD	Libor+3.5-4.0						
	6.91-9.75	28,605	2,389	50,659	7.06-11.19	28,210	53,068
EUR	Euribor+2-2.25						
	4.5	6,154	84	10,625	5.52	7	12
TRL	15-55	-	-	265	15-55	-	288
DEM	-	-	-	-	Euribor+2	12,429	10,530
				61,549			
							63,898

Other borrowings consist of the following:

Borrowing Type	Currency Type	Interest Rate %	31 December 2002 TRL	31 December 2001 TRL
Spot	TRL	-	1,774	1,298

Long term bank loans consist of the following:

Currency Type	Maturity	Interest Rate %	Currency Amount	31 December 2002 TRL Billion
USD	2004	Libor+3.80-4.25;9.75	34,210	55,916
USD	2005	Libor+3.80-4.25	21,614	35,329
USD	2006	Libor+3.80-4.25	9,234	15,094
USD	2007	Libor+3.80-4.25	3,404	5,565
USD	2008	Libor+3.80-4.25	3,404	5,565
USD	2009	Libor+3.80-4.25	2,702	4,416
USD	2010	Libor+3.80-4.25	1,000	1,634
EUR	2005	4.5	67	115
EUR	2006	4.5	125	213
EUR	2007	4.5	125	213
EUR	2008	4.5	125	213
EUR	2009	4.5	63	106
				124,379

Currency Type	Maturity	Interest Rate %	Currency Amount	31 December 2001 TRL
USD	2006	7.97-8.17	5,869	11,055
USD	2005	6.5-9.75	14,558	27,420
USD	2004	6.5-9.75	28,652	53,967
TRL	2004	15-35	-	282
USD	2003	Libor + 2.25-5		
		7.97-9.75	31,639	59,593
DEM	2003	Euribor + 2	8,285	7,020
EUR	2003	5.50	3,390	5,617
TRL	2003	55	-	33
				164,987

17. Trade payables (net)

	31 December 2002	31 December 2001
Short term trade payables	82,687	69,529
Notes payable	213	240
Discount on trade payables (-)	(524)	(2,000)
Short term finance lease payables	5,279	6,159
Deposits and guarantees received	915	687
Other trade payables	324	794
	88,894	75,409
Long term finance lease payables	2,657	7,774
Other long term liabilities	79	67
	2,736	7,841

Redemption schedule of finance lease payables included in trade payables:

	Present value of installment	Interest not yet due	Total of finance lease installments
Due in one year	5,279	268	5,547
Due between one to two years	2,657	92	2,749
	7,936	360	8,296

The Group has given letters of guarantee amounting to TRL 1,268 billion to Türkiye Sınai Kalkınma Bankası A.Ş. with regards to the finance leases.

Net carrying amount of property, plant and equipment acquired under finance lease contracts:

	31 December 2002	31 December 2001
Machinery, plant and equipment	14,704	15,625
Vehicles	585	893
	15,289	16,518

18. Other payables and current liabilities

	31 December 2002	31 December 2001
Due to personnel	4,194	3,946
Taxes and dues payable	14,496	11,795
Social security premiums payable	6,872	5,892
Accrued costs	1,123	1,753
Other accruals and liabilities	8,413	2,535
Provisions	2,152	547
	37,250	26,468

19. Taxation on income

	31 December 2002	31 December 2001
<u>Current tax payable:</u>		
Current corporate and income tax	61,598	44,640
Less: Prepaid taxes and funds	(29,173)	(7,142)
	32,425	37,498
<u>Taxation:</u>		
Current income tax	61,598	44,640
Deferred tax charge	55,175	167,945
	116,773	212,585

The Company and its subsidiaries operating in Turkey are subject to Turkish Corporation and Income Withholding taxes on their taxable income. Turkish corporation tax is applied at the rate of 30% on taxable corporate income. Tax surcharges are additionally applied at the rate of 10% of the relevant tax amount. In addition to corporation tax, income withholding tax is charged on profits after corporation tax if dividends are distributed. Consequently, if profits are retained, companies' effective tax rate is 33% and, if profits are distributed there will be additional withholding taxes. The withholding rates are as 5% for publicly traded companies and 15% for non-public companies.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Investment allowances are deductible from taxable income but subject to withholding tax at 19.8% (2001: 19.8%). The allowance may be used to relieve corporation tax liability until the profits reach the calculated level of exemption. If companies fail to make a profit or incur losses, the allowance may be carried forward to the following years so as to be deducted from taxable income of subsequent profitable years.

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

Historical capital gains derived from the sale of participation shares and immovable held for not less than two years are tax exempt if such gains are incorporated in capital in the year in which they are sold. However, a withholding tax is applied at the rate of 11% to such gains.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and are set out below.

Temporary differences occur between the years in which certain items of income and expense are recorded for accounting and tax purposes. There are timing differences resulting from the restatement of inventories, property, plant and equipment (except land) and intangible assets, investment incentives benefited, allowances and retirement pay provision.

Deferred taxation is calculated at a rate of 33% except for the investment incentives, which are calculated at 13.2%.

	31 December 2002	31 December 2001
<u>Temporary differences subject to deferred tax:</u>		
Restatement of fixed assets	1,072,406	1,216,348
Retirement pay provision	(90,289)	(89,313)
Unused investment incentive	(287,852)	(419,582)
Carry forward tax losses	(103,701)	(184,198)
Restatement of inventories	25,075	46,536
Finance lease payable	(7,936)	(14,072)
Discount on trade receivables and payables	(3,338)	(9,361)
Allowance for doubtful receivables	(1,126)	3,897
Sundry accruals and allowances (net)	1,000	(2,479)
	<u>604,239</u>	<u>547,776</u>
<u>Components of deferred tax (assets) / liabilities:</u>		
Restatement of fixed assets	353,894	401,395
Retirement pay provision	(29,795)	(29,473)
Unused investment incentive	(37,996)	(55,385)
Carry forward tax losses	(34,221)	(60,785)
Restatement of inventories	8,275	15,357
Finance lease payable	(2,619)	(4,644)
Discount on trade receivables and payables	(1,102)	(3,089)
Allowance for doubtful receivables	(372)	1,286
Sundry accruals and allowances (net)	330	(818)
	<u>256,394</u>	<u>263,844</u>
<u>Movement of deferred tax liabilities:</u>		
Opening balance at 1 January	263,844	182,410
Monetary gain	(62,625)	(86,511)
Taxation charge on deferred tax	55,175	167,945
<u>Closing balance at 31 December</u>	<u>256,394</u>	<u>263,844</u>

	2002	2001
<u>Reconciliation of taxation:</u>		
Profit / (loss) before taxation	229,754	(123,769)
Monetary gain	41,331	295,077
Profit before taxation after monetary gain	271,085	171,308
Effective tax rate	33%	33%
Expected taxation	89,458	56,531
- Tax effects of:		
- nondeductible expenses	13,724	21,696
- dividends and other non-taxable income	(16,620)	(7,972)
- carry forward tax losses	687	(29,650)
- investment incentives	(22,050)	(25,217)
- monetary gain / loss not taxable / deductible	30,312	183,993
- consolidation adjustments	21,334	15,368
- different tax rates of subsidiaries operating in other jurisdictions	(72)	(2,164)
<u>Taxation per income statement</u>	<u>116,773</u>	<u>212,585</u>

20. Retirement pay provision

Under Turkish law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The provision is made in respect of all eligible employees, at a rate of 30 days gross pay for each year of service. The rate of pay ruling at the respective balance sheet dates, is subject to a maximum of TRL 1,260,150,000 per month as of 31 December 2002 (31 December 2001: TL 978,020,000 per month).

The liability is not funded, as there is no funding requirement.

For the year 1999, IAS 19 (Revised) became applicable for the first time. Although not changing the fundamental principles involved, the revised standard made clearer the obligation to consider the issues related to accounting for a future benefit:

- An expected inflation rate and an appropriate discount rate should both be determined, the net of these being the real discount rate. This real discount rate should be used to discount future retirement payments to their present value at the balance sheet date.
- The anticipated rate of forfeitures should be considered.

Consequently, in the accompanying financial statements as at 31 December 2002 and 2001, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 35% and a discount rate of 42%, resulting in a real discount rate of approximately 5%. Turnover rate for the Group to estimate the probability of retirement was anticipated as 0%.

	31 December 2002	31 December 2001
Provision at 1 January	89,313	111,237
Charge for the year	36,520	39,351
Retirement benefits paid	(13,593)	(9,030)
Monetary gain	(21,951)	(52,245)
<u>Provision at 31 December</u>	<u>90,289</u>	<u>89,313</u>

21. Minority interest

	31 December 2002	31 December 2001
Balance at 1 January	993,547	1,031,482
(Increase) / decrease during the year	(168,107)	8,328
Dividends paid	(43,594)	(27,136)
Minority share on operating results of the year	82,435	(19,127)
Balance at 31 December	864,281	993,547

22. Commitments and contingencies

	31 December 2002	31 December 2001
Letters of guarantee given	35,054	23,010
Promissory notes and collaterals given	391,412	366,003
	426,466	389,013

As of the balance sheet date the Group has TRL 125,243 billion (2001: TRL 37,555 billion) investment commitments with regards to investment incentives.

As of 31 December 2002, the total risk of court cases opened and pending against the Group amounts to approximately TRL 5,681 billion (31 December 2001: TRL 1,813 billion). Besides, the total risk of court cases opened in Tax Courts against one of the subsidiaries of the Group amounts to approximately TRL 1,721 billion as of 31 December 2002 (31 December 2001: TRL 3,354 billion). The penalty charges in case of default have been calculated as TRL 3,782 billion as of 31 December 2002 (31 December 2001: penalty charge TRL 2,225 billion). As explained also in Note 34 the Group expects to benefit from Tax Amnesty Law regarding those pending tax cases.

The total of pending court cases opened by the Group amounts to approximately TRL 3,730 billion (31 December 2001: TRL 4,719 billion).

23. Capital and legal reserve

As of 31 December 2002 and 2001, the share capital held is as follows:

Shareholders	(%)	31 December 2002	(%)	31 December 2001
İşbank	66.106	188,404	66.106	55,600
İş Bankası Yardım Sandığı	4.063	11,578	4.063	3,417
Destek Reasürans	0.005	14	0.005	4
Other	29.826	85,004	29.826	25,085
Historical capital	100.000	285,000	100.000	84,106
Inflation adjustment		37,294		153,122
Restated capital		322,294		237,228
Less: Treasury stocks		(450)		(343)
Adjusted capital		321,844		236,885

The Company's share capital consists of 570,000,000,000 shares (2001: 168,212,000,000).

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Legal reserves as per statutory financial statements at 31 December 2002 and 2001 in historical terms TRL 957 billion.

24. Net sales

	2002	2001
Domestic sales	1,064,652	981,263
Exports	852,398	979,098
Other revenues	9,648	6,811
Sales returns	(6,096)	(6,456)
Sales discount	(127,678)	(98,838)
Other deduction from sales	(74,225)	(67,763)
	1,718,699	1,794,115

25. Cost of sales

	2002	2001
Raw materials consumed	598,606	652,049
Direct labor attributable to production	92,896	109,338
Production overheads	174,201	169,074
Depreciation of production facilities	95,896	107,350
Change in work in progress inventories	2,241	(4,475)
Change in finished goods inventories	9,975	15,888
Cost of products sold	973,815	1,049,224
Cost of merchandises sold	74,306	63,338
Cost of services rendered	19,411	15,586
Cost of other revenues	3,017	434
	1,070,549	1,128,582

26. Operating expenses

	2002	2001
Research and development expenses	15,439	16,451
Marketing, selling and distribution expenses	166,545	136,692
General administrative expenses	174,107	210,766
	356,091	363,909

27. Finance expenses (net)

	2002	2001
Interest income	38,160	150,918
Exchange gains	111,826	84,705
Exchange losses	(60,266)	(99,227)
Cost of short term borrowings	(72,518)	(400,102)
Cost of long term borrowings	(43,372)	(133,203)
Others (net)	607	(383)
	(25,563)	(397,292)

28. Other expenses (net)

	2002	2001
Provision released	4,492	2,042
Other income and profits	25,645	62,384
Provision expenses	(5,341)	(10,378)
Other expenses and losses	(20,056)	(47,469)
Idle capacity expenses	(42,547)	(35,622)
	(37,807)	(29,043)

29. Segmental information

31 December 2002

Business segments	Flat Glass	Glassware	Glass Packaging	Chemicals	Other	Holding Company	Consolidation Eliminations	Consolidated
Revenue	533,312	320,684	283,158	329,759	190,303	28,166	-	1,685,382
External sales	132,755	338,828	58,198	213,272	904,270	-	-	1,647,323
Inter-segment sales	(255,624)	(82,282)	(28)	(16,052)	(1,056,434)	(27,599)	(175,987)	(1,614,006)
Total revenues	410,443	577,230	341,328	526,979	38,139	567	(175,987)	1,718,699
Cost of sales	(493,937)	(445,609)	(238,862)	(402,575)	(1,046,392)	(13,811)	-	(2,641,186)
Inter-segment cost of sales	247,403	82,282	28	16,052	1,052,571	-	172,301	1,570,637
Operating expenses	(84,128)	(145,456)	(46,764)	(60,306)	(48,098)	(11,962)	-	(396,714)
Inter-segment operating expenses	8,221	-	-	-	3,862	27,599	941	40,623
Operating profit	88,002	68,447	55,730	80,150	82	2,393	(2,745)	292,059

Balance sheet

Assets	1,171,964	992,816	679,567	773,725	613,473	924,347	(1,912,465)	3,243,427
Liabilities	322,451	348,369	226,204	235,813	489,475	110,975	70,426	1,803,713
Shareholders Equity	849,513	644,447	453,363	537,912	123,998	813,372	(1,982,891)	1,439,714

31 December 2001

Business segments	Flat Glass	Glassware	Glass Packaging	Chemicals	Other	Holding Company	Consolidation Eliminations	Consolidated
Revenue	558,086	318,615	261,453	300,809	159,943	31,013	-	1,629,919
External sales	166,318	424,368	45,427	273,649	1,060,341	-	-	1,970,103
Inter-segment sales	(285,497)	(81,371)	(12,691)	(18,631)	(1,209,536)	(30,644)	(167,537)	(1,805,907)
Total revenues	438,907	661,612	294,189	555,827	10,748	369	(167,537)	1,794,115
Cost of sales	(538,264)	(507,598)	(232,624)	(392,385)	(1,165,916)	(15,391)	-	(2,852,178)
Inter-segment cost of sales	276,344	81,371	12,691	18,631	1,164,194	-	170,365	1,723,596
Operating expenses	(91,374)	(156,341)	(55,503)	(77,162)	(56,610)	(13,089)	-	(450,079)
Inter-segment operating expenses	9,153	-	-	-	45,342	30,644	1,031	86,170
Operating profit	94,766	79,044	18,753	104,911	(2,242)	2,533	3,859	301,624

Balance sheet

Assets	1,153,106	1,002,523	613,095	753,084	656,464	887,310	(1,859,500)	3,206,082
Liabilities	320,671	395,049	185,385	220,144	532,198	200,046	86,466	1,939,959
Shareholders Equity	832,435	607,474	427,710	532,940	124,266	687,264	(1,945,966)	1,266,123

30. Changes in working capital

	2002	2001
Changes in operating assets and liabilities:		
Trade receivables	19,241	44,834
Inventories	14,239	26,156
Due from related parties	2,116	11,553
Other receivables and current assets	(6,829)	(2,390)
Trade payables	13,507	(15,073)
Due to related parties	(207)	1,880
Advances received	2,413	5,090
Other payables and current liabilities	9,351	(427)
	53,831	71,623

31. Changes in other investing activities

	2002	2001
Changes in other long term assets and liabilities:		
Long term receivables	(12)	180
Other long term assets	(1,748)	1,715
Long term payables	(4,660)	(3,632)
Other long term liabilities	(3)	(2)
	(6,423)	(1,739)

32. Foreign currency position

	USD 000	EUR 000	JPY 000	GBP 000	SEK 000	TRL equivalent of other FC	Equivalent of TRL billion
<u>31 December 2002</u>							
Cash and banks	7,934	26,432	170	95	59	63	58,319
Investments in securities	1,059	-	-	-	-	-	1,732
Trade receivables	52,751	80,123	-	2,593	14,376	1,666	233,822
Due from related parties	-	3,371	-	-	-	-	5,742
Other current assets	1,739	1,528	-	117	-	-	5,752
Trade payables	(1,568)	(10,429)	(7,730)	(864)	(129)	(16)	(22,737)
Other current liabilities	(1,566)	(1,058)	-	(6)	-	-	(4,376)
Borrowings	(213,833)	(20,832)	-	-	-	-	(385,621)
Net FC position							(107,367)

	USD 000	EUR 000	DEM 000	JPY 000	GBP 000	ITL 000 000	TRL equivalent of other FC	Equivalent of TRL billion
<u>31 December 2001</u>								
Cash and banks	14,907	8,260	608	612	178	3,071	51	43,122
Investments in securities	993	-	-	-	-	-	-	1,871
Trade receivables	35,663	19,576	789	-	130	235,438	634	121,680
Due from related parties	-	-	4,223	-	-	-	-	3,582
Other current assets	6,002	-	-	-	-	-	-	11,305
Trade payables	(23,782)	(6,149)	(1,361)	(3)	(571)	(72,631)	(104)	(64,040)
Other current liabilities	(326)	-	(245)	-	-	-	(10)	(831)
Borrowings	(112,820)	(7,231)	(22,174)	-	-	-	-	(243,309)
Net FC position								(126,620)

33. Prior year adjustment

Subsequent to the issuance of the 2001 financial statements, the Turkish Capital Market Board ("CMB"), which is planning to adopt inflation accounting for financial statements starting from 1 January 2003, has announced the inflation indices to be used for the restatement calculations. Although based on the same SIS Wholesale Price Index, these new indices differ from the ones used by all Turkish entities, including the Company, in past years. To achieve consistency between the Company's IFRS financial statements and its CMB financial statements, the Company has adopted the new CMB indices in the accompanying IFRS financial statements and has restated the comparative figures for 2001 accordingly.

The difference between both indices only affects balances coming from 1994 and previous years, and might have significant effect on major items such as property, plant and equipment and various shareholders' equity items.

As a result, following figures for 2001 have been restated from the amounts previously reported to properly account for these differences. The adjustments to the 31 December 2001 financial statements are as follows:

	2001 As previously reported	2001 As restated
<u>At 31 December</u>		
Inventories	296,944	291,876
Investments	289,195	291,591
Property, plant and equipment (net)	2,326,799	2,208,304
Intangible assets (net)	35,591	29,284
Capital	247,191	236,885
Other equity items excluding retained earnings	348,066	242,920
Retained earnings	715,005	786,318

34. Subsequent events

- a) On 31 March 2003, the Group has signed a loan agreement with International Finance Corporation (IFC) supported by five other creditors, namely Citibank N.A., ABN-Amro Bank N.V., Credit Lyonnais S.A., Natexis Banques Populaires and Fortis Bank. The agreement amount was USD 97,500,000 with a maturity of 7 years and the loan would be used in capital investment financing requirements of Group companies, Trakya Cam Sanayii A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., Anadolu Cam Sanayii A.Ş. and Cam Elyaf Sanayii A.Ş. for years 2002 and 2003.
- b) The Group is about to finalize the negotiations of a loan agreement amounting to USD 10 million with IFC for the financing of the capacity increase project of Ruscam LLC. Within the project, the second furnace has become operative on 13 March 2003.
- c) In February 2003, new furnaces of Cam Elyaf Sanayii A.Ş. and Paşabahçe Eskişehir Cam San. ve Tic. A.Ş. have become operative. The furnaces would provide increase in production capacities of the related companies. Cam Elyaf Sanayii A.Ş. predicts that export sales would increase by USD 23 million by full capacity operation and Paşabahçe Eskişehir Cam San. ve Tic. A.Ş. predicts an increase by USD 40 million / year of export sales. In addition, renewal of the second float line of the Lüleburgaz Plant of Trakya Cam Sanayii A.Ş. has been completed in 2002 and the furnace has been activated in January 2003. Total cost of the renewal has been USD 25 million.
- d) According to the Board of Directors resolution dated 21 January 2003, the share capital of Camış Menkul Değerler A.Ş. would be increased from TRL 300 billion to TRL 1,900 billion, all contributed from internal funds.
- e) According to the Board of Directors resolution dated 17 February 2003, the share capital of Mepa Merkezi Pazalama A.Ş. would be increased from TRL 43 billion to TRL 69 billion, which is going to be contributed in cash by shareholders. All of the cash payment is going to be received latest 30 April 2003.
- f) Trakya Cam Sanayii A.Ş. is continuing on negotiations for establishment of a new float line with a capacity of 200,000 tons/year in the Ruschuk Region of Bulgaria. According to the feasibility analysis, the investment amount is predicted to be around USD 100 million.
- g) The following amounts of cash dividends were announced by the subsidiaries to be payable from 2002 profits during 2003:

Company	Dividend payable
Trakya Cam Sanayii A.Ş.	44,845
Anadolu Cam Sanayii A.Ş.	22,219
Soda Sanayii A.Ş.	6,263
Cam Elyaf Sanayii A.Ş.	11,016
Omco İstanbul Kalıp San. ve Tic. A.Ş.	1,244
Camsar San. Ara. Mal. Paz. A.Ş.	123
Oxyvit Kimya San. ve Tic A.Ş.	925
Camış Sigorta Hizmetleri A.Ş.	231
	86,866

- h) The termination indemnity ceiling has been increased to TRL 1,323,950,000 commencing on 1 January 2003.
- i) Turkish Government enacted a law in the first quarter of 2003 that enables all companies registered in Turkey to be exempt of tax investigation covering fiscal years 1998 through 2001 by increasing their income tax and value added tax liabilities for such years which were reported in the previously filed tax returns at certain rates.

According to the law, companies which elected to increase their tax liabilities for 1998 through 2001 will pay this additional tax liability over the next 18 months starting April 2003. In order to avoid risks and potential penalties that may emerge during a tax audit, the Group's management considers to benefit from this law in certain group companies.

35. Approval of Financial Statements

The statutory financial statements of the Holding Company were approved and authorized for issue at the annual shareholders' meeting held on 25 March 2003.

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