

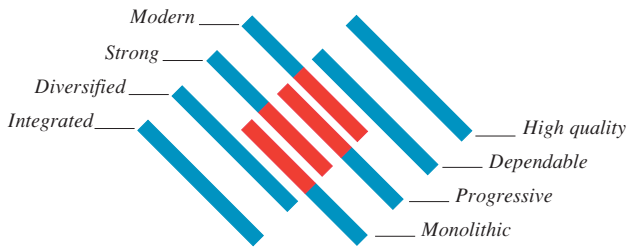


2001 annual report



ŞİŞECAM

group profile



Türkiye Şişe ve Cam Fabrikaları A.Ş. (Şişecam) is the parent company of a Group of companies involved primarily in the production of glass and inorganic chemicals. The Group is one of the largest manufacturers specialized in all types of basic glass products such as flat glass, glassware, glass packaging, glass fiber and also sodium and chromium chemicals.

Established in 1935 by İşbank upon a directive issued by Atatürk, founder of modern Turkey, Şişecam celebrated the 66th anniversary of its existence in 2001. Şişecam set out initially to meet the requirements of the country in the field of glassware; 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, highly competitive operations, consolidated sales reaching US\$ 1 billion, exports US\$ 400 million and a workforce of 12,400, Şişecam has taken its place as one of the leading glass manufacturers in the world. The size of the businesses within the Group rank from third to tenth position globally, demonstrating the best evidence of its strength.

With a contemporary 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 growing well into 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 in Bulgaria, Georgia and Egypt, also initiatives taken in a number of other countries, still in the planning stage, constitute significant steps toward actualizing 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 Camış Lojistik, as well as those of Şişecam are traded on the Istanbul Stock Exchange. One of the main targets of Şişecam is to go public for all of its operations and expand the capital base of the Group.

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a new beginning

"All Glasses Are Together..."

Between March and June 2001, all Şişecam companies and operations moved into their new headquarters in the İş Towers in Istanbul. Tower 3 became the new home for the Group, taking its place near the İş Group, of which it is a member.

This change of headquarters address, expected to generate important advantages and create new synergies, was announced to the public through media advertisements using the slogan "All Glasses Are Together" - the chemicals business was undoubtedly a part of the process to "bring all the elements of the Group together under one roof".

Such a change, actualized in the first year of the new millennium signifies "a new beginning" for the Group and constitutes an efficient platform to further enhance its strength and performance.

Bütün camlar bir arada...

26 Mart 2001'den itibaren yeni adresimizdir.

- Türkiye Şişe ve Cam Fabrikaları A.Ş.
- Camiç Madencilik A.Ş.
- Madencilik Sanayii ve Ticaret A.Ş.
- Camiç Elektrik Üretim Otoproduktör Grubu A.Ş.
- Camiç Sigorta Hizmetleri A.Ş.
- Camiç Menkul Değerler A.Ş.

(Kule 2 Tel: 0 212 350 50 50)

2 Nisan 2001'den itibaren yeni adresimizdir.

- Camtaş Düzcüm Pazarlama A.Ş.
- Anadolu Cam Sanayii A.Ş.
- Soda Sanayii A.Ş.

İş Kuleleri, Kule 3 4. Levent 80620 İstanbul
Tel: 0 212 350 50 50, www.sisecam.com.tr

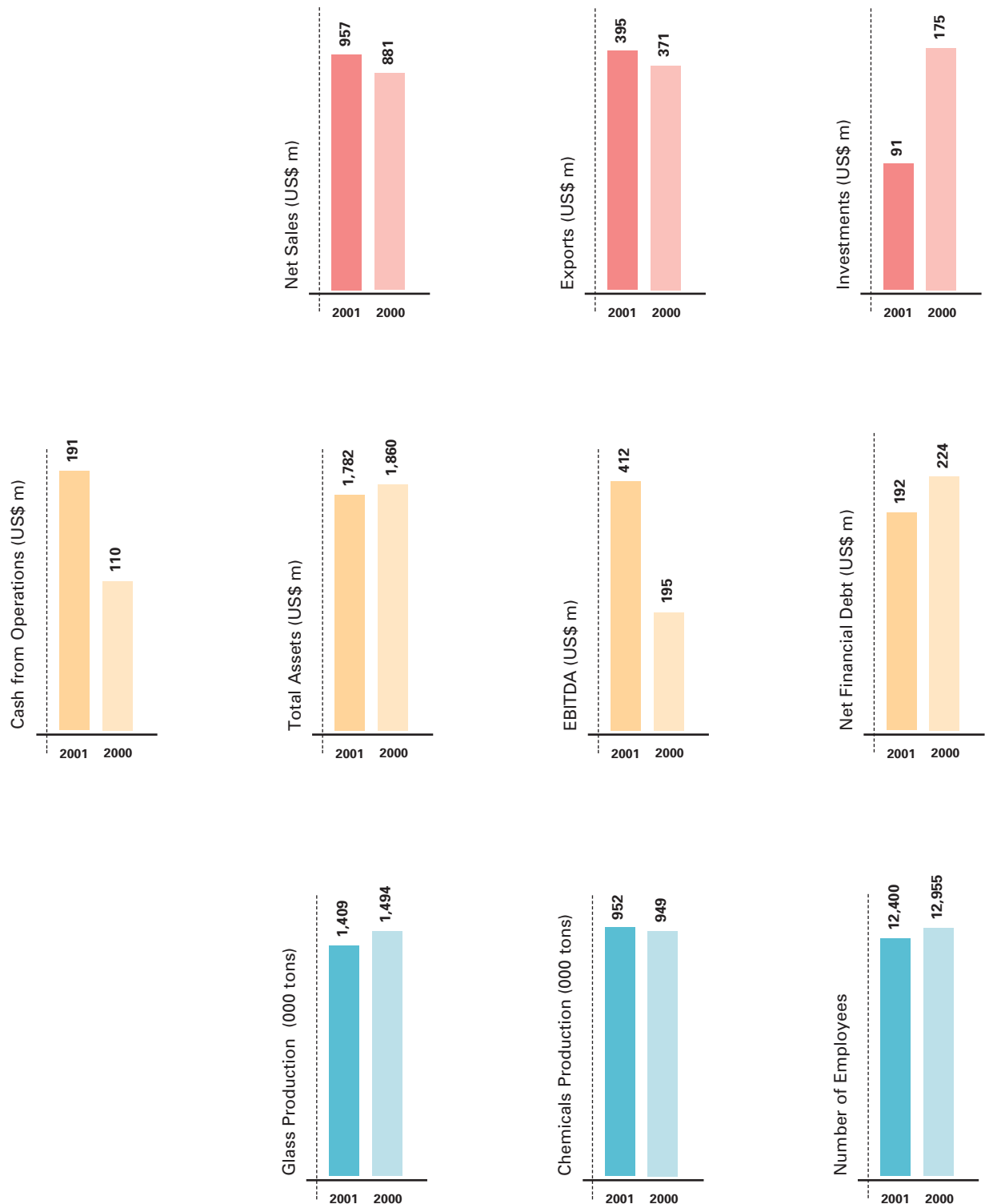


Şimdi Paşabahçe de bütün camlarla bir arada...



25 Haziran 2001'den itibaren

consolidated financial highlights



Consolidated Balance Sheets as of 31 December 2001 and 2000 Prepared in Accordance with IAS*				
	2001		2000	
	TL	US\$	TL	US\$
Current assets	536	372	606	421
Long-term assets	2,030	1,410	2,071	1,439
Total assets	2,566	1,782	2,677	1,860
Current liabilities	325	226	444	309
Long-term liabilities	448	311	389	270
Minority interest	791	549	817	568
Shareholders' equity	1,002	696	1,027	713
Total liabilities and shareholders' equity	2,566	1,782	2,677	1,860

Consolidated Statements of Income for the Years Ended 31 Dec. 2001 and 2000 Prepared in Accordance with IAS*				
	2001		2000	
	TL	US\$	TL	US\$
Net sales	1,377	957	1,269	881
Cost of sales	873	607	919	638
Gross profit	504	350	350	243
Operating expenses	265	184	305	212
Operating profit	239	166	45	31
Finance expenses (net)	307	213	62	43
Other expenses (net)	56	39	9	7
Tax provision in accordance with Turkish Tax Legislation	34	24	32	22
Monetary gain	262	182	96	67
Net profit before deferred tax prov. and minority interest	104	72	38	26
Deferred tax provision in accordance with IAS 12	141	98	33	23
Minority interest	18	13	(3)	(2)
Net profit / (loss)	(19)	(13)	2	1
Earnings before interest and taxes (EBIT)	445	309	132	91
Depreciation and amortisation	148	103	150	104
Earnings before interest, taxes and depreciation (EBITDA)	593	412	282	195
Cash provided by operating activities	275	191	159	110
Net financial debt	277	192	322	224

Financial Ratios				
	2001	2000	1999	1998
Current assets / Current liabilities	1.65	1.36	1.41	1.44
Total liabilities / Total assets	0.30	0.31	0.32	0.35
Total liabilities / (Equity + Minority interest)	0.43	0.45	0.47	0.54
Net financial debt / Total assets	0.11	0.12	0.16	0.19
Gross profit / Net sales	0.37	0.28	0.32	0.32
Operating profit / Net sales	0.17	0.04	0.01	0.09
EBIT / Net sales	0.32	0.10	0.20	0.16
EBITDA / Net sales	0.43	0.22	0.33	0.26
Net financial debt / EBITDA	0.47	1.14	1.11	1.35

* Amounts are expressed in TL trillions with its purchasing power valid on December 31, 2001 and in US\$ millions.

message to shareholders



Despite very adverse domestic economic conditions, the best possible operating results have been attained. Our advantage as an export-oriented business has been reconfirmed.

Economic Conditions

The foreign currency anchor-based economic program, pursued since the beginning of 2000 could no longer be sustained as of November 2000. It was initially established in an effort to reform the institutional structure of the country and restore its macro-economic instability, a situation that has prevailed since the late 1990s. In February 2001, it was done away with when the program experienced full erosion of confidence and the exchange rate was floated upon accelerating escape from the Turkish Lira.

The economy is experiencing a recovery and restructuring process within the framework of the three-year "Transformation to a Strong Turkish Economy" program implemented since May 2001. Management and relief from the heavy burden of debt, inherited from past years, made the restructuring process more difficult to pursue. The unfavorable effects of the crisis on manufacturing industries resulted in a growth rate within the Turkish economy only at negative levels. Thus in 2001, the GNP fell by 9.4% and per capita income declined from US\$ 3,000 down to US\$ 2,000 levels. The inflation rate, which had been 30% the previous year, rose to 70-80% and the Turkish Lira was devaluated above 100% in the first month after the implementation of the floating exchange rate system.

Debt reimbursement is being handled by additional IMF funding, granted toward the end of 2001. This, coupled with the determination to implement the economic program, resulted in renewed optimism, leading to a reduction in interest rates and a revaluation of the Turkish Lira. At the beginning of 2002, inflation dropped due to appreciating Turkish currency and the prevailing recession in the domestic market. However, while contributing to the fall in inflation, weak domestic demand and the strong currency represent two main difficulties.

It is essential that the Turkish economy continues to grow. Among other things, Turkey must increase its export volume. For the near future, we should not expect to achieve growth where public expenditures play a distinctive role; recovery can only be initiated and maintained by consumption from and improved investments by the private sector. Therefore, measures to trigger growth must focus on and be in line with the attempts to reduce the inflation rate. Within this context, fiscal discipline has to be maintained with regard to the public sector spending while bringing the inflation rates to reasonable levels in real terms.

Unfavorable conditions prevailed in global economies and actually worsened after the September 11th terrorist attacks, further postponing the improvement in the global economy. During 2001, the global trade volume declined rapidly and growth was realized at 1.7%. In line with a decrease in interest rates in developed countries, primarily in the USA, and the reduction in oil prices, it is anticipated that the global economy will recover by the second half of 2002.

Turkey, ranked as the twentieth largest economy in the world, took remarkable steps with regard to its full membership in the EU. The EU revealed the Partnership Accession Document while Turkey announced its National Program. Prerequisites for compliance to the Copenhagen criteria are being carried out and completed rapidly. The commencement of negotiations for Turkey's membership in the EU at the end of the year will yield positive results for the country as a whole and be a motivating factor needed for growth in the Turkish economy.

Operating Results

The operations of the Şişecam Group in 2001 have to be evaluated within the context of the aforesaid extraordinary economic conditions. The important point is not only the slowdown of the economy as a whole by



The robust cash generating capability of our Group has been maintained and its financial strength further enhanced. The results of measures taken will fully reflect in future performance.

9.4%, but the serious contractions suffered in terms of individual industries. As a matter of fact, demand for household durables decreased by 30.4%, the construction sector shrunk by 20% and the domestic automotive sector declined by 70%.

Under these circumstances, the Group was still able to attain the best possible results, as some of the leading industrial groups in Turkey suffered a drop in their business volume by up to one third. Our competitive edge, export-oriented operations and numerous other measures taken were essential factors in this regard. We wish to particularly emphasize our success in the expansion of our share of the domestic market in spite of the crisis - a very significant detail.

According to consolidated data, prepared in line with inflation-adjusted accounting principles (IAS 29), the results of our operations can be summarized as follows:

- Net sales in 2001 increased by 8.6%, in terms of US dollars and amounted to US\$ 957 million, although the devaluation rate was higher than the inflation rate. Exports increased by 6.5% up to US\$ 395 million, representing a share of 41% of total sales.
- Total glass production decreased by 5.6% and realized as 1.4 million tons, due particularly to the strike, while chemical production was maintained at around one million tons.
- The financial indicators and our robust cash generating capability displayed a positive trend. Cash provided from operations increased by 74% and reached US\$ 191 million. Earning before interest and taxes increased by 239% to US\$ 309 million and earnings before interest, taxes and depreciation increased by 111% to US\$ 412 million; the gross profit margin stood at a very high 37%, EBIT margin at 32% and EBITDA margin at 43%. Our net financial debt decreased by 14% down to US\$ 192 million.
- As a result of attempts to improve productivity throughout the Group, the total number of employees was reduced by a further 4.3% - down to 12,400.

- In line with prevailing economic conditions, consolidated investment spending was limited and totaled US\$ 91 million; of which US\$ 53 million was for capital investments, the balance was for portfolio investments. Within the scope of capital investments, expansion project at Cam Elyaf became operational in January, the Anadolu Cam Topkapı C furnace renewal project in July and the Kurucasıle quartzite sand project of Camış Madencilik at the end of the year. The ongoing glass packaging project in Russia will become operational in the very near future. As the first plant established abroad, Ruscam is of special importance to our Group.

Naturally, due to the extraordinary economic conditions that prevailed during 2001 all operations were carried out with the utmost care. The Group focused on sales, sales conditions, distribution, cost, logistics, financing and expenses and took several measures in this respect. The coming years will show the direct result of these measures.

Intensive restructuring activities in the glassware business continued and these efforts began to yield positive results. New marketing concepts at the popular Paşabahçe Mağazaları stores established throughout the country are only a small indication of the magnitude of change the business is initiating. These efforts will continue during 2002 without compromise, in order to secure the required contribution of this important activity to the Group's overall performance.

During the year, a two-year collective bargaining agreement was signed in the glass sector, representing a significant step for our operations. Despite a sixteen-day production loss resulting from the strike, we are pleased with the conclusion of this agreement, the terms of which for the first time emphasize additional protection and support for the Group's competitive edge. We acknowledge that the realistic approach used to optimize the benefits to all parties is an outstanding development and a significant guarantee for positive future industrial relations and progress.

message to shareholders

We vigorously continue to adhere to our vision of growth and leadership in our core businesses. Cooperations under development and capital investments in the implementing stage are clear proof of our determination.

We wish to call attention to one important point regarding its effect on our operations. It is widely known that the government currently imposes excess taxes and/or price increases on fuel, natural gas and electricity for the purposes of balancing the budget. In addition, labor costs are increasing as a result of high social security premiums. Abandonment of such applications, which aim to increase tax revenue and result in unfair increases in the cost of input for our industry - operating in a customs-free environment - is of the utmost importance for our competitive strength in international markets.

Future Perspectives

Şişecam is strong and looks toward the future with confidence, notwithstanding the prevailing economic situation. The Group possesses the necessary infrastructure, specialization and expertise gained in glass and inorganic chemicals, our main fields of operation, and the market lead, technology, manpower and contemporary management style to maintain its competitive edge. Our precision-based philosophy and our presence in international markets make us resilient and flexible even during periods of crisis.

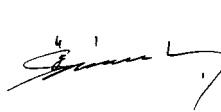
Şişecam acts in a planned and determined manner, continuing operations in line with our vision of "leadership within our immediate geographical region and attaining larger share and higher presence in world markets". Short-term fluctuations within the Turkish economy will not lead us to compromise even slightly in this respect. Developing new cooperations with foreign companies and projects abroad constitutes clear proof of our determination. The total amount of investment for 2002 is planned to be three times higher than that of the previous year. Through such projects, the production capacity will be increased, while the effectiveness and the presence of the Group within the industry will be further enhanced.

Everyone in the country is aware that 2002 will be a difficult "year of transition" for the entire economy. It is clear that economic growth is a challenging target to attain after such a large-scale recession. It is quite certain that the implementation, adoption of structural reforms and their results are key elements that need to be established so that confidence prevails throughout the country. To this end, we sincerely hope that an economic growth rate of 3% would be achieved during next year.

However, one fact is quite certain: Şişecam will further improve its performance in 2002. Based on its capabilities and strengths previously mentioned, we define the Group as a company "compelled to succeed". We sincerely believe in this definition and are confident that we will attain it.

However advanced the utilized technologies may be, the most important power base of every company is its human resources. This resource proves its "uniqueness" and "creates a difference" especially during challenging times. Şişecam has the outstanding advantage of having such qualified and dedicated human resources who "enliven glass". Our distinction is and will be based on such employee merits. Our confidence is therefore firmly built on this solid footing.

In light of all these developments, we continue to look forward to the future with hope and confidence. We consider past difficulties to be opportunities that will form strong foundations for our positive expectations.



H. Ersin Özince
Chairman



A. Doğan Arıkan
Vice Chairman - President

board of directors



H. Ersin Özince

Chairman (1)

A. Doğan Arıkan

*Vice Chairman -
President (2)*

Alpaslan Akıncı

Member (3)

Sırrı Erkan**

Member (4)

Suat İnce*

Member (5)

Mahmut Magemizoğlu

Member (6)

Zafer Memişoğlu***

Member (7)

Fevzi Onat

Member (8)

Turgay Tanes

Member (9)

* appointed on March 23 2001, to replace A. Cezmi Kartay

** appointed on July 30 2001, to replace Mahir Bayyurdoğlu (March 23, 2001- July 30, 2001)

*** appointed on October 30 2001, to replace H. İbrahim Çiftçi

executive management



A. Doğan Arıkan
President (1)

Teoman Yenigün
*Executive Vice President -
Glass Packaging (4)*

Ahmet F. Polatkan
*Vice President -
Financial Control (7)*

Dr. Rüştü Bozkurt
Secretary General (10)

Alev Yaraman
*Executive Vice President -
Flat Glass (2)*

Dr. Ateş Kut
*Executive Vice President -
Chemicals (5)*

Mehmet Kara
*Vice President -
Corporate Planning (8)*

Mete Saadetlioğlu
Chief Internal Auditor (11)

Gülsüm Azeri
*Executive Vice President -
Glassware (3)*

Dr. Türkay Ergun
*Vice President -
Treasury (6)*

Dr. Yıldırım Teoman
*Vice President -
Research & Technology (9)*

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

review of businesses



flat glass business

In 2001, the most severe global economic slowdown since 1974-1975 dominated world markets. The flat glass sector was adversely affected due to a sluggish economy in the US and in European countries that led to a contraction in both the construction and automotive sectors. However, the sector maintained its dynamic structure and the intensive competition among the big glass manufacturers persisted. The world's leading flat glass companies set their strategies to improve distribution channels, reduce costs and increase productivity, sustain growth via geographic expansion, perform R&D activities and develop innovative products.

The February crisis that hit the Turkish economy generated colossal contraction in construction, automotive, consumer durables and furniture sectors, where the flat glass is among the main inputs. Despite the downturn that prevailed in the domestic market, the flat glass business focused on export activities and achieved success in

the year 2001 as a result of efficient logistics management, together with cost reduction efforts and productivity improvement. In line with the economic decline during the first three quarters of 2001, the construction sector was scaled back by 7.5%. The number of construction permits issued by municipalities decreased by 8.2% and occupancy permits by 14.3%. It is anticipated that the sector will experience a growth trend in the second half of 2002, following an upward trend in the economy as a whole.

The domestic automotive market contracted by a significant 70% due to a domestic decrease in demand. On the other hand, vehicle exports increased by 65% as compared to 2000 - partially offsetting the decline in domestic demand. As a result, the overall decrease in automotive production was limited to 37%.

The number of vehicles per capita in Turkey (67 per thousand) is below the EU member countries average (435 per thousand) and the world average (91 per thousand). This indicates the Turkish automotive industry's remarkable growth potential. Furthermore, the big car manufacturers are emphasizing exports and are increasing their production capacity accordingly.

In 2001, the consumer durables sector was challenged with a contraction of 38.2% in the domestic market. Hence, leading manufactures in the sector improved product diversification and performance levels, parallel to developments in the world market- and focused on exports. As a consequence, the export sales



increased by 41.4% as of 2001. The Çayırova Cam Glass Processing Plant met a significant portion of the demand from the main producers in the sector - such as Arçelik and Vestel. In 2002, the plant will continue to meet the demands of these companies, while focusing on the export of tempered glass.

Despite the adverse effects of the economic slowdown and the devaluation of the Turkish Lira on sales, the flat glass business maintained its sales level in 2001. Operating profits, on the other hand, increased in real terms to US\$ 57 million as a result of cost reduction projects, favorable input prices and financial measures.

Due to stagnant demand in the domestic market, the flat glass business focused on export activities and achieved a total flat and figured glass export volume of 234,000 tons. As of 2001, total exports (flat glass, figured glass, mirror, laminated glass, tempered glass, coated glass and autoglass)

Consolidated Operating Highlights

	(US\$ m)	2001	2000
Net sales		233	241
Exports		75	74
Gross profit		95	89
Operating profit		57	42
EBIT		95	65
EBITDA		122	90
Total assets		611	633
Shareholders' equity		444	475
Capital expenditure		3	17
Number of employees		2,149	2,270



Kirklareli and Mersin float lines successfully produce all kinds of flat glass using state-of-the-art technology for the world markets.



Trakya Cam Autoglass Plant



Toyota Corolla



Contemporary buildings require diversified and high-quality flat glass products, which are included in our product range and are used for both domestic and international projects. Our R&D activities continuously support the expansion of our product range with innovative products.



Ford Transit Connect

Glass for the Ford Transit Connect, developed by Turkish engineers and manufactured only in Turkey for the global market, is produced at Trakya Cam Autoglass Plant, which participated in its design.

increased compared to 2000 and reached US\$ 75 million. Flat glass products are exported to more than fifty countries, while 35% of export sales go to European countries (Greece, Italy, the UK, Sweden and Germany), 15% to the Balkans and 18% to the Middle East and North Africa.

The strong financial structure of the flat glass business constitutes a solid base for the execution of its domestic and overseas projects. Yet due to the prevailing economic crisis in 2001, the business ceased investments and concentrated on controlling its cash outflow. As for the year 2002, domestic and overseas projects totaling US\$ 53.5 million are scheduled in order to "maintain the domestic market share and become the leader in the region." "Trakya Cam Float Line 2 Furnace Renewal and Modernization Project" and "Trakya Cam Autoglass Expansion Project" are regarded as the most important domestic investments on the agenda.

The technological improvements planned within the first project will

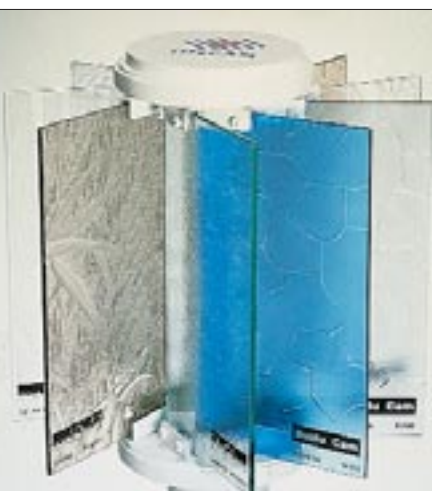
provide the necessary infrastructure to achieve the objectives and strategies regarding all product groups (flat glass, autoglass, mirror, laminated and coated glass). Thus, the business will gain a significant technological advantage in this highly competitive market environment with four modern float lines.

With regard to automotive glass, the Trakya Cam Autoglass Plant has met the market requirements with investments made since 1990 and has developed in accordance with its objectives - "To increase the domestic market share by being the leader and dominant in new models and products and to improve the foreign market share by being effective in the region". The Trakya

flat glass business

Cam Autoglass Plant has maintained the leadership position in the domestic OEM market and also has become a well-known automotive glass company via its exports to various European countries both in OEM and AGR (Automotive Replacement Glass) markets.

Pursuing the latest developments in glass technology, the Trakya Cam Autoglass Plant completed its encapsulation investment in 2001. With low labor costs and high quality products, some of the world's leading automotive manufacturers have chosen Turkey over several other European countries for the production of certain vehicles. The Trakya Cam Autoglass Plant has already signed the agreements to participate in these projects and anticipates increasing its capacity in 2002 through the implementation of an expansion project. It plans to enhance its presence in Balkan and Eastern European countries, while pursuing its strategy to dominate the regional markets.



Figured glass and "Elit Glass" products.

The flat glass business continues its restructuring projects in order to maintain its leadership position and profitability. In this respect, "direct delivery to customers" in the domestic market was started late in 2001. Moreover, the flat glass business continues working on overseas investment projects in accordance with its vision.

Focusing on the improvements in productivity and reduction in costs during 2001, the flat glass business achieved a savings of US\$ 8 million. Cost reduction measures deemed "indispensable" for all units, will be carried out to attain further savings of US\$ 10 million between the years 2002-2004.

Given the importance of research and development for flat glass products, activities geared to innovation and the introduction of new products are continuing. In this regard, colored (blue and pink) glass brick and glass paver, under the Lara brand name, provide light and elegance to offices and residences and blue float glass, called 'helio blue' have been introduced to the market.

In line with the priority placed on environmental issues this century, norms and standards on energy use have become increasingly more important and legally recognized in all countries. In this respect, windows are classified based on their insulation performance and introduced to the market according to the local climate conditions. The use of environmentally friendly, energy-saving flat glass products will also continue to grow in the domestic market. In this manner,

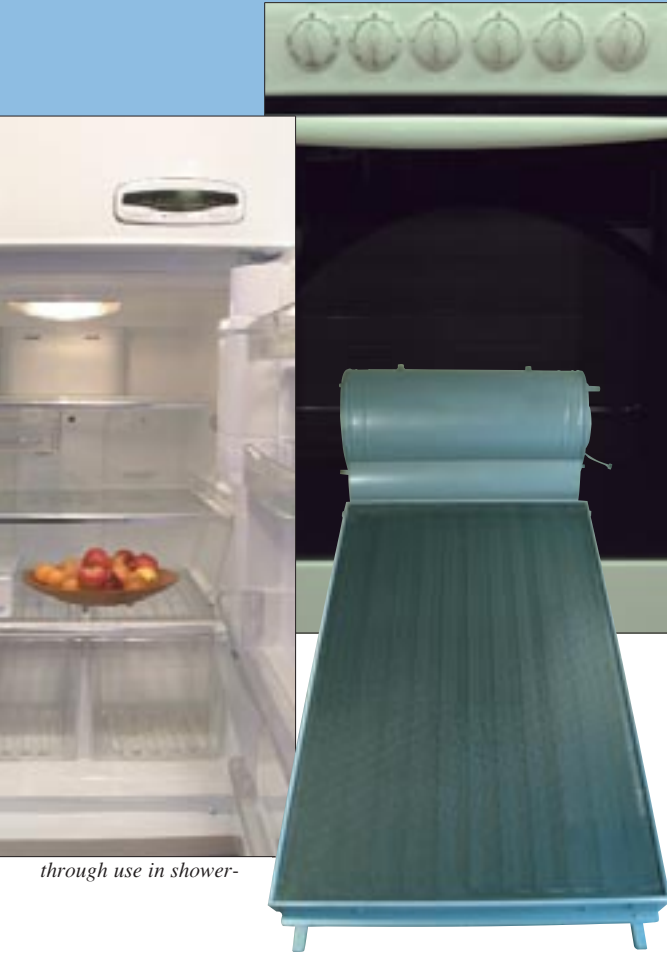


The market for tempered flat glass products is expanding stalls, refrigerators, ovens and solar energy collectors.

the flat glass business strives to introduce innovative solution alternatives so that it can increase block sales of coated glass, which are higher value added products. Pursuant to the TSE 825 Standard for Heat Insulation in Buildings and the Regulation for Heat Insulation of Public Buildings, in 2001 the business participated in several school projects in cooperation with



The use of greenhouse glass with high light transmission is growing, contributing to horticulture.



through use in shower-

both the Ministry of National Education and the Ministry of Public Works and Habitation. Within this framework, 80,000 square meters of Low-E glass was provided to 450 eight-year primary education schools. This project will continue in 2002 as well.

In 2001, the flat glass business participated in construction expositions in Istanbul, Ankara and Izmir and the Window Fair in Istanbul, among the most important domestic specialty exhibitions. It was awarded second prize for its Purpose-Built-Stand in the Istanbul Construction Fair. Additionally, the business participated in the Turkish Export Goods Exhibition held in Baghdad and also promoted its products at various congresses and symposiums dealing with the efficient use of energy, insulation and environmental issues.

Starting in the second half of 2002 and in line with the growth expectations in both domestic and world markets, the flat glass business, in order to realize its vision of "dominating the domestic market and becoming the regional leader", will enhance its position in the domestic and international markets, supported by its strong workforce, a dynamic competitive edge gained through introduction of new products and its continuation of investments both in the domestic and regional markets.



P.O.P. materials supported projects for the development and introduction of new products.



Use of Flotal Mirrors adds new dimensions to indoor space.

glassware business

The year 2001 revealed the earliest signs of the economic stagnation that would emerge in world glassware markets. Although Eastern European markets exhibited a slow but consistent upward trend, growth was not observed in either the US or EU markets. Following the collapse of Argentina's economy, stagnation contaminated all of South America. The continuing economic stagnation in Japan and the weak Japanese yen also resulted in adverse conditions for its neighboring markets. The slowdown in major economies coupled with the terrorist attacks on September 11th contributed to the decreased demand for glassware.

Some EU manufacturers, unable to cope with the decline coupled with increased global competition actually stopped their activities and ceased business. In spite of the unfavorable conditions that dominated the global economy and the slowdown in the growth of world trade volume, the

business managed a 10% increase (US\$ 182 million) over the previous year's export figures. This increase was the result of additional export revenue generated by automatic glassware products - the business's core product line.

Strategies implemented in line with objectives toward overseas markets supported the increase in exports. In 2001, following the resolution to enhance its position in the catering sector, the product range was diversified and the necessary channel structuring was performed. Additionally, product development was accelerated, new processes and techniques were developed and the market shares in well-established Western European markets, mainly in the UK, Italy, Scandinavia and France, were increased, while penetrating deeper into UK's catering sector. Sales to emerging markets, especially Central and Eastern European countries and markets in India and Israel increased. Standard product inventories, designed in accordance with the requirements from various sectors, were monitored regularly during 2001 and developed in terms of both quality and quantity. Sales from inventory for the home sector were increased by 20%. Logistics investments realized to accelerate the delivery to European markets primarily through the warehouse in Italy and to provide flexibility for order quantities contributed to the increase in export volume.



Automatic glassware production excels through process diversity and technological prowess.

Handmade glassware operations, of which 75% of total production is exported, were adversely affected by events on September 11th. In 2001, exports totaled US\$ 15.4 million due to reduced demand from the US market, the largest export market in this product line.

The size of the domestic glassware market was reduced by 25% along with a considerable decrease in the share of imported goods, while the business experienced a 17% drop in its domestic sales. In spite of the economic uncertainty, product diversification helped keep prices at reasonable levels aided by sales campaigns that kept products moving throughout the year. In 2001, the restructuring of distribution channels and the sector-specific marketing projects were successfully carried out. With a product quality able to meet the requirements of various market segments and a broad product range, the business began to

Consolidated Operating Highlights

	(US\$ m)	2001	2000
Net sales		351	313
Exports		182	167
Gross profit		124	75
Operating profit		40	(7)
EBIT		93	15
EBITDA		133	54
Total assets		574	639
Shareholders' equity		349	389
Capital expenditure		9	9
Number of employees		5,267	5,529



Paşabahçe offers unlimited choices of automatic glassware for consumers with color and design diversification of world quality. The increasing attractiveness of our products in world markets is based on this high appreciation by customers everywhere.

Paşabahçe



penetrate into new areas, while achieving optimum management of product mix. Due to temporary work stoppages during 2001, the output of the automatic glassware production line decreased by 11% compared to the previous year. Activities to increase production flexibility and productivity, also to improve and diversify product variety continued to be emphasized in 2001. These activities resulted in an increase of 2% in overall

productivity and the introduction of 300 new products. As in previous years, the business participated in some of the world's greatest tableware fairs such as Ambiente/Frankfurt, Macef/Milan and the International Houseware Show/Chicago. It was much admired for its product diversification and designs.

With the introduction of hand-made boutique items for both the

domestic and international gift markets, Denizli Cam has moved ahead rapidly to become a well-known and favorite choice in world markets due to its production flexibility, glass quality and beauty of design. Even with increasing competition by substitute products and new technological developments using automated production methods, the company has achieved a great deal of success. Having increased its share

glassware business

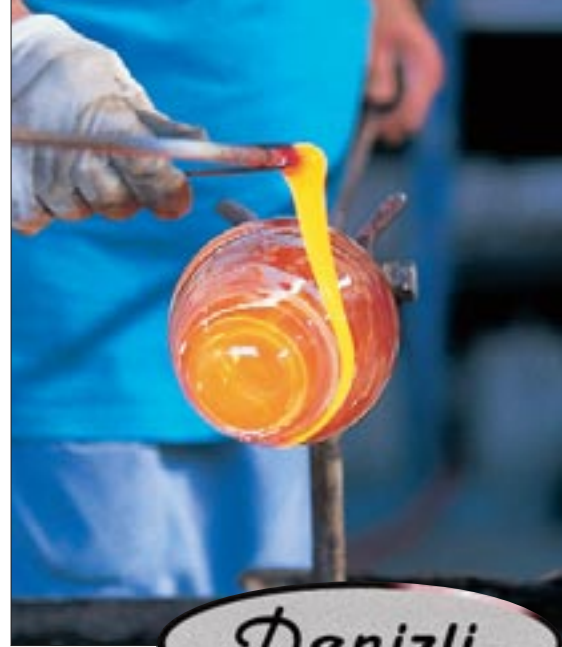
on the shelves of retail store chains in developed markets, Denizli Cam was able to complete the furnace renewal investment initialized in 2001.

Continuously applying and developing the necessary quality systems, Paşabahçe Cam marketing and sales services were granted the ISO 9001:2000 Quality Management System Certificate in Turkey.

Initiated at the end of 2000, the restructuring process and conversion of its stores into two distinct formats helped Paşabahçe Mağazaları achieve its leadership position in the tableware retailing sector. In 2001, six stores began operating under the new format. New Paşabahçe stores introduced

the "Life" concept for functional table and kitchenware for everyday use and the "Boutique" concept for designer products for decoration and collection purposes. Having totally reshaped its retailing model, Paşabahçe Mağazaları is emphasizing contemporary designs and changing requirements of modern tables and kitchens, in addition to renewed functionality and revitalizing its product range with a customer-focused approach. At new Paşabahçe stores, "an integrated sense of taste and life style" is introduced along with glass products produced only for Paşabahçe by other manufacturers.

Due to the economic crisis and the stagnation in domestic manufacturing industries, in 2001, the cardboard packaging sector shrank by 7%. Camiș Ambalaj, one of the leading manufacturers of packaging materials for consumer and transportation purposes (offset, flexo and corrugated), observed a sales reduction of 3%. While intensifying marketing and sales activities aimed at both Group and non-group companies, Camiș Ambalaj is expanding into new customer groups with additional products, primarily addressing the needs of ceramics, food/beverages, cleaning products and fresh produce sectors. With its uniquely innovative and functional packaging designs, Camiș Ambalaj earned two prizes at the TSE Golden Packaging Competition in Turkey and another at the World Star Packaging Competition.



The hand-made products of Denizli Cam for the quality of their glass and for the beauty



The Palmolive stand, developed by Camiș Ambalaj, earned TSE Golden Packaging and World Star Prizes.

General expectations are more optimistic for 2002 as compared to those for last year and the glassware business will continue its strategies to intensify its market penetration and sector-oriented marketing. With regard to exports, which have been steadily increasing in recent years, it is anticipated that a growth rate of 11% will be attained.



Presentation kits introduced for special occasions constitute the first step on the road to customer satisfaction. Paşabahçe products have become more attractive and are increasingly preferred as gifts for special occasions.

are preferred in world markets and originality of their designs.

In addition to the warehouse in Italy, a warehouse in Northern Europe will become operational during 2002 within the framework of logistics investments, providing opportunities for speedy service rendering to a broader area in Western Europe. It is anticipated that efforts to expand sales volume in the Russian market, one of the most important emerging markets, will move ahead quickly in

2002 as the market share is increased through local production in Russia, introducing the Paşabahçe brand as the most well-known glassware brand.

In 2002, an important investment for the business will be the doubling of production capacity with a second furnace at the Eskişehir Plant. Scheduled to start in early 2003 as the economy is stabilized, this investment will introduce new processes, which will lead to vastly



The "Life" and "Boutique" concepts have helped Paşabahçe stores appeal to customer needs via a broader product range and perfect shopping ambiance.

upgraded technological skills. Also in 2002, the glass rod furnace renewal investment at Denizli Cam will get underway in addition to various modernization investments focusing on continuous improvement in quality and process technologies used for glassware production.

glass packaging business

The year 2001 was marked by many economic problems worldwide. World markets that were already sluggish prior to the terrorist attacks on September 11th began stagnating at an accelerated pace. The Turkish economy was adversely affected from economic crises that hit in November 2000 and February 2001, resulting in a significant decrease in demand for almost all goods and services.

In spite of generally unfavorable market conditions, the total sales of the glass packaging business in 2001 reached 457,000 tons, an increase of 3% over the previous year. The increase in sales was due to the performance in the Turkish soft drinks market and results obtained in Georgia.

In terms of individual business lines, growth within the mineral water sector, initially expected to attain the highest growth in 2001, only reached 3% due to an interruption in

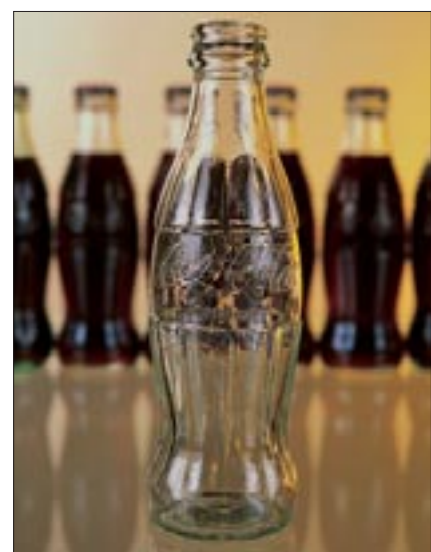
consumption during the crisis and to the weak financial structure of the bottling companies. In spite of the decreased sales within the brewery sector, the business was able to maintain sales at year 2000 levels due to very high price increases for imported substitute packaging materials, intensified competition resulting from the introduction of new brands and the advantages provided by returnable glass packaging. The non-alcoholic beverages sector was most affected, however after the introduction of the 20 cl "Kanka" non-returnable bottle, produced for Coca Cola™, sales of beverage bottles increased considerably compared to the previous year.

In view of the contraction in the domestic demand, the business refocused on exports and realized a volume 50% above the volume initially envisaged. Following the devaluation of the Turkish Lira, export-oriented bottling companies experienced a 29% increase in demand for their products. New products also helped to boost the demand for foodstuff exports.

The economic crisis hit both the financial and manufacturing industries - requiring all companies to place tighter controls on investment expenditures. Yet, the furnace C renewal project at the Topkapı Plant, which was closed down in December 1999 after its economic life expired, was completed in 2001 to address the increase in domestic demand. The furnace, with an annual capacity of



In July, Topkapı C furnace of Anadolu Cam became operational after renewal and continues production using state-of-the-art technology.

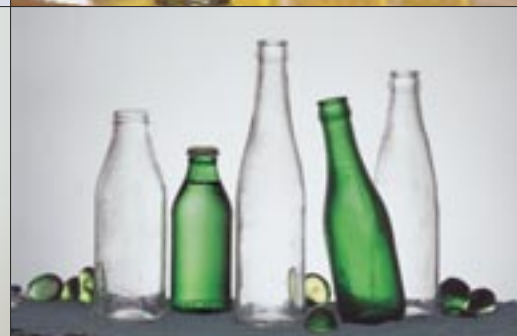


New non-returnable 20 cl Coca Cola™ bottle "Kanka", is a candidate for a "success story" in the beverage industry.

Consolidated Operating Highlights

	(US\$ m)	2001	2000
Net sales		160	161
Exports		21	22
Gross profit		41	30
Operating profit		16	5
EBIT		22	5
EBITDA		45	25
Total assets		341	373
Shareholders' equity		242	260
Capital expenditure		19	5
Number of employees		2,413	2,622

49,000 tons prior to repair, became operational in July 2001 at an annual capacity of 58,000 tons. Parallel to the objective to use state-of-the-art technology, the business emphasized the implementation of modernization projects at all plants. Within this framework, renewal projects were



Glass packaging for alcoholic and non-alcoholic beverages, food, pharmaceuticals and cosmetics industries are presented in different shapes and new innovative colors. The product differentiation requirement accelerates the improvement of glass packaging.

carried out for the Topkapı Plant furnace D production lines during the year.

Studies to increase productivity and decrease costs were realized pursuant to technical cooperation agreements concluded with Heye Glass and Ishizuka Glass in 2001. As a result of studies underway since 1996 and carried out in collaboration with Heye Glass to reduce the weight of glass products, the business achieved a 20% reduction in the average weight of its glass

products in 2001. Within the framework of the technical cooperation agreement with Ishizuka Glass, valid between 2001-2003, it is anticipated that a 40% improvement in productivity in certain phases of production can be reached by the end of 2003. The aim of the total productive maintenance and improvement projects is to increase per capita production. The ongoing development activities focus intently

on designing, decorating, coloring, lessening product weight and improving product attractiveness.

Regarding the recycling of cullet, 79,000 tons of this material was collected during 2001. Another noteworthy development has been the 32% increase in collected green glass cullet. Another cullet processing center became operational in Konya, in central Anatolia, in mid-year, increasing the number of such centers to five. The amount of bottle collecting tanks, installed in more than 170 municipalities, remained the same.

In 2002, the strategies of the business will focus on regional



As a result of achievements obtained in targeted markets, the production capacity of the JSC "Mina" in Georgia will be doubled, during 2002.



glass packaging business

leadership and growth. The growth strategy of the glass packaging business involves meeting potential demand increases in Russia, Georgia and other geographic locations in the immediate proximity of Turkey.

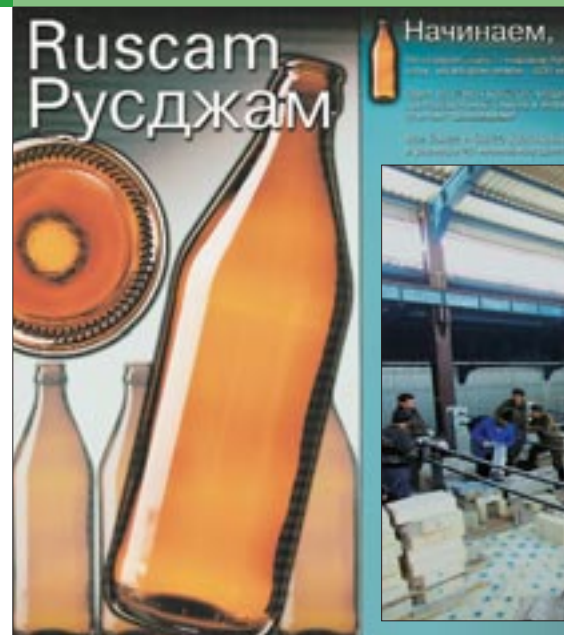
In line with the strategy for regional dominance, the project aiming to meet high-quality glass packaging demands of the rapidly emerging beer sector in Russia is also ongoing. It is anticipated that a furnace with an annual capacity of 90,000 tons will become operational by the middle of 2002; this project will have a total cost amounting to US\$ 26 million. Parallel to the rapid growth potential in the region, an investment for a second furnace is already on the agenda.

As the effects of the 1998 economic crisis in Russia faded away, JSC "Mina", our Georgian glass packaging producer, encountered a significant upsurge in demand from domestic and regional markets in the second half of 2000. Considering the

potential demand appearing in these markets, the investment for a new furnace has been planned since the existing capacity is unable to increase product diversity and meet the need for different color alternatives. With the operation of the second furnace at an annual capacity of 20,000 tons in the second half of 2002, the total capacity is expected to reach 40,000 tons per year. The investment cost of the furnace, planned to have two lines, is estimated to be US\$ 6.5 million.

In 2001, the business participated in Antalya Fabex - the Eighth Mediterranean International Food and Beverage Specialty Fair, Food-Tech - the Eighth International Food Technologies and Equipment Fair and Ambalaj 2001 - the Seventh Packaging Industry Fair (a domestic fair for food processing and packaging materials). In addition, the business also participated in Turkish Expo 2001 in Baghdad - the Third Turkish Export Goods Fair and the World Food Moscow 2001 - the Tenth International Food, Beverages Technologies and Packaging Fair.

On October 12, 2001, the Mineral Water and Health Symposium was held in Ankara in cooperation with the Istanbul University School of Medicine, Masuder - the Association of Mineral Water Producers and Anadolu Cam. This symposium was organized with the participation of various scientists, representatives of companies active in the sector and governmental and non-governmental institutions and academic staff. At



The Ruscam plant, presently under construction, will contribute especially in the beer sector, which displays a remarkable

*Glass
packaging
is
nature
and
environment
friendly.*



The recycling of cullet through bottle collecting tanks and other channels is steadily increasing; in 2001 more than 79,000 tons of cullet were collected.



Omco Istanbul became operational in August 2001 and achieved successful results for the year.

the symposium, the positive effects of mineral water on human health, the position of the sector and the requirements for its improvement were discussed. Presentations on these topics were published in a book and distributed to all concerned bodies.



meeting the glass packaging demand in Russia potential for growth.



Promotional sets, emphasizing glass packaging, are industry and consumer-oriented. They play a significant role in creating social awareness in favor of glass packaging.



In June, at the Packaging 2001 competition organized by the Turkish Standards Institute, Anadolu Cam won the Gold Prize for three of its products in food and beverage packaging; it was invited to participate in World Star for Packaging by the World Packaging Organization (WPO). The business was awarded a prize for its Tamek one liter fruit juice bottle and its SEK 50 cl milk bottle; it also won an award for the Süttaş 750 cc yogurt container.

A new company, established within the partnership agreement concluded between Makina Kalıp - involved in mould production and Omco - a subsidiary of the BMT Group headquartered in Belgium, began activities on August 1, 2001, under the name Omco - Istanbul. It is anticipated that the added value per worker will increase by 53% in mould production following the transfer of expertise and technical

knowledge. It is further anticipated that this new venture will focus on exports to Iran, Iraq, Syria, Bulgaria, Russia, Egypt, Georgia, Azerbaijan, Kazakhstan, Kirghizistan, Uzbekistan, Lebanon, Romania and Israel.

The demand coming from the automotive sector, which constituted 90% of the business volume of Ferro Döküm, the iron casting operation, declined drastically as a result of the economic crises that emerged in November 2000 and February 2001. The rise in monthly consumer credit interest rates negatively affected the automotive sector, with most of its sales made on credit. In 2001, automotive production fell to its lowest level in the last ten years. In order to overcome the effects of stagnation, the sector turned to exports after the devaluation of the Turkish Lira which provided a competitive edge for exporting companies. Mainly supplying the

automotive sector, Ferro Döküm focused on exports, which resulted in a 42% rise in volume in 2001, increasing the share of exports to 48% in total sales. This figure is expected to rise to 53% in 2002. Productivity will be increased upon implementation of the total productive maintenance and the outsourcing of grinding activities mainly to sub-contractors.



Ferro Döküm exports the majority of its increased production, mainly serving the global automotive manufacturers.

chemicals business

The business environment was adversely affected by the extraordinary conditions that prevailed in the Turkish economy during 2001 combined with general economic stagnation around the globe. Under these circumstances, the chemicals business put emphasis on exports and recorded a successful performance despite increased competition. Total sales were realized at 83% and export sales at 97% in terms of US\$ against budget estimates before the February crisis. Following the initial crisis in November 2000, capital and operating expenditures were carefully reviewed and measures to decrease costs were implemented.

Regarding soda ash products, the year 2001 was a time of increased demand following the revitalization in the economies of the former Eastern Block countries, primarily Russia and markets in the Middle East and North Africa. The upward trend in these markets produced positive results for Soda Sanayii, either directly or indirectly. Exports

to Iran and Algeria started again and also some sales were made to the Iraqi market thanks to the developing commercial relations between our countries. In order to exploit export possibilities, bulk delivery of products were commenced. Demand from the domestic market was not influenced very much from the ongoing stagnation due to the fact that customers re-directed their efforts to export markets. Consequently, Soda Sanayii recorded a successful performance in sales during the year 2001 and realized most of its budget targets.

Factors leading to reduced production costs at the Mersin Soda Plant included the on-site production of energy, modernization projects, total productive maintenance efforts, improvement of logistics potential and other measures of savings. The firm grip on cost control measures will continue in the future. The Mersin Soda Plant operated at full capacity all throughout 2001 and production was realized above the estimated figures. Savings achieved in production parameters resulted in a decreased consumption of raw materials.

Soda Sanayii's joint control with Solvay of Sodi in Bulgaria was increased to above 90% upon acquisition of further shares of the company. During the year, Sodi achieved a favorable sales performance and a capacity utilization of almost 100%.

In 2001, Soda Sanayii was accepted as a member of ESAPA – the European Soda Producers Association.

Consolidated Operating Highlights

(US\$ m)	2001	2000
Net sales	298	269
Exports	110	100
Gross profit	92	48
Operating profit	51	3
EBIT	64	4
EBITDA	77	20
Total assets	410	409
Shareholders' equity	289	292
Capital expenditure	19	21
Number of employees	2,068	2,046



Mersin Soda Plant, the main operation of Soda Sanayii, capacity and high technical standards.



Sodi Plant at Varna, Bulgaria operated under partnership of Soda Sanayii with Solvay of Belgium.

The domestic leather industry, a main customer category in the chromium products group, experienced only a slight decrease in demand despite the generally unfavorable economic conditions and coped well with intense competition within international markets. Competition between major players in the sector was reflected in the price of basic chromium sulphate. Leather processing activities in the Far East were negatively affected by the reduced demand in the US market, an important consumer of leather products. In spite of adverse conditions, the chromium products group achieved 93% of their budgeted sales, the domestic market share of chromic acid was



is continuing its production at full



Soda Sanayii, with its high standards of production and service, has gained a good reputation in the industry, while consistently improving its performance.

increased and in the basic chromium sulphate group a new product was developed and introduced to the market.

Production of sodium bicarbonate was increased upon completion of development and optimization studies. The capacity expansion project of the company's new, high value-added product, chromic acid was completed to double the production capacity and new sales contracts were made in an effort to market the increased production. The production of sodium sulphite ceased. The demand for this product is now met through imports.

With regard to environmental issues, Kromsan has, in recent years, made technological investments of US\$ 15 million and renewed production technology in order to yield less solid waste as a safeguard to the environment. Despite of this, Kromsan has been attacked by third parties on environmental issues. The production of chromium chemicals has been regarded as the sole reason for the high death rate of sea turtles along the Mersin coast and several attempts have been made, including the action filed by the local municipality, to force the closure of the plant. Our response to such unfair and unfounded claims

followed immediately and studies were carried out in cooperation with academic institutions to prove that such claims did not contain any scientific basis. The company is carrying out its studies on sea turtles in collaboration with various institutions using scientific methods and principles in order to address all questions raised at various national and international platforms.

With regard to environmental safety concerns, studies to make changes in the production of chromium chemicals began in 1998. Waste, produced utilizing outdated and now abandoned technology, is kept at the plant and protected from exposure to the environment. Landscaping and afforesting activities are carried out on existing and newly acquired land, as



*We respect
the natural
environment
and
wild life.*



Soda Sanayii's Chromium Chemicals Plant (Kromsan) focuses on measures for safeguarding the natural environment and wild life, achieving benchmark results for the chemicals sector in general.

chemicals business

activities under Responsible Care, a new worldwide volunteer action in the chemistry sector, are ongoing. All such studies are clear indications that the company has great respect for the environment.

Increase in demand for glass fiber products continued during 2001 in world markets, especially in Europe, which constitutes the main market for these products. Toward the end of the year, a slowdown emerged in some areas, such as the automotive sector, however in general terms demand remained constant. Domestic demand experienced a slight decline during 2001 due to the prevailing economic situation. Production activities of three GRP pipe producers and the emphasis put on automatic production and export-oriented activities by other manufacturers indicate a good growth potential within the sector. Composite materials, using glass fiber as a primary component, are steadily replacing traditional materials in the automotive, construction, pipe, energy and other similar sectors as a result of their performance and/or cost

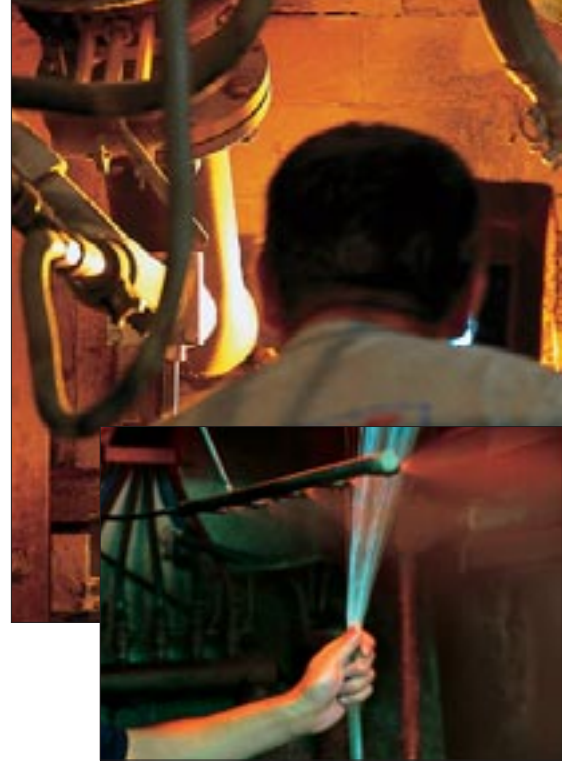
advantages. Thus, glass fiber has earned the reputation of being the product of the future throughout the world.

In 2001, Cam Elyaf completed the investment in its fourth production line that became fully operational during the year. As a result of the strike in the plant, production volume lagged behind schedule, yet did not lead to significant decreases in sales since it coincided with low domestic demand. Exports were realized in line with estimations and during the year four new products were developed and introduced, to be followed by new products in the near future.

Demonstrating a high level of quality and development skills, Cam Elyaf has earned a good reputation in the European markets. The company enjoys intensive and long-term relationships with its customers. Starting in 2002, an expansion project worth US\$ 39 million will be implemented to increase the production capacity by 80%. It is anticipated that the new furnace will be operational by the middle of 2003.

The adverse conditions that prevailed in the domestic market also had an effect on polyester sales, however sales to pipe producers yielded successful results. Through R&D activities, the development of pipe-type polyester resin was completed and the product was introduced to the market.

Oxyvit, producing Vitamin K3, completed the stabilized product line project during 2001 and made it



Bartın/Kurucaşile quartzite sand quarry and processing plant have been completed and are operational since the end of 2001.

operational. The capital increase made during the year strengthened the financial structure of the company.

Demand for Vitamin K3 is growing parallel to the worldwide increase in the demand for poultry meat. Exporting the majority of its products, Oxyvit improved its sales performance in markets with high consumption figures and achieved new sales contracts. The company has participated in several



Camış Elektrik regional power plant at Topkapı.



Cam Elyaf increased its production capacity and maintained its export growth in niche markets. The new expansion project will be started in 2002 and is expected to come on stream in the middle of 2003.

international fairs and has hosted several groups of visitors to the plant in order to promote its activities. Exports increased by 24% over the previous year and Oxyvit was granted the ISO 9000 Quality Assurance System Certificate.

Camiş Madencilik meets the industrial raw material needs of glass manufacturers within the Group with a total of 2.5 million tons of product annually. Production in 2001 was slightly below planned levels and the company achieved a cost savings of 10% in real terms by utilizing local and foreign alternative

resources. The Bartın/Kurucaşile quartzite sand quarry and processing plant began trial production after completion at a cost below the feasibility report estimate.

Camiş Elektrik achieved production and sales in line with its budget. Due to the strike in the glass sector, intra-Group sales declined slightly in favor of sales to the national grid. In Trakya, and especially Topkapı and Çayırova regions where blackouts and quality fluctuations occurred quite



Composite materials, using glass fiber as a primary component, are increasingly used in every aspect of our lives.

frequently, our customers were protected from possible negative effects at a high rate. During the year, additional investments were completed at the Çayırova power plant: a boiler converting waste heat to steam and a second switch system offering high flexibility in operations.



Oxyvit is steadily improving its effectiveness and performance in world markets regarding its Vitamin K3 products.

service operations



Cam Pazarlama

Cam Pazarlama is the foreign trade house of the Group and acts as an intermediary for export activities.

It also provides services with regard to the import of raw and finished materials for the Group's businesses. Additionally, the company is involved in warehousing, fuel and lubricants retailing, activities in the free trade zone and operating its own fleet of trucks.

In 2001, the company conducted business with 120 countries and

generated total sales revenue of US\$ 395 million.

Cam Pazarlama implemented new development projects during the year with regard to its foreign trade activities. Through ongoing projects, the company will further improve its service quality in 2002.

Camış Lojistik

Camış Lojistik is involved in all categories of transportation (land, sea, air and rail), both at home and abroad to meet all of the Group forwarding requirements in the most cost-efficient way. Camış Lojistik plans to strengthen its organization parallel to the increase in business volume generated by the Group. During 2001, the company transported almost 3 million tons of merchandise.

Camış Sigorta

Camış Sigorta carries the largest business volume within the Anadolu

Sigorta agency network and meets the insurance requirements of the Group through its superb services. The company maintained a foremost position within the agency network and has generated a net premium revenue of US\$ 6.2 million during the year.

As the effects of the 2001 economic crisis begin to diminish, the company anticipates increasing the number of policyholders in 2002. Camış Sigorta also provides services to the retired personnel of the Group as well as to non-Group companies. An agreement with İşbank has been concluded to provide customers with the facility to pay premiums with their credit cards.

Camış Menkul Değerler

Acting as the brokerage house of the Şişecam Group, Camış Menkul Değerler is involved in all capital market transactions, alongside additional services offered to Group companies with regard to capital increases and dividend payments.

Upon full implementation of IT-based projects, Camış Menkul Değerler began offering on-line investment services in early 2002, allowing investors to carry out interactive securities trading and perform transactions on their personal computers via the virtual branch office. Through the IVR system, planned to become operational in the near future, transactions can be achieved via telephone. In the next few years, it will be possible to place orders via cellular phones using the WAP network. Brokerage services will also be rendered through a Call Center that is soon to be established.

As a further step, investors will be able to place and receive information about their orders by accessing the Istanbul Stock Exchange through Camış Menkul Değerler using such devices as PCs, palm computers, cellular phones and digital TV.

focal points



Human Resources

Aware that qualified and highly motivated human resources are an essential part of the profitable and consistent growth needed by an organization, Şişecam created and maintains a dynamic working environment. This is accomplished by a series of HR processes starting from the recruitment of the right person for the job through continuous planned training and career development, which promotes performance and dynamic working conditions as it provides opportunities for ongoing self-improvement.

With a competency-based human resources policy, Şişecam offers its

personnel every opportunity to improve their professional skills and performance levels. In 2001, the Group reviewed the Performance Evaluation System and began studies with regard to Career Planning and Development.

Under the present circumstances, where change itself is the sole unchangeable rule, in 2001, Şişecam continued intensive and planned efforts to improve the quality of working life and personal performance levels. To this end, it organized 272 courses and seminars on 88 different topics. A total of 4,645 Şişecam personnel participated in these programs, representing

46,644 man-hours of training. Together with computer courses and on-the-job-training programs at the production facilities, total training activities have reached 114,065 man-hours for 17,371 employees.

To introduce a further dimension to training activities, during 2002, the "Seven Habits of Effective People Program" utilized and highly appreciated in every country where it has been implemented, will be provided for managers and staff by Şişecam training experts under the Franklin Covey CO/Idea license.

A further training activity development will be realized at the

focal points

conclusion of a pilot study performed to test the acceptance and feasibility of the e-learning concept at Şişecam, in compliance with the transformation to e-business presently being experienced in every aspect of daily life.

Şişecam trainers will strive to maintain their role as a Model of Excellence within the National Quality Awards in the category of small to medium-scale companies. Such initiatives provide experience with internal counseling activities toward applying the principles of the Model of Excellence as it contributes to TÜSIAD-KALDER's assessments on a national scale with expert opinion.

Fully aware that steadily improving and refreshing human resources is a must to enhance an organization's competitive edge, Şişecam endeavors to attain the ideal and to become a learning organization, using training as a means to achieve this objective.

Industrial Relations

Industrial relations have always been dealt with as an important and sensitive issue at Şişecam, executed and carried out in team spirit and with the utmost care. The Group's main objective is always to settle issues amicably with the unions, by taking the realities of the circumstances into account, using openness, continuous flow of information, mutual trust and open dialogue. Especially during the economic crisis of 2001 when, in order to maintain the competitive edge of its operations, Şişecam made a total effort on behalf of the unions to surmount the effects of the crisis through balanced sacrifices by both of the involved parties.

Despite these efforts, the 18th collective bargaining negotiations with Kristal-İş Union ended with a

16-day strike and causing significant losses until it was postponed by a government decree. Subsequently, agreements were concluded successfully by Group companies in line with the current economic climate. Additionally in 2001, a collective bargaining agreement was constructively finalized for Camiğ Ambalaj as well.

In Turkey, Şişecam provides some of the best working conditions for its employees. Focusing on employee health and employee safety pioneered by Şişecam, contemporary working environments have been created. The Group strives to enhance and strengthen its competitiveness through improvements in labor productivity, a main ingredient for its excellence with regard to industrial relations.

Research and Development

Beginning with restructuring in 1995, activities of the Research and Development Department are performed within the various units and independent R&D centers established within the businesses. Şişecam allocates close to 1% of its sales revenue to R&D activities. Centralized R&D function is focused primarily on engineering, technical support, problem solving and technological improvements. Activities directed toward creating added value by incorporating new features to existing products, development of new products and brand new business opportunities are also carried out by the centralized R&D Department.

Surface-coating technologies, the most important technique for the introduction of new flat glass products, continues to create value through products and technology developed at Şişecam. The most outstanding achievement in 2001 was the application of on-line coating



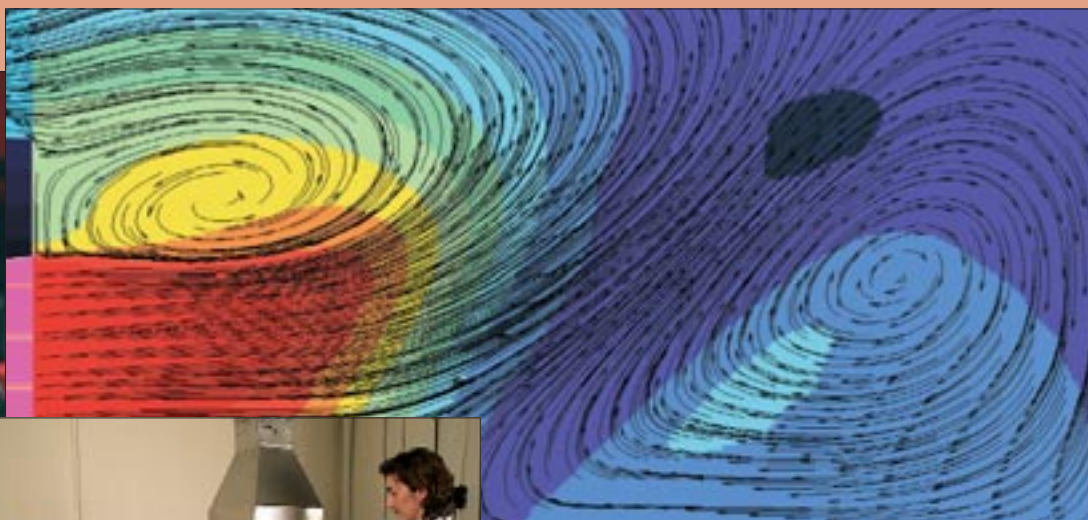
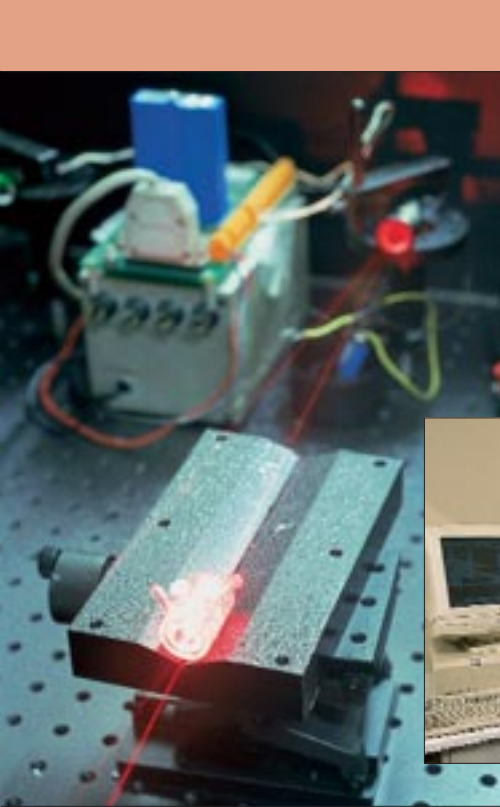
Training activities are carefully planned and implemented with the aim of improving the quality and skills of the workforce.

technology for commercial production. Pyrolytic-coated products, an outcome of a long-term R&D effort, increased product diversity and gave the Group companies an outstanding competitive edge. In October 2001, pyrolytic solar-control coatings were produced using the unique Şişecam technology. It is anticipated that this technology will be employed for the production of a variety of new generation products.

Within the context of studies in the TEMPSOL project, a by-product of Thermal Process Resistant Automotive Glass and Mirror Project, three different products were developed and produced for applications in automobiles, busses and architecture.

Work to create higher strength glass containers and colored coatings are continuing. Ormosil coatings containing colored and non-colored silane have proven to result in impressive cost reductions while at the same time providing additional product diversification. Pilot studies slated to start in 2002 will use similar technology for screen printing.

Studies of sand and dolomite quarries to obtain alternative raw materials, in an effort to decrease the cost of production and improve glass quality have been stepped up. Rapid and effective solutions to remedy production problems have been developed.



Atomic absorption spectrophotometer and laser measurement methods used in the improvement of glass properties.

An example of mathematical modeling studies, carried out towards the constant improvement of furnace technologies.

The establishment of the Turkish Institute of Accreditation required the restructuring of accreditation activities with regard to services provided. Studies to obtain ISO 9000 accreditation for engineering works and TS-EN 17025 accreditation for the laboratories are ongoing. Şişecam strives to establish environmental management systems, the ISO 14000, one of the emerging credibility criteria used by international creditor institutions, under guidance of the R&D unit.

Şişecam maintains contact with global glass science and technology sources through its R&D unit. The R&D Department at Şişecam compiles information on the latest glass technologies, new products and their alternatives and continues to create opportunities to disseminate this knowledge in the whole of Şişecam. In line with global trends, the R&D Department carries out joint studies with universities and research institutions through project partnerships and consultations.

Among the more successful R&D results in 2001, are pyrolytic coatings used for commercial products, thermal process resistant automotive glass and mirror developed using an off-line coating process and new solar collector glass with total transmission of up to 92%. A new

photovoltaic concept based on dye-sensitized solar cells is the subject of a research effort to be commercialized in the longer term.

Numerical modeling studies with regard to glass furnaces are directly applicable in furnace designs. Various design alternatives are tested and an accurate choice of technology can be achieved with confidence. Studies to employ this technique in the forming and heat-treatment process of flat glass, glassware and glass containers began in the year 2001.

Information Technology and Communications

The year 2001 was a period of restructuring for Şişecam's computer and communications infrastructure. System management tools, including efficient use of resources, software distribution, software-hardware inventory, remote access to computers, capacity planning, performance management, early-warning and record keeping have become operational during the year. Benefiting from the relocation of the management and marketing units to İş Towers, computer and communication systems were interconnected; e-mail, telephone, voice recording, facsimile and SMS integration were achieved; computer network infrastructure was

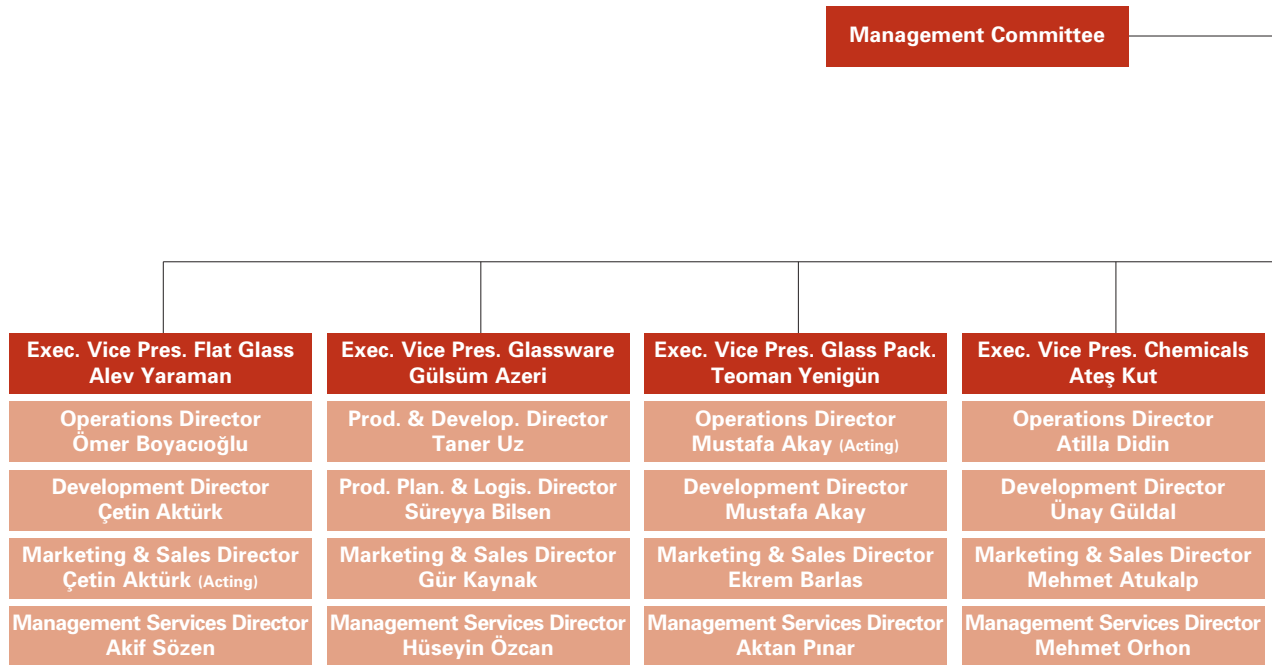
simplified and a centralized management style was adopted.

New telecommunication systems were installed to provide increased productivity for office activities and projects on joint planning, document management, archiving and conducting business in a computer-enhanced environment have been implemented. Following the improvements in the computer and communications infrastructure, numerous new projects were developed in collaboration with governmental institutions, dealers, customers and suppliers in order to conduct business in a computerized environment, in addition to several new implementations within the Group.

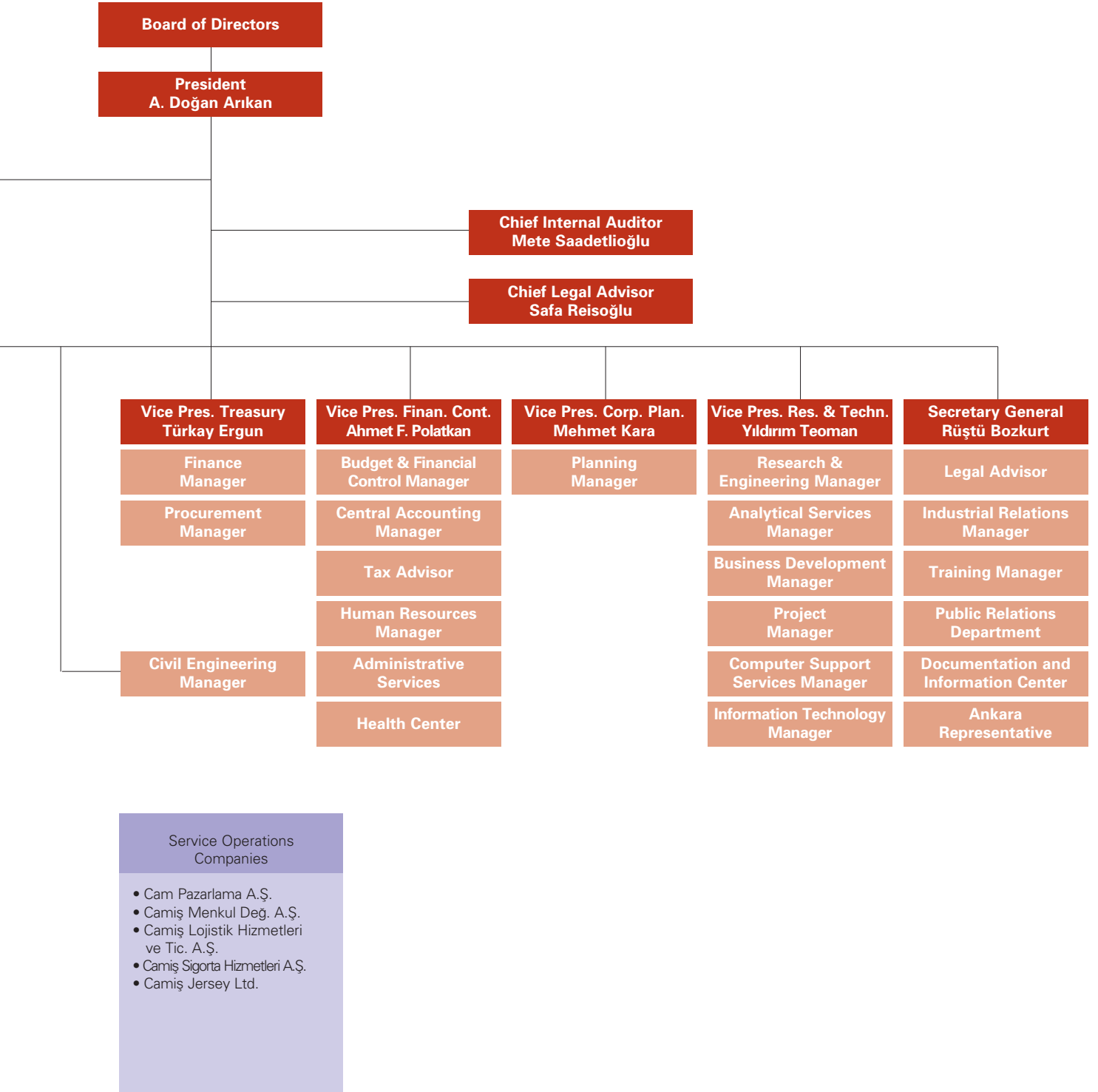
Technological developments and trends in the world of computers and communications are followed closely; new systems are installed as required by the Group's activities and training of the personnel on these new systems has been given the utmost priority. New practices and tools have been introduced in the management of user interface with regard to information security. With a computerized Call Center System, uninterrupted services are provided in a secure environment along with the provision of repair, maintenance and user support.

Close relationships have been established with a number of IT-related groups and various projects have been supported, primarily the ones dealing with legal rights on the Internet.

organization chart



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. Camtaş Düzcam Pazarlama 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 San. A.Ş. JSC "Mina" 000 Ruscam 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. Madencilik San. ve Tic. 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 2001 and 2000
Prepared in Accordance with
International Accounting Standards (IAS)

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Balance Sheets as of 31 December 2001 and 2000
Prepared in Accordance with IAS

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2001.)

	31 December 2001	31 December 2000
CURRENT ASSETS		
Cash and banks	396,931	78,994
Marketable securities	96,137	6,123,582
Trade receivables (net)	70	-
Due from related parties	3,627,761	9,722,265
Inventories	515,599	111,679
Other receivables and current assets	2,232,843	2,125,685
Total Current Assets	6,869,341	18,162,205
LONG-TERM ASSETS		
Long-term trade receivables	1,145	1,141
Equity participations	666,342,510	568,690,066
Property, plant and equipment (net)	16,629,467	17,834,808
Intangible fixed assets (net)	3,254,062	803,825
Other long-term assets	-	-
Deferred tax asset	23,015,322	1,423,012
Total Long-Term Assets	709,242,506	588,752,852
TOTAL ASSETS	716,111,847	606,915,057
CURRENT LIABILITIES		
Short-term borrowings	114,142,534	63,335,467
Trade payables (net)	2,352,834	2,077,890
Due to related parties	27,344,029	29,604,855
Other payables and current liabilities	616,440	2,066,240
Deferred tax liability	36,894	-
Total Current Liabilities	144,492,731	97,084,452
LONG-TERM LIABILITIES		
Long-term borrowings	484,534	341,245
Other long-term liabilities	-	-
Retirement pay provision	2,605,246	3,373,901
Deferred tax liability	-	3,689,516
Total Long-Term Liabilities	3,089,780	7,404,662
SHAREHOLDERS' EQUITY		
Capital	189,285,559	189,285,559
Premium in excess of par	1,418,004	1,418,004
Legal reserves	20,159,232	19,819,140
Revaluation reserve	3,172,732	-
Retained earnings	288,390,416	270,879,752
Net income for the year	66,103,393	21,023,488
Total Shareholders' Equity	568,529,336	502,425,943
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	716,111,847	606,915,057

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Statements of Income for the Years Ended 31 December 2001 and 2000
Prepared in Accordance with IAS

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2001.)

	2001	2000
Net sales	23,703,269	18,730,031
Cost of sales	(11,991,984)	(10,751,355)
Gross profit	11,711,285	7,978,676
Operating expenses	(9,777,256)	(11,151,096)
Operating profit	1,934,029	(3,172,420)
Finance (expenses) / income	(88,235,708)	1,038,140
Other (expenses) / income (net)	242,014	2,133,320
Income from investment in associate	20,154,229	18,795,262
Income before taxation and monetary gain / (loss)	(65,905,436)	18,794,302
Taxation	24,180,407	(145,004)
Income after taxation and before monetary gain / (loss)	(41,725,029)	18,649,298
Monetary gain / (loss)	107,828,422	2,374,190
Net income	66,103,393	21,023,488

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

**Consolidated Financial Statements
for the Years Ended
31 December 2001 and 2000
Prepared in Accordance with
International Accounting Standards (IAS)**

DRT Denetim Revizyon Tasdik
Yeminli Mali Müşavirlik A.Ş.
Büyükdere Caddesi
Yapı Kredi Plaza,
B Blok Kat: 5, 80620
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 2001 and 2000, 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 2001. 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. 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. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of 31 December 2001 and 2000, and the results of its operations and its cash flows for the years then ended, in accordance with International Accounting Standards.

DRT Yeminli Mali Müşavirlik A.Ş.

DRT DENETİM REVİZYON TASDİK
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.
Member firm of **DELOITTE TOUCHE TOHMATSU**

İstanbul, 3 May 2002

**Deloitte
Touche
Tohmatsu**

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Consolidated Balance Sheets as of 31 December 2001 and 2000
Prepared in Accordance with IAS

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL and thousands of US\$ at 31 December 2001. (note 2))

	Note	31 December 2001		31 December 2000	
		TL	US\$	TL	US\$
CURRENT ASSETS					
Cash and banks	4	39,045,575	27,123	17,727,478	12,315
Marketable securities	5	17,277,580	12,002	52,624,677	36,556
Trade receivables (net)	6	212,530,822	147,635	244,346,986	169,736
Due from related parties	7	3,635,226	2,525	12,465,056	8,659
Inventories (net)	8	226,951,793	157,653	243,971,922	169,476
Other receivables and current assets (net)	9	36,475,392	25,338	34,458,980	23,937
Total Current Assets		535,916,388	372,276	605,595,099	420,679
LONG-TERM ASSETS					
Long-term trade receivables		138,314	96	274,693	191
Equity participations (net)	10	221,029,623	153,539	171,133,469	118,878
Property, plant and equipment (net)	12	1,778,356,208	1,235,341	1,879,615,456	1,305,681
Intangible fixed assets (net)	13	27,201,593	18,896	16,099,570	11,184
Other long-term assets	14	2,905,768	2,018	4,190,677	2,911
Total Long-Term Assets		2,029,631,506	1,409,890	2,071,313,865	1,438,845
TOTAL ASSETS		2,565,547,894	1,782,166	2,676,908,964	1,859,524

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 2001 and 2000
Prepared in Accordance with IAS

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL and thousands of US\$ at 31 December 2001. (note 2))

	Note	31 December 2001		31 December 2000	
		TL	US\$	TL	US\$
CURRENT LIABILITIES					
Short-term borrowings	15	206,272,288	143,288	287,917,651	200,003
Short-term trade payables	16	56,522,512	39,264	69,154,814	48,039
Due to related parties	7	2,663,310	1,850	1,223,741	850
Advances received		5,909,756	4,105	2,019,332	1,403
Other payables and current liabilities	17	24,716,126	17,169	58,490,947	40,631
Corporate tax payable	18	28,943,262	20,106	26,033,646	18,084
Total Current Liabilities		325,027,254	225,782	444,840,131	309,010
LONG-TERM LIABILITIES					
Long-term borrowings	15	127,049,185	88,255	104,588,765	72,653
Long-term trade payables	16	5,962,374	4,142	8,738,457	6,070
Other long-term liabilities		30,435	21	31,655	22
Goodwill (net)	11	12,955,064	8,999	13,597,874	9,446
Retirement pay provision	19	68,251,995	47,411	85,347,167	59,286
Deferred tax liabilities	18	234,029,201	162,569	176,250,521	122,433
Total Long-Term Liabilities		448,278,254	311,397	388,554,439	269,910
MINORITY INTEREST					
Share capital and reserves		808,668,740	561,744	813,535,246	565,125
Net income / (loss) for the year		(17,849,522)	(12,399)	3,424,308	2,379
Total Minority Interest	20	790,819,218	549,345	816,959,554	567,504
COMMITMENTS & CONTINGENCIES	21	-		-	
SHAREHOLDERS' EQUITY					
Capital	23	188,925,501	131,238	188,925,501	131,238
Premium in excess of par		1,418,004	985	1,418,004	985
Revaluation reserve		154,868,335	107,580	160,801,596	111,701
Legal reserves	23	109,738,044	76,230	104,525,206	72,609
Retained earnings		565,379,258	392,742	569,000,249	395,258
Net income / (loss) for the year		(18,905,974)	(13,133)	1,884,284	1,309
Total Shareholders' Equity		1,001,423,168	695,642	1,026,554,840	713,100
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,565,547,894	1,782,166	2,676,908,964	1,859,524

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 2001 and 2000 Prepared in Accordance with IAS

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL and thousands of US\$ at 31 December 2001. (note 2))

			2001		2000
	Note	TL	US\$	TL	US\$
Net sales	24	1,377,614,014	956,964	1,268,656,065	881,276
Cost of sales	25	(873,128,336)	(606,521)	(919,138,265)	(638,482)
Gross profit		504,485,678	350,443	349,517,800	242,794
Operating expenses	26	(265,104,815)	(184,156)	(305,390,878)	(212,141)
Operating profit		239,380,863	166,287	44,126,922	30,653
Finance expenses (net)	27	(306,753,288)	(213,087)	(61,995,621)	(43,066)
Other expenses (net)	28	(58,310,430)	(40,506)	(25,657,669)	(17,823)
Income from equity participations (net)	29	1,933,887	1,343	17,452,896	12,124
Loss before taxation and monetary gain		(123,748,968)	(85,963)	(26,073,472)	(18,112)
Tax provision in accordance with Turkish Tax Legislation	18	(34,296,994)	(23,824)	(32,282,583)	(22,425)
Loss after current tax and before monetary gain		(158,045,962)	(109,787)	(58,356,055)	(40,537)
Monetary gain		261,849,976	181,895	96,554,999	67,072
Net income before minority interest and deferred tax provision		103,804,014	72,108	38,198,944	26,535
Deferred tax provision in accordance with IAS 12 (revised)	18	(140,559,510)	(97,640)	(32,890,352)	(22,847)
Net profit / (loss) before minority interest		(36,755,496)	(25,532)	5,308,592	3,688
Minority interest	20	17,849,522	12,399	(3,424,308)	(2,379)
Net profit / (loss)		(18,905,974)	(13,133)	1,884,284	1,309
Earnings / (loss) per share (TL)		(225)		23	

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 2001 and 2000

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2001. (note 2))

	Capital	Premium in Excess of Par	Revaluation Reserves	Legal Reserves	Retained Earnings	Total
Balance as of 31 December 1999	178,136,267	1,575,566	169,394,823	111,568,812	555,457,764	1,016,133,232
Cash increase in share capital	10,775,405	-	-	-	-	10,775,405
Profit on sale of shares issued	-	128,694	-	-	-	128,694
Changes in treasury stocks	13,829	-	-	-	-	13,829
Disposal of subsidiaries	-	(286,256)	(8,593,227)	(9,325,884)	18,205,367	-
Profit distribution:						
Legal reserves	-	-	-	2,282,278	(2,282,278)	-
Dividends paid	-	-	-	-	(2,380,604)	(2,380,604)
Net profit / (loss) for the year	-	-	-	-	1,884,284	1,884,284
Balance as of 31 December 2000	188,925,501	1,418,004	160,801,596	104,525,206	570,884,533	1,026,554,840
Initial implementation of IAS 39	-	-	-	-	(292,437)	(292,437)
Balance as of, 1 January 2001 restated	188,925,501	1,418,004	160,801,596	104,525,206	570,592,096	1,026,262,403
Fixed asset disposals	-	-	(5,933,261)	-	-	(5,933,261)
Profit distribution:						
Legal reserves	-	-	-	5,212,838	(5,212,838)	-
Net profit / (loss) for the year	-	-	-	-	(18,905,974)	(18,905,974)
Balance as of 31 December 2001	188,925,501	1,418,004	154,868,335	109,738,044	546,473,284	1,001,423,168

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 2001 and 2000

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2001. (note 2))

	Note	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the year		(18,905,974)	1,884,284
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities:			
Amortisation of goodwill	11	(642,810)	(501,151)
Depreciation of property, plant and equipment	12	143,079,795	146,660,882
Amortisation of intangible fixed assets	13	5,257,290	3,570,858
Changes in provision for retirement pay	19	(17,095,172)	19,704,999
Changes in allowances for doubtful receivables	6	(3,113,194)	5,027,727
Changes in other allowances and provisions		902,572	426,421
Current year effect of first time implementation of IAS 39		(292,437)	-
Accrued exchange losses and accrued interest on borrowings		88,811,806	-
Accrued taxation net of monetary gain / (loss)	18	92,075,674	18,351,844
Operating cash flow provided before changes in working capital		290,077,550	195,125,864
Changes in working capital	31	16,783,199	(18,222,084)
Cash generated from operations		306,860,749	176,903,780
Taxes paid	18	(31,387,378)	(18,121,367)
Net cash provided by operating activities		275,473,371	158,782,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in marketable securities (net)		35,347,101	(48,325,788)
(Acquisition) / disposal of equity participation		(49,896,153)	(89,245,601)
Acquisition negative goodwill	11	-	16,998,924
Purchases of property, plant and equipment	12	(75,821,257)	(50,121,266)
Purchases of intangible fixed assets	13	(16,359,313)	(1,516,612)
Changes in other investing activities	32	(1,356,018)	(2,272,787)
Net book value of fixed assets disposed	12	28,067,448	4,624,054
Net cash used in investing activities		(80,018,192)	(169,859,076)
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in borrowings (net)		(147,996,749)	(51,982,932)
Changes in minority interests (net)		(26,140,333)	60,282,693
Dividends paid		-	(2,380,604)
Increase in capital and premium in excess of par		-	10,917,928
Net cash provided by / (used in) financing activities		(174,137,082)	16,837,085
NET CHANGES IN CASH AND BANKS		21,318,097	5,760,422
CASH AND BANKS AT THE BEGINNING OF YEAR	4	17,727,478	11,967,056
CASH AND BANKS AT THE END OF YEAR	4	39,045,575	17,727,478

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 2001 and 2000

(Amounts expressed in millions of Turkish Lira (TL) in terms of the purchasing power of the TL at 31 December 2001.)

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 Company employing 12,400 people as of 31 December 2001 (2000: 12,955) was established 66 years ago in Turkey by Türkiye İş Bankası A.Ş., which is one of the largest private commercial banks in Turkey. The shares of the Company have been publicly traded on the Istanbul Stock Exchange for over 16 years but Türkiye İş Bankası A.Ş. has kept a controlling interest and currently owns 66.106% of its capital.

The companies included in the consolidation, their nature of business and the share of the Group in their capital for the years 2001 and 2000, were as follows:

Name	Nature of Business	2001 Effective %	2000 Effective %
T. Şişe ve Cam Fabrikaları A.Ş. *	Holding company		
Anadolu Cam Sanayii A.Ş. *	Glass packaging production and sales	45.11	45.11
Cam Ambalaj Pazarlama A.Ş.	Glass packaging sales	55.10	55.06
Cam Elyaf Sanayii A.Ş.	Glass fiber and polyester production and sales	34.93	34.89
Cam Pazarlama A.Ş.	Export company of the group	92.29	92.29
Camiş Ambalaj Sanayii A.Ş.	Paper and cardboard packaging production and sales	89.11	89.11
Camiş Elektrik Üretimi Otoprodüktör Grb. A.Ş.	Electricity production	50.92	51.24
Camiş Jersey Ltd.	Foreign purchasing services	87.20	87.17
Camiş Madencilik A.Ş.	Glass raw materials production and sales	14.11	14.25
Camiş Makina ve Kalıp Sanayii A.Ş.	Glass moulds and machinery production and sales	58.69	70.82
Camiş Menkul Değerler A.Ş.	Securities trading	74.64	74.64
Camiş Sigorta Hizmetleri A.Ş.	Insurance agency services	82.51	82.51
Camsar Sanayi Ara Malları Pazarlama A.Ş.	Chemicals sales	99.38	99.38
Camtaş Düzcam Pazarlama A.Ş.	Flat glass sales	87.42	87.43
Çayırova Cam Sanayii A.Ş.	Patterned and coated glass production	47.18	47.18
Denizli Cam Sanayii ve Tic. A.Ş. *	Handmade and crystal glassware production	35.21	35.21
Ferro Döküm Sanayii ve Tic. A.Ş.	Nodular and gray iron castings production	79.75	79.77
Madencilik Sanayii ve Tic. A.Ş.	Glass raw materials production and sales	92.53	92.54
Joint Stock Company "Mina"	Glass packaging production	61.44	61.44
Mitracam Plastik San. ve Tic. A.Ş. **	Glass reinforced plastics production	-	45.01
Oxyvit Kimya Sanayii ve Tic. A.Ş.	Vitamin K3 -a feed additive- production and sales	27.85	27.85
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Glassware production and sales	65.04	64.96
Paşabahçe Mağazaları A.Ş.	Retail chain for glassware	60.01	69.68
Paşabahçe Eskişehir Cam Sanayii ve Tic. A.Ş.	Automatic glassware production	93.07	87.78
Şişecam Bulgaria Ltd.	Soda ash sales	51.20	51.20
Soda Sanayii A.Ş. *	Soda ash, sodium and chromium chemicals production	51.20	51.20
Camiş Lojistik Hizmetleri ve Tic. A.Ş. *	Logistics services	27.96	42.55
Cam Ürünleri İşleme Sanayii ve Tic. A.Ş.	Processing of glass products	86.11	28.01
Trakya Cam Sanayii A.Ş. *	Float, mirrors and automotive glass production	49.28	49.28
Omco İstanbul Kalıp San. ve Tic. A.Ş.	Glass moulds production and sales	22.56	-

* indicates companies with shares publicly traded on the Istanbul Stock Exchange (ISE).

** Mitracam Plastik San. ve Tic. A.Ş. has merged into Cam Elyaf Sanayii A.Ş. that had a shareholding of 70% of its capital as of 30 June 2001.

Significant Events During the Period

Economic and Financial Crisis

Since February 2001, Turkey has experienced a contraction in economic activities and volatility in foreign currency rates, capital and money markets. A new program including various regulations which was introduced in May 2001 in order to strengthen the economic and legal infrastructure as in developed markets is ongoing. Although the effects of volatility in economic indicators and markets are continuing, the accompanying financial statements reflect the effects, so far as they are known and can be estimated, of the economic and financial crisis.

The operating profit of the Group increased substantially in comparison to the previous year's results. This was primarily due to the increase in export sales caused by the continuous emphasis given to export by the Group's management in the previous years and the weakening of the Turkish Lira against hard currencies as a result of the economic crisis in February 2001. Gross margin increased from 27.6% to 36.6% since majority of the components of cost of sales were supplied from the domestic market, therefore were denominated in Turkish Lira. Operating expenses also decreased 13.2% due to cost cutting policies employed after the February 2001 economic crisis. On the other hand, hard currency denominated borrowings had an adverse effect on the operating results of the Group, due to the devaluation of Turkish Lira against hard currencies. Deferred tax provisions, which were accounted for to comply with IAS 12 Income Taxes (revised) also had an adverse effect on the operating results. Deferred tax provision of TL 24,249,819 million was accounted for on restatement of property, plant and equipment in the accompanying financial statements to comply with IAS 12 (revised), which will not crystallise in the following years. The total deferred tax liabilities provided for restatement difference of property, plant and equipment in accordance with the provisions of IAS 29 amounted to TL 337,497,859 million as at the consolidated balance sheet date and such liabilities will not be settled during the course of the business, but provided for to comply with IAS only.

2. Basis of the financial statements

Basis of presentation of financial statements

The accompanying financial statements have been prepared in accordance with International Accounting Standards ("IAS") The Company and its 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 (the "TCC") and tax legislation (collectively, "Turkish Practices"). The accompanying financial statements (the "IAS 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 International Accounting Standards ("IAS") issued by the International Accounting Standards Board.

Inflation accounting

In the accompanying consolidated financial statements, restatement adjustments have been made 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 307% for the three years ended 31 December 2001 based on the wholesale price index announced by the Turkish State Institute of Statistics.

The restatement was calculated by means of conversion factors derived from the Turkish countrywide wholesale price index 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 financial statements as of the end of each year to 31 December 2001 are given below:

	Index	Conversion Factor
31 December 1998	1,215.1	4.0751
31 December 1999	1,979.5	2.5015
31 December 2000	2,626.0	1.8856
31 December 2001	4,951.7	1.0000

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

Year	2001	2000	1999	1998	1997
Currency deflation US\$ - (%)	114.3	24.4	72.7	52.7	90.5
WPI inflation - (%)	88.6	32.7	62.9	54.3	90.9

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.

US Dollar translation

US Dollar (US\$) amounts shown in the accompanying financial statements have been included solely for the convenience of the reader and are translated from Turkish Lira ("TL") as a matter of arithmetic computation only, at the buying rates of TL exchange rate ("Official Exchange Rate") of Central Bank ruling at the balance sheet date namely of the TL 1,439,567 = US\$ 1.00. Such translation should not be construed as a representation that the TL amounts have been or could be converted into US\$ at this or any other rate.

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 20).

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. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

Other equity participations in which the Group has less than 20% ownership or interest in voting rights are accounted for at indexed cost, less provisions where necessary for decline in value.

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 income statement 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.

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. Marketable securities

Marketable securities represent Turkish government bonds and treasury bills which are acquired under reverse repurchase agreements with predetermined sales prices and fixed maturities. The Group designates its marketable securities as held-to-maturity in accordance with IAS 39 and accordingly values at amortized cost using the effective interest rate method. The interest amount accrued to date, but not yet received at the balance sheet date, is included in marketable securities.

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. Investments in equity participations

Equity investments are carried at indexed cost restated as at balance sheet date, unless there is evidence of permanent diminution of value.

Şişecam Glass Marketing Ltd., Şişecam China Ltd. (International Glass Ltd.- Hong Kong), Paşabahçe Glas GmbH, and Camiş Egypt Mining Ltd. Co. were established outside of Turkey for production, marketing and sales activities. Topkapı Yatırım Holding A.Ş. and Anadolu Cam Investment B.V. are newly established holding companies. Anadolu Cam Investment B.V. is established for the sole purpose of financing the investment in Ruscam Ltd. which is established in Russia in 2001 to manufacture glass packaging. 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 financial statements.

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

f. Property, plant and equipment

Property, plant and equipment are carried at indexed historical cost (except where revalued - see below). 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 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.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

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.

g. 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 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.

h. 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.

i. 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).

Provision is made in the financial statements for the Group's estimated liability to Turkish corporation tax on its results for the year. The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed.

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.

j. 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.

k. Foreign currency transactions

In the statutory accounts of the Group, 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.

In order to hedge its exposure to foreign exchange risks, the Group enters into forward contracts. Unrealised gains and losses arising on currency forward contracts designated as hedges of identified exposures are deferred and matched against gains and losses arising on the specified transactions.

l. 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 2001.

m. Cash and banks

Cash and banks include cash on hand and demand deposits 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.

n. 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.

o. 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 and other derivative instruments such as forward transactions, 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.

Marketable Securities: 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 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. The Group does not have any hedging transactions to limit currency and interest rate risks, except certain foreign exchange forward transactions as disclosed in Note 22.

Liquidity risk

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

The Group obtains funds from its bankers and its major shareholder, Türkiye İş Bankası A.Ş. if short of liquidity.

p. 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 is amortised on a straight line method with an economic life of 20 years. Amortisation expense and income arising from these operations were recorded in the related periods and included in Other expenses (net). 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.

q. Initial implementation of IAS 39

IAS 39 became applicable for the first-time to the financial statements prepared for periods beginning on or after 1 January 2001. In accordance with the transition provisions of the standard, previous year comparative figures have not been restated to comply with the new standard, except that certain reclassifications have been made to conform to the current year presentation. The cumulative effect as at 1 January 2001 of applying the new valuation policies in IAS 39 has been presented as an adjustment to the opening retained earnings.

r. 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.

s. Use of estimates

The preparation of financial statements in conformity with International Accounting Standards 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.

t. 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.

u. Segmental information

For management purposes, the Group is currently organized into five operating businesses: Flat glass, glassware, glass packaging and chemicals are the main operating divisions. Import, export, logistics, insurance and investment brokerage are the other service businesses of the Group. These divisions are the basis of on which the Group reports its primary segment information (see note 30).

v. Earnings per share

As required by IAS 33, the calculation of basic earnings per share for 2001 and 2000 has been retrospectively adjusted for the impact of bonus shares issued in 2001 and 2000. During 2001 and 2000, 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 2001 and 2000 and the basic earnings per share calculation is as follows (assuming that the cash increases did not involve a bonus element):

	2001	2000
The total number of shares outstanding at 1 January	84,106,000,000	79,000,000,000
Bonus shares issued by transfer of the revaluation fund		
During 2000	-	-
During 2001	-	-
New shares issued (cash increase)	-	5,106,000,000
The total number of shares outstanding at year end	84,106,000,000	84,106,000,000
Weighted average number of shares outstanding during the year (in full)	84,106,000,000	81,553,000,000
Net (loss) / profit (million TL)	(18,905,974)	1,884,284
Basic (loss) / earnings per share (TL)	(225)	23

4. Cash and banks

	31 December 2001	31 December 2000
Cash on hand	80,863	203,663
Demand deposits	14,176,824	5,314,737
Time deposits	24,444,991	9,451,934
Payment orders given	(187,075)	(157,493)
Other liquid assets	529,972	2,914,637
	39,045,575	17,727,478

Time Deposits:

Currency	Interest rate	Maturity	31 December 2001 TL
TL	57%	3 January 2002	6,803
EUR	2.80%	9 January 2002	5,998,884
US\$	1.50%	3 January 2002	18,430,776
US\$	6.25%	1 July 2002	8,528
			24,444,991

5. Marketable securities

	31 December 2001	31 December 2000
Equity shares	20,972	24,163
Investment funds	1,887,567	8,620,425
Government bonds and treasury bills	1,574,291	31,951,582
Repurchase agreements	13,692,874	12,904,636
Other marketable securities	101,876	1,478,369
Diminution in value of marketable securities	-	(2,354,498)
	17,277,580	52,624,677

Investment funds are valued at their market value at balance sheet date. The management believes that the fair value of marketable securities approximates their carrying value.

	Interest rate	Maturity	31 December 2001
Repurchase agreement	51 %- 86%	2 January 2002	13,640,301
Repurchase agreement	37%	3 February 2002	52,573
			13,692,874

	Nominal value	Maturity	31 December 2001
Government bonds	2,201	9 January 2002	2,175
Government bonds	1,430	23 January 2002	1,381
Government bonds	42,654	13 February 2002	40,178
Government bonds	2,844	06 March 2002	2,596
Government bonds	29,608	20 March 2002	26,454
Government bonds	43,702	3 April 2002	38,243
Government bonds	100	17 April 2002	86
Government bonds	4,456	8 May 2002	3,697
Government bonds	6,843	10 July 2002	5,184
Government bonds	1,000,000	15 July 2010	1,430,087
Treasury bills	25,849	20 February 2002	23,913
Treasury bills	385	26 July 2002	297
			1,574,291

6. Trade receivables (net)

	31 December 2001	31 December 2000
Trade receivables	197,162,337	214,904,174
Discount on trade receivables (-)	(3,583,576)	- (*)
Notes receivables	18,126,748	30,011,865
Discount on notes receivables (-)	(574,371)	(1,311,382)
Deposits and guarantees given	230,999	748,135
Other trade receivables	533,924	707,330
Doubtful trade receivables	8,768,856	10,534,153
Allowance for doubtful receivables (-)	(8,134,095)	(11,247,289)
Total	212,530,822	244,346,986

(*) The discount on trade receivables arising from the first time application of IAS 39 as of 1 January 2001 is 6,385,157 million TL.

The average credit period taken on sale of goods is 61 days. 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 2001 and 2000 are as follows:

	2001	2000
Beginning balance	11,247,289	6,219,560
Charge for the year	2,169,453	6,558,936
Monetary loss	(5,282,647)	(1,531,207)
Ending balance	8,134,095	11,247,289

Notes receivables are discounted at 70% and their maturity composition is as follows:

	31 December 2001	31 December 2000
Overdue	83,354	-
Within 30 days	9,229,294	19,384,834
Within 31-60 days	6,881,363	7,865,134
Within 61-90 days	1,733,106	2,353,289
Within 91-120 days	148,271	338,558
121 days and thereafter	51,360	70,050
	18,126,748	30,011,865

The Group holds the following collaterals for the trade receivables:

Letters of guarantee	45,664,675	70,251,160
Accommodation notes and bills	5,037,860	1,889,847
Mortgages	10,335,981	16,595,581
Others	752,165	2,712,357
	61,790,681	91,448,945

7. Transactions with related parties

	31 December 2001	31 December 2000
Due from related parties		
Paşabahçe Glas GmbH	388,304	638,185
Anadolu Cam Investment B.V.	34,705	-
İş Bankası Frankfurt Branch	26,065	-
Mepa Merkezi Paz. A.Ş.	26,193	-
Asmaş Ağır Sanayii A.Ş.	408,477	-
İş Factoring Finansman Hizmetleri A.Ş.	-	9,808,959
Şişecam Glass Marketing Ltd.	2,750,982	2,017,912
Others	500	-
	3,635,226	12,465,056

Due to related parties

Mepa Merkezi Pazarlama A.Ş.	-	17,542
İş Genel Finansal Kiralama A.Ş.	12,025	8,174
İstanbul Porselen Sanayii A.Ş.	904,719	1,158,366
İş Merkezleri Yönetim ve İşletim A.Ş.	157,491	-
BMT NV	5,902	-
Anadolu Anonim Türk Sigorta A.Ş.	1,460,504	-
Public shareholders	119,072	39,659
Others	3,597	-
	2,663,310	1,223,741

8. Inventories

	31 December 2001	31 December 2000
Raw materials	57,100,926	62,717,376
Work in process	13,257,222	9,054,029
Finished goods	142,963,684	157,299,447
Trade goods	9,270,322	10,408,579
Order advances given	5,040,139	4,048,958
Other inventories	655,938	877,399
Allowance for diminution in value	(1,336,438)	(433,866)
	226,951,793	243,971,922

Movements in the allowance for diminution in value during 2001 and 2000 are as follows:

	2001	2000
Beginning balance	433,866	7,445
Charge for the year	1,106,349	428,254
Monetary (gain) / loss	(203,777)	(1,833)
Ending balance	1,336,438	433,866

9. Other receivables and current assets (net)

	31 December 2001	31 December 2000
Due from personnel	414,600	665,551
Other receivables	6,146,658	8,453,148
Provision for doubtful receivables (-)	(247,831)	(473,591)
Prepaid expenses	17,534,876	7,763,796
Income accruals	18,015	1,527,438
VAT carried forward	1,832,311	6,371,989
VAT deductible	15,853	19,279
Other VAT	9,918,578	5,117,041
Prepaid taxes and dues	122,105	1,690,990
Business advances given	73,036	1,568,812
Advances given to personnel	207,101	40,490
Sundry receivables	440,090	1,714,037
	36,475,392	34,458,980

10. Equity participations (net)

The Group's shares in its equity participations and unconsolidated subsidiaries as of 31 December 2001 and 2000 are as follows:

Company	Share %	31 December 2001	Share %	31 December 2000
Şişecam China Ltd. (International Glass Ltd.)	100.00	38,758	100.00	38,758
Mepa Merkezi Pazarlama A.Ş.	99.24	107,782	99.24	107,782
İstanbul Porselen Sanayii A.Ş.	99.87	5,577,647	99.87	5,577,647
Solvay Şişecam Holding AG	19.14	40,414,222	19.14	37,530,430
Paşabahçe Glas GmbH	100.00	40,479	100.00	40,479
Camiş Egypt Mining Ltd. Co.	99.70	958,392	99.70	958,392
Anadolu Cam Investment B.V.	51.85	1,971,687	-	-
Şişecam Glass Marketing Ltd.	100.00	83,757	-	-
		49,192,724		44,253,488
Less: Allowance for diminution in value		(5,685,425)		(5,685,425)
		43,507,299		38,568,063

Subsidiaries of T. İş Bankası A.Ş.

Anadolu Hayat Sigorta A.Ş.	1.00	542,365	1.00	461,690
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	<1	33,193	<1	23,778
İş Genel Finansal Kiralama A.Ş.	2.65	611,265	2.65	333,231
İş Koray Tur. Or. Mad. İnş. Taah. ve Tic. A.Ş.	<1	3,226	<1	3,226
İş Merkezleri Yönetim ve İşletim A.Ş.	1.33	13,356	1.33	13,356
İş Yatırım Menkul Değerler A.Ş.	2.00	1,001,509	2.00	733,095
Destek Reasürans T.A.Ş.	<1	52,176	<1	49,913
Kule Temizlik Güv. İnş. Tur. ve İşl. A.Ş.	<1	14,270	<1	13,450
Yatırım Finansman Yatırım Ortaklığı A.Ş.	8.00	119,440	8.00	119,440
Efes Holding A.Ş.	<1	59,081	<1	59,081
Camiş Yatırım Holding A.Ş.	<1	8,446	<1	8,446
İMKB Takas ve Saklama Bankası A.Ş.	<1	433,324	<1	214,113
Anadolu Turizm İnşaat ve Ticaret A.Ş.	<1	1,512	<1	502
İş Doğan Petrol Yatırımları A.Ş.	5.00	32,902,538	5.00	32,902,538
İş-Tim Telekomünikasyon Hizm. A.Ş.	5.00	51,982,508	5.00	34,923,778
Topkapı Yatırım Holding A.Ş.	80.00	8,446	80.00	8,446
Trakya Yatırım Holding A.Ş.	34.65	86,415,691	34.65	59,372,692
İş Factoring Finansman Hizmetleri A.Ş.	7.83	3,809,744	25.33	2,551,802
Less: Equity method adjustment		(1,430,996)		(174,754)
		176,581,094		131,617,823
Other Participations		941,230		947,583
		221,029,623		171,133,469

11. Goodwill (net)

	2001	2000
<u>Goodwill at the beginning of the year</u>		
Goodwill at cost	4,142,717	4,142,717
Accumulated amortisation of goodwill (-)	(1,449,956)	(1,242,818)
Goodwill (net)	2,692,761	2,899,899
Negative goodwill at cost (-)	(16,998,924)	-
Accumulated amortisation of negative goodwill	708,289	-
Negative goodwill (net) (-)	(16,290,635)	-
<u>Goodwill (net) per balance sheet on 1 January</u>	<u>(13,597,874)</u>	<u>2,899,899</u>
<u>Goodwill recognised during the year</u>		
Goodwill on acquisitions	-	-
Negative goodwill on acquisitions (-)	-	(16,998,924)
	-	(16,998,924)
<u>Goodwill disposed during the year</u>		
Goodwill disposed (-)	-	-
Negative goodwill disposed	-	-
Accumulated amortisation of goodwill	-	-
Accumulated amortisation of negative goodwill	-	-
	-	-
<u>Goodwill amortised during the year</u>		
Amortisation of goodwill (-)	(207,136)	(207,138)
Amortisation of negative goodwill	849,946	708,289
	642,810	501,151
<u>Goodwill at the end of the year</u>		
Goodwill at cost	4,142,717	4,142,717
Accumulated amortisation of goodwill (-)	(1,657,092)	(1,449,956)
Goodwill (net)	2,485,625	2,692,761
Negative goodwill at cost (-)	(16,998,924)	(16,998,924)
Accumulated amortisation of goodwill	1,558,235	708,289
Negative goodwill (net) (-)	(15,440,689)	(16,290,635)
<u>Goodwill (net) per balance sheet on 31 December</u>	<u>(12,955,064)</u>	<u>(13,597,874)</u>

12. Property, plant and equipment (net)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Fixed Assets	Total
<u>Acquisition cost</u>								
Opening balance, 1 January 2001	263,873,838	126,659,930	524,875,906	2,941,612,521	18,991,122	141,672,944	5,105,193	4,022,791,454
Additions	3,311,699	1,847,373	494,847	33,423,130	1,581,071	2,908,232	607,807	44,174,159
Disposals	-	(37)	(25,691,130)	(18,116,488)	(1,131,258)	(5,037,563)	(555)	(49,977,031)
Transfers from CIP	175,532	804,916	2,212,203	39,934,275	815,042	5,155,292	-	49,097,260
Impairment	-	-	-	(2,095,271)	-	-	-	(2,095,271)
<u>Closing balance, 31 December 2001</u>	<u>267,361,069</u>	<u>129,312,182</u>	<u>501,891,826</u>	<u>2,994,758,167</u>	<u>20,255,977</u>	<u>144,698,905</u>	<u>5,712,445</u>	<u>4,063,990,571</u>
<u>Accumulated depreciation</u>								
Opening balance, 1 January 2001	-	(38,860,033)	(122,900,626)	(1,884,959,142)	(13,346,915)	(108,782,636)	(2,261,701)	(2,171,111,053)
Charge for the year	-	(2,745,587)	(11,596,517)	(119,882,565)	(1,897,183)	(6,353,975)	(603,968)	(143,079,795)
Disposals	-	16	3,855,709	8,007,630	487,735	3,624,956	275	15,976,321
Impairment	-	-	-	1,726,598	-	-	-	1,726,598
<u>Closing balance, 31 December 2001</u>	<u>-</u>	<u>(41,605,604)</u>	<u>(130,641,434)</u>	<u>(1,995,107,479)</u>	<u>(14,756,363)</u>	<u>(111,511,655)</u>	<u>(2,865,394)</u>	<u>(2,296,487,929)</u>
CIP and advances given 2000								27,935,055
<u>Net book value at</u>								
31 December 2000	263,873,838	87,799,897	401,975,280	1,056,653,379	5,644,207	32,890,308	2,843,492	1,879,615,456
CIP and advances given 2001								10,853,556
<u>Net book value at</u>								
31 December 2001	267,361,069	87,706,578	371,250,392	999,650,688	5,499,614	33,187,250	2,847,051	1,778,356,208

13. Intangible fixed assets (net)

	Rights	Establishment Costs	Research & Development Costs	Leasehold Improvements	Other Intangible Fixed Assets	Total
<u>Acquisition cost</u>						
Opening balance, 1 January 2001	19,607,277	5,050,225	419,171	19,101,179	1,972,218	46,150,070
Additions	716,335	-	-	15,281,849	913,897	16,912,081
Disposals	(176,345)	(26)	-	(2,136,684)	(364,803)	(2,677,858)
Closing balance, 31 December 2001	20,147,267	5,050,199	419,171	32,246,344	2,521,312	60,384,293
<u>Accumulated depreciation</u>						
Opening balance, 1 January 2001	(14,612,334)	(2,866,538)	(418,922)	(11,067,075)	(1,085,631)	(30,050,500)
Charge for the year	(1,341,421)	(367,987)	(249)	(3,349,123)	(198,510)	(5,257,290)
Disposals	83,421	-	-	1,710,578	331,091	2,125,090
Closing balance, 31 December 2001	(15,870,334)	(3,234,525)	(419,171)	(12,705,620)	(953,050)	(33,182,700)
<u>Net book value at</u>						
31 December 2001	4,276,933	1,815,674	-	19,540,724	1,568,262	27,201,593

14. Other long-term assets

	31 December 2001	31 December 2000
Due from personnel	13,500	25,456
Other receivables	6,196	28
Prepaid expenses	2,871,325	4,145,501
Income accruals	-	4,167
Sundry long-term assets	14,747	15,525
	2,905,768	4,190,677

15. Borrowings

	31 December 2001	31 December 2000
Short-term bank loans	156,432,715	210,508,065
Current portion of long-term loans	48,847,553	76,871,105
Other short-term borrowings	992,020	538,481
Total short-term borrowings	206,272,288	287,917,651
Long-term portion of long-term loans	127,049,185	104,247,520
Other long-term borrowings	-	341,245
Total long-term borrowings	127,049,185	104,588,765
Total borrowings	333,321,473	392,506,416

Analysis of loan repayments is as follows:

	31 December 2001	31 December 2000
Within one year	206,272,288	287,917,651
Between one to two years	16,240,834	432,963
Between two to three years	49,862,004	30,263,912
Between three to four years	10,076,969	73,550,645
Between four to five years	50,384,844	-
Five years and thereafter	484,534	341,245
	333,321,473	392,506,416

Short-term bank loans consist of the following:

Currency Type	Interest Rate %	Currency Amount	31 December 2001 TL	Interest Rate %	Currency Amount	31 December 2000 TL	
US\$	Libor + 2 - 8	76,519,954	109,954,158	Libor + 1 - 2	68,025,369	86,168,371	
DEM	Fibor + 4 - 7	6,040,231	3,909,166	Fibor + 4	11,293,933	6,735,285	
EUR	Eurobor + 2.75 - 8	21,241,499	26,887,276	Eurobor + 1 - 3.5	83,150,588	96,985,646	
TL	44 - 52	-	15,682,115	22 - 32	-	20,618,763	
			156,432,715				210,508,065

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

Currency Type	Interest Rate %	Currency Amount	31 December 2001 TL
US\$	7.06 - 11.19	28,217,146	40,570,134
DEM	Libor + 2	12,428,751	8,048,528
EUR	5.52	6,754	8,560
TL	15 - 55	-	220,331
			48,847,553

Other borrowings consist of the following:

Borrowing Type	Currency Type	Interest Rate %	Currency Amount	31 December 2001
Spot (*)	TL	-	-	992,020

(*) Spot loans consist of overdraft facilities honoured by the Group's bankers to meet daily cash requirements for social security premium disbursements.

Long-term bank loans consist of the following:

Currency Type	Maturity	Interest Rate %	Currency Amount	31 December 2001 TL
US\$	2006	7.97 - 8.17	5,869,325	8,449,286
US\$	2005	6.5 - 9.75	14,557,536	20,956,549
US\$	2004	6.5 - 9.75	28,651,969	41,246,429
US\$	2003	7.97 - 9.75	31,964,161	46,014,551
US\$	-	-	336,583	483,895
DEM	2003	Libor + 2	8,285,000	5,364,719
EUR	2003	5.5	3,390,000	4,293,241
TL	2004	15 - 35	-	215,548
TL	2003	55	-	24,967
				127,049,185

16. Trade payables

	31 December 2001	31 December 2000
Short term-trade payables	52,028,787	62,956,613
Discount on trade payables	(1,525,998)	- (*)
Notes payable	183,580	109,777
Discount on notes payable (-)	(2,553)	-
Short-term finance lease payables	4,706,714	3,488,322
Deposits and guarantees received	524,918	452,913
Other trade payables	607,064	2,147,189
Total short-term trade payables	56,522,512	69,154,814
Long-term finance lease payables	5,942,218	8,716,947
Long-term trade payables	20,156	21,510
Total long-term trade payables	5,962,374	8,738,457
Total trade payables	62,484,886	77,893,271

(*) The discount on trade payables arising from the first time application of IAS 39 as of 1 January 2001 is 5,229,365 million TL.

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	4,706,714	1,240,861	5,947,575
Due between one to two years	3,964,356	1,068,372	5,032,728
Due between two to three years	1,977,810	538,617	2,516,427
Due between three to four years	52	68	120
Due after four years	-	-	-
	10,648,932	2,847,918	13,496,850

The Group has given letters of guarantee amounting to TL 1,268,493 million to Türkiye Sınai Kalkınma Bankası A.Ş. with regard to the finance leases.

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

	31 December 2001	31 December 2000
Machinery, plant and equipment	11,942,231	11,442,713
Vehicles	682,303	-
	12,624,534	11,442,713

17. Other payables and current liabilities

	31 December 2001	31 December 2000
Due to personnel	3,020,354	4,725,970
Taxes and dues payable	9,034,182	12,965,855
Social security premiums payable	4,527,000	11,440,807
Deferred taxes and dues	28,942	72,592
Accrued costs	1,341,231	5,091,554
Other accruals and liabilities	1,895,790	17,344,860
Unearned income	12,961	284,444
Provisions	418,268	4,474,774
Other VAT	4,437,398	2,090,091
	24,716,126	58,490,947

18. Taxation on income

	31 December 2001	31 December 2000
<u>Current Tax Payable:</u>		
Current corporate and income tax	34,296,994	32,282,583
Less: Prepaid taxes and funds	(5,353,732)	(6,248,937)
	28,943,262	26,033,646
<u>Taxation:</u>		
Current corporate and income tax	34,296,994	32,282,583
Deferred tax charge	140,559,510	32,890,352
	174,856,504	65,172,935

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 for accounting periods starting on or after 1 January 1999. 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% from 1999 onwards, and, if profits are distributed there will be additional withholding taxes. The withholding rates including tax surcharges are as 5.5% for publicly traded and 16.5% for non-public companies.

Investment allowances are deductible from taxable income but subject to withholding tax at 19.8% (2000: 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 if 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 including tax surcharge is applied at the rate of 11% (2000:16.5%) 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 IAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IAS 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 for tax purposes. There are timing differences resulting from the restatement of inventories, property, plant and equipment (except land) and intangible fixed 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 2001	31 December 2000
<u>Temporary differences subject to deferred tax:</u>		
Restatement of fixed assets	1,022,720,790	949,236,493
Retirement pay provision	(68,251,993)	(85,347,169)
Unused incentive	(324,194,901)	(577,596,773)
Carry forward tax losses	(140,992,373)	(93,371,307)
Restatement of inventories	36,882,259	17,211,689
Finance lease payable	(10,648,932)	(12,534,910)
Discount on post dated checks	(547,334)	(1,245,652)
Discount on trade receivables and payables	(2,057,579)	-
Allowance for doubtful receivables	(6,439,943)	(8,942,798)
Sundry accruals and allowances (net)	8,192,482	124,948
	<u>514,662,476</u>	<u>187,534,521</u>
<u>Components of deferred tax (assets)/liabilities:</u>		
Restatement of fixed assets	337,497,859	313,248,040
Retirement pay provision	(22,523,159)	(28,164,566)
Unused incentive	(42,793,728)	(76,242,799)
Carry forward tax losses	(46,527,484)	(30,812,532)
Restatement of inventories	12,171,144	5,679,856
Leasing adjustment	(3,514,148)	(4,136,521)
Discount on post dated checks	(180,621)	(411,065)
Discount on trade receivables and payables	(679,001)	-
Allowance for doubtful receivables	(2,125,181)	(2,951,125)
Sundry accruals and allowances (net)	2,703,520	41,233
	<u>234,029,201</u>	<u>176,250,521</u>
<u>Movement of deferred tax liabilities:</u>		
Opening balance at 1 January	176,250,521	190,181,261
Monetary gain	(82,780,830)	(46,821,092)
Taxation charge on deferred tax	140,559,510	32,890,352
<u>Closing balance at 31 December</u>	<u>234,029,201</u>	<u>176,250,521</u>
<u>Reconciliation of taxation:</u>		
Loss before taxation	(123,748,968)	(26,073,472)
Monetary gain	261,849,976	96,554,999
Profit before taxation after monetary gain	138,101,008	70,481,527
Effective tax rate	33%	33%
Expected taxation	45,573,333	23,258,904
<u>Tax effects:</u>		
Undeductible expenses	16,597,599	18,426,185
Dividends and other non-taxable income	(2,266,783)	(10,156,485)
Carry forward tax losses	(22,546,853)	38,343
Investment incentives	(21,128,356)	(10,163,044)
Monetary gain / loss not taxable / deductible	145,137,498	31,985,664
Consolidation adjustments	15,029,398	11,825,425
Profit of foreign subsidiaries not subject to taxation	(1,539,332)	(42,057)
<u>Taxation per income statement</u>	<u>174,856,504</u>	<u>65,172,935</u>

19. 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 TL 978,020,000 per month as of 31 December 2001 (31 December 2000: TL 587,720,000 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 2001 and 2000, 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 60% and a discount rate of 68%, resulting in a real discount rate of approximately 5%. Turnover rate for the Group to estimate the probability of retirement was anticipated as 0%.

	2001	2000
Provision at 1 January	85,347,167	65,642,167
Charge for the year	19,175,339	35,865,567
Monetary gain	(36,270,511)	(16,160,567)
Provision at 31 December	68,251,995	85,347,167

20. Minority interest

	2001	2000
Balance at the beginning of the year	816,959,554	756,676,860
Increase in minority shareholdings during the year	12,449,900	67,435,247
Dividends paid	(20,740,714)	(10,576,861)
Minority share on operating results of the year	(17,849,522)	3,424,308
Balance at the end of the year	790,819,218	816,959,554

21. Commitments and contingencies

	31 December 2001	31 December 2000
Letters of guarantee given	17,586,616	53,199,083
Promissory notes and collaterals given	279,733,139	258,166,330
	297,319,755	311,365,413

As of the balance sheet date the Group has TL 28,697,000 million (2000: TL 43,224,010 million as restated) investment commitments and, in relation with these investment commitments, the Group had TL 167,178,119 million (US\$ 116,130,836) export commitments that was covered by TL 136,875,234 million (US\$ 95,080,836) (2000: TL 81,242,813 million as restated, US\$ 64,136,902 export commitment which was fully covered with realized exports of TL 98,881,238 million, US\$ 78,061,505).

As of 31 December 2001, the total risk of court cases opened and currently pending against the Group amounts to approximately TL 1,385,523 million (31 December 2000: TL 6,303,115 million, as restated). Besides the total risk of court cases opened in Tax Courts against one of the subsidiaries of the Group amounts to approximately TL 2,562,500 million as of 31 December 2001. The penalty charges in case of default has been calculated as TL 1,700,000 million as of 31 January 2002, despite the Group does not expect any default in these cases. The total of currently pending court cases opened by the Group amounts to approximately TL 3,606,430 million.

22. Off balance sheet financial instruments

As of 31 December 2001, the Group had forward contracts of US\$ 37,000,000 entered with the major shareholder, Türkiye İş Bankası A.Ş. to buy and sell US\$. The agreed exchange rates and maturities of these contracts vary between 802,008 TL to 830,673 TL for US\$ 1 and January 2002 to June 2002. However the Group has entered into other arrangements to eliminate any possible profit or loss effect arising from those forward contracts.

23. Capital and legal reserve

As of 31 December 2001 and 2000, the share capital held are as follows:

Shareholders	(%)	31 December 2001	(%)	31 December 2000
T. İş Bankası A.Ş.	66.106	55,599,846	68.877	57,929,846
T. İş Bankası A.Ş. Mensupları Munzam Sandığı Vakfı	4.063	3,416,839	4.063	3,416,839
Destek Reasürans T.A.Ş.	0.005	4,205	0.005	4,205
Other	29.826	25,085,110	27.055	22,755,110
Historical capital	100.000	84,106,000	100.000	84,106,000
Inflation adjustment		105,179,559		105,179,559
Restated capital		189,285,559		189,285,559
Less: Treasury stocks		(360,058)		(360,058)
Adjusted capital		188,925,501		188,925,501

The company's share capital consists of 84,106,000,000 shares.

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.

Capital Commitments

As of the balance sheet date, there are no capital commitments outstanding from the shareholders.

24. Net sales

	2001	2000
Domestic sales	765,416,198	849,843,785
Exports	739,409,091	519,239,806
Other revenues	5,207,029	6,091,862
Sales returns (-)	(5,028,774)	(10,586,489)
Sales discount (-)	(75,540,939)	(55,475,543)
Other deduction from sales (-)	(51,848,591)	(40,457,356)
	1,377,614,014	1,268,656,065

25. Cost of sales

	2001	2000
Raw materials consumed	(400,266,228)	(458,724,038)
Direct labor attributable to production	(113,236,282)	(134,152,130)
Production overheads	(183,671,543)	(193,640,177)
Depreciation of production facilities	(108,242,311)	(113,648,322)
Change in work in progress inventories	4,179,111	(3,318,244)
Change in finished goods inventories	(12,622,987)	18,822,232
Cost of products sold (-)	(813,860,240)	(884,660,679)
Cost of merchandises sold (-)	(47,063,494)	(19,310,876)
Cost of services rendered (-)	(11,991,984)	(15,079,156)
Cost of other revenues (-)	(212,618)	(87,554)
	(873,128,336)	(919,138,265)

26. Operating expenses

	2001	2000
Research and development expenses (-)	(12,516,341)	(12,887,589)
Marketing, selling and distribution expenses (-)	(105,483,693)	(92,969,231)
General administrative expenses (-)	(147,104,781)	(199,534,058)
	(265,104,815)	(305,390,878)

27. Finance expenses (net)

	2001	2000
Interest income	75,339,993	123,725,724
Commission income	70,051	125,578
Profit on sale of marketable securities	723,015	1,154,374
Exchange gain	65,011,028	28,052,208
Discounting income	3,378,079	213,036
Commission expenses (-)	(352,535)	(468,752)
Loss on sale of marketable securities	(3)	(6,662)
Exchange losses (-)	(54,978,321)	(27,116,948)
Discounting expenses (-)	(4,607,246)	(778,969)
Cost of short-term borrowings (-)	(289,325,914)	(155,922,756)
Cost of long-term borrowings (-)	(102,011,435)	(30,972,454)
	(306,753,288)	(61,995,621)

28. Other expenses (net)

	2001	2000
Provision released	1,609,587	230,869
Other income and profits	30,847,244	25,893,469
Provision expenses (-)	(8,647,039)	(12,415,304)
Other expenses and losses (-)	(46,994,869)	(17,619,349)
Idle capacity expenses (-)	(35,125,353)	(21,747,354)
	(58,310,430)	(25,657,669)

29. Income from equity participations (net)

	2001	2000
Dividend income	1,935,587	3,772,226
Equity method accounting	(1,700)	348,608
Profit on sale of equity participations	-	31,440,186
Loss from equity participations sale	-	(3,157,497)
Profit on sale of consolidated subsidiaries	-	9,539,418
Loss on disposal of consolidated subsidiaries	-	(24,490,045)
	1,933,887	17,452,896

30. Segmental information

Business segments	Glass				Service		Consolidation	
	Flat Glass	Glassware	Packaging	Chemicals	Operations	Company	Eliminations	Consolidated
Revenue	426,541,281	243,515,488	204,346,981	240,175,030	120,389,166	23,703,269	-	1,258,671,215
External sales	127,115,569	324,340,266	35,844,065	202,585,527	809,299,609	-	-	1,499,185,036
Inter-segment sales	(218,203,498)	(62,191,564)	(9,699,547)	(14,239,554)	(924,439,647)	(23,420,807)	(128,047,620)	(1,380,242,237)
Total revenues	335,453,352	505,664,190	230,491,499	428,521,003	5,249,128	282,462	(128,047,620)	1,377,614,014
Cost of sales	(409,521,110)	(388,893,177)	(181,129,666)	(309,089,246)	(889,834,265)	(11,991,984)	-	(2,190,459,448)
Inter-segment cost of sales	211,207,637	62,191,564	9,699,547	14,239,554	889,785,157	-	130,207,653	1,317,331,112
Operating expenses	(62,394,679)	(121,028,747)	(35,255,495)	(60,341,726)	(41,558,107)	(9,777,256)	-	(330,356,010)
Inter-segment operating expenses	6,995,861	-	-	-	34,654,520	23,420,807	180,007	65,251,195
Operating profit	81,741,061	57,933,830	23,805,885	73,329,585	(1,703,567)	1,934,029	2,340,040	239,380,863
Balance sheet								
Assets	879,242,568	826,898,325	491,668,794	589,726,064	479,324,262	684,013,031	(1,385,325,150)	2,565,547,894
Liabilities	239,844,211	323,678,501	142,788,634	173,947,388	391,688,535	152,196,251	139,981,206	1,564,124,726
Shareholders' Equity	639,398,357	503,219,824	348,880,160	415,778,676	87,635,727	531,816,780	(1,525,306,356)	1,001,423,168

31. Changes in working capital

	31 December 2001	31 December 2000
Changes in operating assets and liabilities:		
Trade receivables	34,929,357	(29,939,947)
Inventories	16,117,557	(2,870,199)
Due from related parties	8,829,830	(12,465,056)
Other receivables and current assets	(2,016,412)	11,724,146
Trade payables	(12,632,303)	17,736,791
Due to related parties	1,439,569	1,223,741
Advances received	3,890,424	(1,441,378)
Other payables and current liabilities	(33,774,823)	(2,190,182)
	16,783,199	(18,222,084)

32. Changes in other investing activities

	31 December 2001	31 December 2000
Changes in other long-term assets and liabilities:		
Long-term receivables	136,379	(118,652)
Other long-term assets	1,284,909	1,123,647
Long-term payables	(2,776,083)	(2,797,899)
Other long-term liabilities	(1,223)	(479,883)
	(1,356,018)	(2,272,787)

33. Foreign currency position

	US\$	EUR	DEM	JPY	GBP	ITL thousand	TL equivalent of other FC	Equivalent of TL million
<u>31 December 2001</u>								
Cash and banks	14,907,329	8,260,065	608,364	612,442	178,263	3,070,534	17,532	46,203
Marketable securities	993,415	-	-	-	-	-	-	-
Trade receivables	35,662,956	19,575,671	789,263	-	130,217	235,437,670	-	633,552
Due from related parties	-	-	4,222,556	-	-	-	-	-
Other current assets	6,001,699	-	-	-	-	-	-	-
Trade payables	(23,782,330)	(6,148,775)	(1,360,950)	(2,662)	(570,581)	(72,630,754)	(341,196)	(18,305)
Other current liabilities	(325,672)	-	(245,166)	-	-	-	(38,814)	-
Borrowings	(112,819,862)	(7,231,357)	(22,174,358)	-	-	-	-	-
								(96,774,618)
<u>31 December 2000</u>								
Cash and banks	790,582	842,554	870,943	245,408	15,583	28,294	77,957	58,789
Marketable securities	889,000	-	-	-	-	-	-	-
Trade receivables	17,449,543	653,379	20,624,203	-	476,081	19,749,423	32,826,002	12,712,913
Due from related parties	2,000,000	6,237,680	-	-	-	-	734,766	-
Other current assets	5,324	-	-	-	-	-	-	-
Trade payables	(1,800,317)	(3,152,640)	(11,149,253)	(11,149,253)	(42,694)	(716,549)	(3,788,522)	(167,736)
Other current liabilities	(16,232,052)	(2,407,462)	(13,811,376)	(13,811,376)	-	-	-	-
Borrowings	(160,794,764)	(86,540,588)	(111,284,479)	(111,284,479)	-	-	-	-
								(348,972,517)

34. Subsequent events

Subsequent to the year-end, the following share capital increases in the holding company occurred whereas no capital increases have been occurred in consolidated subsidiaries:

Company	Previous Capital	Cash	Bonus	New Capital
T. Şişe ve Cam Fabrikaları A.Ş.	84,106,000	65,890,000	135,004,000	285,000,000

Subsequent to the year-end, neither an equity participation disposals nor participation to capital increases in any equity participation occurred.

The following amounts of dividends were announced by the subsidiaries to be payable during 2002:

Company	Dividend Payable	Cash Dividend	Free Shares Dividend
Trakya Cam Sanayii A.Ş.	41,946,500	41,946,500	-
Omco İstanbul Kalıp San. ve Tic. A.Ş.	1,569,471	1,569,471	-
Denizli Cam Sanayii ve Tic. A.Ş.	1,348,527	48,527	1,300,000
Soda Sanayii A.Ş.	19,058,130	19,058,130	-
Cam Elyaf Sanayii A.Ş.	7,221,600	7,221,600	-
Camış Sigorta Hizmetleri A.Ş.	182,400	182,400	-
	71,326,628	70,026,628	1,300,000

After the balance sheet date, Anadolu Cam Investment B.V.'s share in the registered capital of Ruscam Ltd. - glass bottling company - was increased to 390,465,947 Russian Roubles. Anadolu Cam Investment B.V. is a subsidiary of Anadolu Cam Sanayii A.Ş. with a shareholding of 51.85% as at 31 December 2001. The capital increase has been in the form of in-kind contribution of technological equipment for production needs of the Ruscam Ltd. of approximately EUR 13,600,000. Ruscam Ltd. has become 000 Ruscam (joint stock company) together with the capital increase. The relevant amendments to the 000 Ruscam Charter were registered on 16 January 2002. A major part of the investment was completed and production started on 25 April 2002.

The termination indemnity ceiling has increased to TL 1,076,400,000 commencing on 1 January 2002.

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

İş Kuleleri, Kule 3, 80620, 4. Levent - İstanbul Tel: (212) 350 50 50 Fax: (212) 350 40 40 www.sisecam.com.tr

Flat Glass Business

Camtaş Düzcam Pazarlama A.Ş.

İş Kuleleri, Kule 3, 80620, 4. Levent - İstanbul Tel: (212) 350 50 50 Fax: (212) 350 50 70 www.sisecam.com.tr

Çayırova Cam Sanayii A.Ş.

Fatih Tren İstasyonu Mevkii 41407 Gebze - Kocaeli Tel: (262) 653 47 70 / 5 Lines Fax: (262) 653 43 63

Trakya Cam Sanayii A.Ş.

Trakya Plant

Büyükkarıştıran Mevkii, P.K. 98, Lüleburgaz - Kırklareli Tel: (288) 436 22 40 / 10 Lines

Fax: (288) 417 31 26 - 436 12 11

Trakya Autoglass Plant

Büyükkarıştıran Mevkii, P.K. 28 Lüleburgaz - Kırklareli Tel: (288) 436 13 80 - 81 Fax: (288) 436 22 30

Mersin Plant

Mersin - Tarsus Organize Sanayi Bölgesi, Nacarlı Köyü Mevkii P.K. 401, 33400 Tarsus - Mersin

Tel: (324) 676 40 70/PBX Faks : (324) 676 40 73

Glassware Business

Camiş Ambalaj Sanayii A.Ş.

Tuzla Plant

Fabrikalar Cad. No: 2, 81700 Tuzla - İstanbul Tel: (216) 395 19 50 Fax: (216) 395 27 94

Eskişehir Plant

Organize Sanayi Bölgesi, Mümtaz Zeytinoğlu Bulvarı 26110 Eskişehir Tel: (222) 236 11 60 Fax: (222) 236 09 48

Denizli Cam Sanayii ve Ticaret A.Ş.

Şirinköy, 20014 Denizli Tel: (258) 377 27 65 Fax: (258) 377 24 79 dencm@sisecam.com.tr

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Paşabahçe Plant

İncirköy, Sahip Molla Cad. No: 56, 81638 Paşabahçe - İstanbul Tel: (216) 322 18 00 Fax: (216) 322 00 20

Kırklareli Plant

Büyükkarıştıran Mevkii, Muratlı Sapağı P.K. 40 39750 Lüleburgaz - Kırklareli

Tel: (288) 436 26 56 Fax: (288) 436 11 06

Mersin Plant

Tekke Köyü Civarı P.K 607, 33004 Mersin Tel: (324) 454 02 00 Fax: (324) 454 02 16

Moscow Representative Office

Sredny Tyshinski Preulok, 28 Building 1 Moscow - Russia Tel: (7095) 777 37 39 Fax: (7095) 777 37 39

pasabahce@chaika-plaza.ru

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Organize Sanayi Bölgesi 15. Cadde 26110 Eskişehir Tel: (222) 236 14 00 Fax: 222) 236 12 04

Paşabahçe Glas GmbH

Rhein Strasse 2A, D - 56068 Koblenz - Germany Tel: (49) 261 303 74-0 Fax: (49) 261 303 74-74

pasabahce@t-online.de

Paşabahçe Mağazaları A.Ş.

Ankara Asfaltı İçmeler Mevkii 81700 Tuzla - İstanbul Tel: (216) 395 54 73 Fax: (216) 395 54 30 magaza@sisecam.com.tr

Glass Packaging Business

Anadolu Cam Sanayii A.Ş.

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Topkapı Plant

Davutpaşa Kışla Cad. No: 56, 34020 Topkapı - İstanbul Tel: (212) 482 44 00 / PBX Fax: (212) 482 44 33

Çayırova Plant

Çayırova, 41407 Gebze - Kocaeli Tel: (262) 653 38 05 Fax: (262) 653 61 82

Mersin Plant

Tekke Yolu Civarı P.K 612, 33004 Mersin Tel: (324) 454 00 10-11 Fax: (324) 454 00 28 - 29

Ferro Döküm Sanayii ve Ticaret A.Ş.

Ankara Asfaltı üzeri P.K. 100, 41401 Çayırova/Gebze - Kocaeli Tel: (262) 653 42 60 - 61 Fax: (262) 653 41 60

Omco İstanbul Kalıp Sanayii ve Ticaret A.Ş.

Ankara Asfaltı üzeri, P.K. 12, 41401 Çayırova/Gebze - Kocaeli Tel: (262) 744 44 52 - 53 Fax: (262) 744 44 56

000 Ruscam

Moscow Office

Prechistenski Per.D.5 119034 Moscow - Russia Tel: (095) 201 21 45 - 201 45 57 ruscam@imm.ru

Glass Packaging Plant

Gagarin Street, 72 Garokhovets City, Vladimir - Russia Tel: (092) 382 38 46

JSC "Mina"

Mtskheta Rayon, Ksani Village - Georgia Tel: (995) 32 973 423 - 32 941 584 Fax: (995) 32 973 425

Chemicals Business**Cam Elyaf Sanayii A.Ş.**

Çayırova, P.K. 62, 41401 Gebze - Kocaeli Tel: (262) 653 71 80 / 4 Lines - 653 26 95 / 4 Lines Fax: (262) 653 19 91
www.camelyaf.com.tr

Camiş Egypt Mining Ltd. Co.

Corner Road 254/206, Digla - Maadi, Cairo - Egypt Tel: (202) 519 82 37 Fax: (202) 519 82 36

Camiş Elektrik Üretimi Otoprodüktör Grubu A.Ş.

İş Kuleleri, Kule 3, 80620, 4. Levent - İstanbul Tel: (212) 350 50 50 Fax: (212) 350 44 55 elektrik@sisecam.com.tr

Camiş Madencilik A.Ş.

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Madencilik Sanayii ve Ticaret A.Ş.

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Oxyvit Kimya Sanayii ve Ticaret A.Ş.

Mersin Tarsus Organize Sanayi Bölgesi P.K. 425, 33400 Mersin Tel: (324) 676 43 25 / PBX Fax: (324) 676 43 34
www.oxyvit.com

Soda Sanayii A.Ş.

Head Office

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Soda Plant

Kazanlı Bucağı yanı P.K. 654, 33004 Mersin Tel: (324) 451 32 32 / 4 Lines - 451 33 05 / 4 Lines

Fax: (324) 451 28 50-221 90 15 www.sodakrom.com

Kromsan Plant

P.K. 421, 33003 Kazanlı - Mersin Tel: (324) 451 34 34/3 Lines - 451 34 43 / 7 Lines Fax: (324) 451 28 52 - 451 34 40
www.sodakrom.com

Kromsan Plant Tuzla Liquid Tankrom Facilities

Tuzla Organize Deri Sanayii Bölgesi C 19 / A Parsel, 9A No'lu Yol, Aydınli / Tuzla - İstanbul

Tel: (216) 394 18 40 / 3 Lines Fax: (216) 394 18 39

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Şişecam Bulgaria Ltd.

General Stoletov 5, Varna - Bulgaria Tel: (359 52) 608 963 Fax: (359 52) 608 964

Şişecam China Ltd.

Room 911 Ocean Center, 5 Canton Road Kowloon, Hong Kong Tel: (852) 2 736 02 08 Fax: (852) 2 736 03 29
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Service Operations**Cam Pazarlama A.Ş.**

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Camiş Sigorta Hizmetleri A.Ş.

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