TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

2011 Annual Report

ŞİŞECAM

CORPORATE PROFILE

Şişecam operates predominantly in the manufacture of glass and chemicals. It is the leader in its fields of business, encompassing all the key areas of glass-making (i.e. flat glass, glassware, glass packaging and glass fiber) and soda ash and chromium chemicals.

Şişecam was founded in 1935 by İşbank upon the directive of Kemal Atatürk, the founder of the modern Turkish Republic. The year 2011 marked the 76th anniversary of the Group. In the first few decades of its establishment, Şişecam gave priority to meet the domestic needs for basic glass products. Starting from the 1960s, the Group has embarked on a vigorous and ambitious entry into global markets acting along the mission “our market is the world”. Since the 1970s, the Group has diversified its operations in an era of rapid growth.

Depending on different ranking criteria, Şişecam’s global ranking varies from third to tenth in its field among the world’s most distinguished glass manufacturers, thanks to its scale, degree of specialization and the considerable competitive advantage of its operations.

Şişecam reached its current position through employing principles of modern management and industrialization, a concentration on corporate standards and a focus on R&D, which shall serve as the springboard for a stronger Şişecam in the future.

The Group’s vision is to progress rapidly with the aim of becoming a global brand through extending its regional leadership in its fields of activity towards new markets and to stand among the top three in the world glass league. In addition to the large-scale investments undertaken abroad in recent years, there are a number of ventures at the planning stage or in the process of implementation in other countries, all vital steps in Şişecam’s journey towards this vision. During the process of globalization, strategic cooperation and ventures in collaboration with other companies in its field of operation will play a key role in Şişecam’s promising future.

The Group performs its operations from facilities located in eight countries with 18.065 employees. Besides the shares of Holding Company of the group, Şişecam, its subsidiaries Trakya Cam, Anadolu Cam, Soda Sanayii and Denizli Cam are also listed on İstanbul Stock Exchange. Over time, the Group intends to undertake public offerings of all its main business branches and expand its capital base.

Contents

...global vision, dynamic structure

Despite the instability in the global economy, Şişecam successfully grew in its 76th year operation, with new records in financial and physical volumes.

Şişecam's sales revenue grew by 18% to exceed TL 5 billion. In addition, the Group's international sales, a pillar of its long-term vision, have reached 49%. Şişecam produces 35% of its glass production abroad, becoming stronger in the international arena. The Group's total glass production reached 3.7 million tonnes, representing growth of 9%. At the same time soda production, the other main business line of the Group grew by 12% and reached 1.9 million tonnes.

Şişecam, a commanding presence in terms of output and volume, grew its net profit to TL 741 million, 53% higher than the previous year, demonstrating the invaluable contribution of high quality to growth. The investments continue in line with strategic priorities to reinforce the resolute increase in the company value in the mid- to long-term, having grown to TL 830 million in 2011.

The constant development strategy that drives the Şişecam Group has been the key guide in today's results, whilst the principles of following the most rational solutions in all aspects from sourcing through marketing, obtaining the highest possible value from the resources dedicated to Group activities and maximising efficiency have all brought the Group closer to becoming a global company.

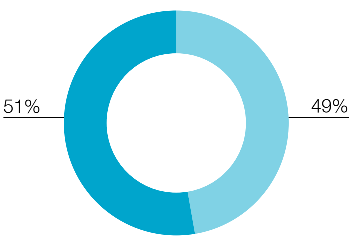
OPERATIONS IN BRIEF

Production plants

- Flat Glass
- Glassware
- Glass Packaging
- Chemicals

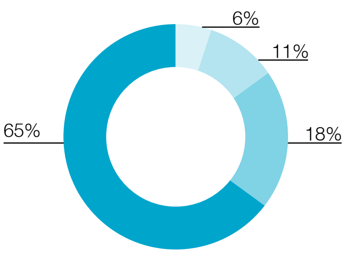
A determined move from regional to global...

Sales Distribution



- Turkey
- International

International Sales by Region



- Europe
- Africa-Middle East
- Asia-Oceania
- America

Its sustainable and profitable growth strategy has continued to be the key driver of Şişecam's 2011 activities. With its profound knowledge and expertise, the Group achieved record results in its areas of activity. In order to support its growth perspective and projections, Şişecam has conducted studies to improve business processes including R&D, HR, information technologies and financial management.

With a determined focus on global economic conditions, the Group invested TL 830 million in 2011, actively continuing its growth thrust.

Currently operating in 8 countries with close to 170 companies, Şişecam derives 49% of its total revenue and 35% of its entire glass production from its operations abroad. Although the achievements of today indicate significant success, our objective is to accelerate our progress in our areas of activity to attain new international successes.

Şişecam's perception of its market is the entire world, with sales to 150 countries; the development initiatives to extend manufacturing to new regions and raise the Group in the global rankings continue.

THE FLAT GLASS BUSINESS

At a time when a variety of developments took place in the region, Trakya Cam increased its sales in all product groups. Supporting this increase with higher productivity and stronger efficiency, the Business has had a successful year and continued its rapid growth.

Aiming to meet market demand in the most effective way; wide product range, maximum capacity utilization and low cost principles drove production. Energy savings and environmental awareness have been key targets of Trakya Cam in its production processes and product development studies. In this context, significant success has been achieved in lowering energy consumption in production processes. At the same time, new and high added value product development took precedence. A two-line frosted glass furnace to serve the construction and energy glass industries have resumed operations Mersin and investment began in a second float line in Bulgaria. While the investment in flat glass in Russia, part of the joint venture with Saint Gobain, continues, whilst another joint venture contract has also been signed with Saint Gobain for the automotive glass as well. As for Turkey, the decision was made to invest in two new float lines in the Ankara-Polatlı Organized Industrial Zone.

THE GLASSWARE BUSINESS

With its competitive positioning Paşabahçe Cam minimised the impacts of cyclical risks, accelerated activities focusing on product development, promotion and positioning, improved capacity utilization in production and workforce efficiencies.

With sales mainly in Turkey, Europe, the CIS and Middle Eastern countries, Paşabahçe Cam grew its total sales volume significantly, despite the damaging effects of the Arab Spring and the European debt spiral. Effective marketing activities in Turkey and Russia were further bolstered by the improved logistics in Spain and France. Product development for both domestic and international markets continued. Quality control, automation and process projects were created. Warehouse investment enabled significant reductions in rental expenses. Capacity utilization in production and workforce efficiencies all improved. Studies began for a new furnace investment in Bulgaria. As always, packing, handcrafting and retail store management all supported the main activity areas.

THE GLASS PACKAGING BUSINESS

Anadolu Cam benefited from the fast recovery in demand for glass packaging in its areas of operation, although a prudent approach to growth marked the year 2011.

Continuing as the largest glass packaging producer in the region, and one of the world leaders, the Business met increased demand. The existing facilities underwent modernization to meet requirements, with additional investment as needed. The investment in expansion as well as modernization and improvement in plants in Turkey as well as Russia continued in 2011. Anadolu Cam maintains its leading position in the glass packaging market in Turkey and Russia, thanks to its plant in Ukraine and pursues ambitious growth objectives on the international arena in 2012.

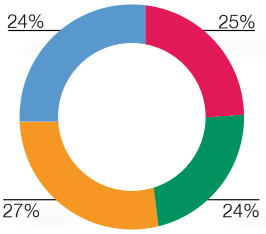
THE CHEMICALS BUSINESS

With increased production capacity both in soda ash and chromium chemicals, new products, full capacity utilization, marketing activities and investments, Soda Sanayii has performed successfully in all its areas of activity, proving its regional and global strength.

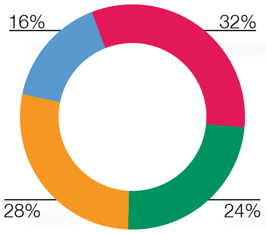
The Business exceeded all targets in the soda market, which enjoyed faster than expected recovery. Expanding its market penetration and customer portfolio, the Business intensified its operations in emerging markets. The capacity increase investment at the Mersin Soda Plant has been completed. Following productivity increase studies carried out at Soda Lukavac, the plant has started full capacity production. The sales revenue of Kromsan, which is the world leader in basic chromium sulphate production, has grown significantly. Studies continued towards enriching the Chromium III product range. R&D studies, which are essential for both product groups, focussed on increasing productivity and developing new products with higher added value. Cam Elyaf performed beyond its sales targets and increased its sales revenue significantly, in comparison to the previous year.

Results by Business

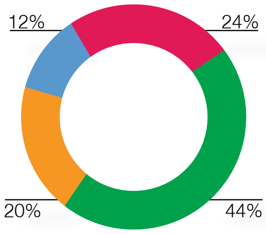
Sales Revenue
TL 5.0 billion



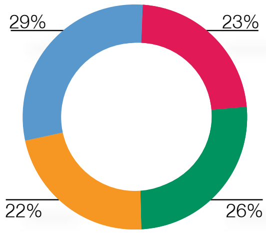
International Sales*
TL 2.4 billion



Investments
TL 830 million



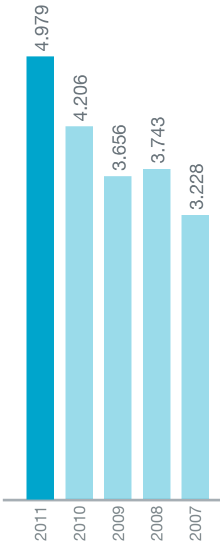
EBITDA**
TL 1.3 billion



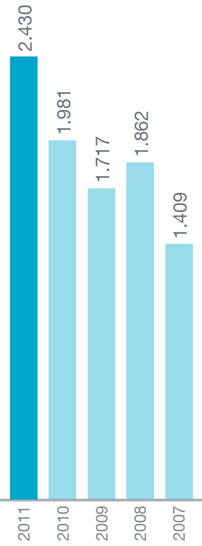
* Includes exports and sales from production abroad

** Earnings Before Interest, Taxes, Depreciation and Amortization

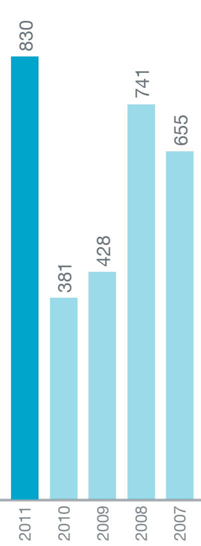
Sales Revenue (TL m)



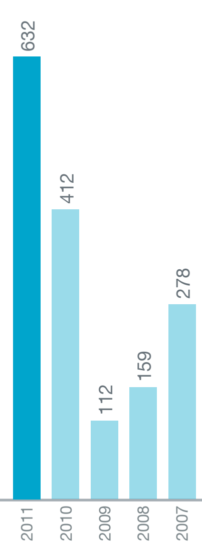
International Sales (TL m)



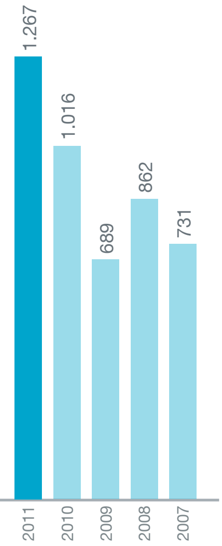
Investments (TL m)



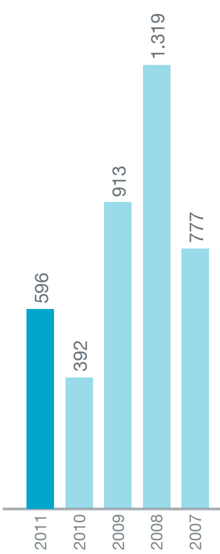
Parent Company Profit/(Loss) (TL m)



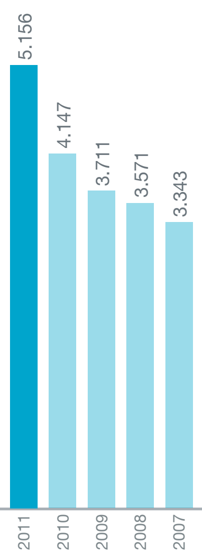
EBITDA (TL m)



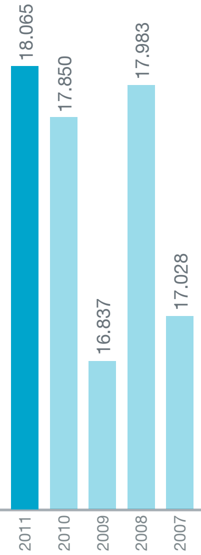
Net Financial Debt (TL m)



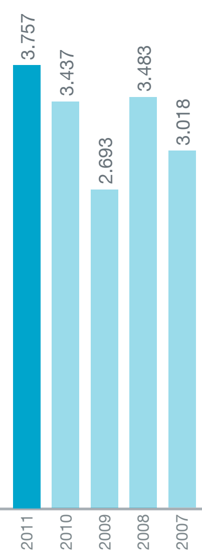
Equity (TL m)



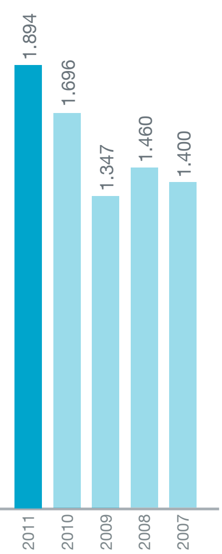
No of Employees



Glass Production (000 tonnes)

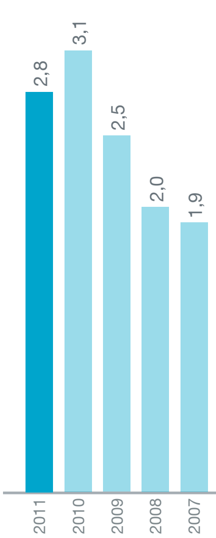


Soda Production (000 tonnes)

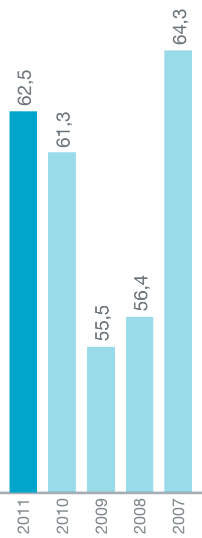


Financial Ratios (%)

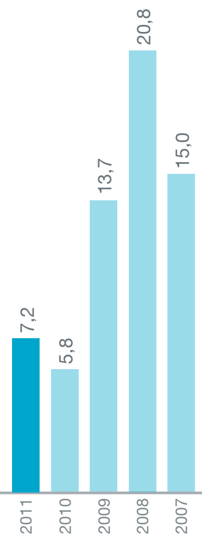
Current Assets/ Current Liabilities



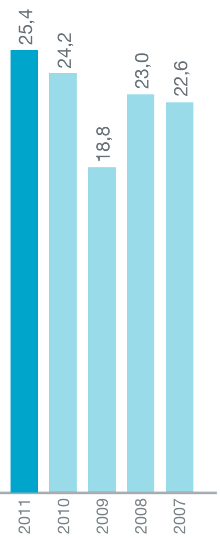
Equity/Total Liabilities and Equity



Net Financial Debt/Total Liabilities and Equity



EBITDA/Sales Revenue



FINANCIAL INDICATORS

Summarised Balance Sheet	2011		2010		2009	
	TL m	USD m	TL m	USD m	TL m	USD m
Current Assets	3.807	2.015	3.157	2.042	2.914	1.935
Non-current Assets	4.448	2.355	3.613	2.337	3.774	2.507
Total Assets	8.255	4.370	6.770	4.379	6.688	4.442
Current Liabilities	1.367	724	1.026	664	1.174	780
Non-current Liabilities	1.732	917	1.597	1.033	1.803	1.197
Equity	5.156	2.729	4.147	2.682	3.711	2.465
Equity Holders of the Parent	4.202	2.224	3.338	2.159	2.858	1.898
Non-controlling Interests	954	505	809	523	853	567
Total Liabilities and Equity	8.255	4.370	6.770	4.379	6.688	4.442

Summarised Statement of Income	2011		2010		2009	
	TL m	USD m	TL m	USD m	TL m	USD m
Sales Revenue	4.979	2.981	4.206	2.806	3.656	2.364
Cost of Sales	(3.341)	(2.000)	(2.971)	(1.982)	(2.764)	(1.787)
Gross Profit/(Loss)	1.638	981	1.235	824	892	577
Operating Expenses	(860)	(515)	(669)	(446)	(646)	(418)
Operating Profit/(Loss)	778	466	566	378	246	159
Income/(Loss) from Associates	7	4	7	4	1	1
Financial Income/(Expenses)	82	49	13	9	(92)	(60)
Profit/(Loss) Before Tax	867	519	586	391	155	100
Tax Income/(Expense)	(126)	(75)	(102)	(68)	(36)	(23)
Current Tax Income/(Expense)	(187)	(112)	(120)	(80)	(67)	(43)
Deferred Tax Income/(Expense)	61	37	18	12	31	20
Profit/(Loss) for the Period	741	444	484	323	119	77
Attributable to:						
Non-controlling Interests	109	65	72	48	7	5
Equity Holders of the Parent	632	379	412	275	112	72
Earnings Before Interest and Taxes (EBIT)*	778	466	566	378	246	159
Depreciation	489	293	450	300	443	287
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)*	1.267	759	1.016	678	689	446
Net Cash Provided from Operating Activities	966	578	506	338	773	500
Net Financial Debt	596	316	392	254	913	606

Financial Ratios (%)	2011	2010	2009
Current Assets/Current Liabilities	2,8	3,1	2,5
Equity/Total Liabilities and Equity	62,5	61,3	55,5
Total Liabilities/Equity	60,1	63,3	80,2
Net Financial Debt/Total Assets	7,2	5,8	13,7
Net Financial Debt/Equity	11,6	9,5	24,6
Gross Profit/Sales Revenue	32,9	29,4	24,4
EBITDA*/Sales Revenue	25,4	24,2	18,8
EBIT*/Sales Revenue	15,6	13,5	6,7
Net Financial Debt/EBITDA*	0,5	0,4	1,3

(*) Operating Profit/ (Loss) has been used in the calculation of EBIT and EBITDA.

TO OUR SHAREHOLDERS

Dear Shareholders,

Allow me to express my delight at welcoming you to the Ordinary General Assembly, and please accept my sincerest greetings on behalf of the Şişecam family.

The Şişecam Group completed its 76th financial year in an environment in which the effects of the global economic crisis continued to reverberate.

The strong conjuncture of the 2000s, despite being founded on grave structural flaws, was boosted by the triple deficit of the US and the European economic boom under the leadership of Germany. In essence, this conjuncture suffered from a highly vulnerable and fragile mechanism. This unsustainable system has come to an end with a crisis. Stagnation continued to characterise the global economic crisis through 2009 and 2010, which only worsened once triggered by EU member countries with high sovereign debt.

One of the key economies of the world, the European Union is still in stagnation stemming from the financing problems of certain member countries. The US economy, the largest in the world, currently presents a relatively positive outlook thanks to the recent growth performance and increased employment. Growth rates are dropping in emerging markets, the driving force of the world's economy, whilst inflation stays high. Oil prices that rose considerably in early 2012 have impacted the world economy negatively.

The market economy that encompasses the entire world today is currently undergoing a restructuring process with the momentum and opportunities created by the crisis. Although public intervention attempts to revive total demand, little real result in overall and sustainable growth has arisen as expansionary monetary policies fail to confront the gravity of the problem. Public debt in the economies of developed countries and their surrounding regions remains the single greatest problem that is set to dominate the near future as the creation of a consensus remains elusive. No measure has succeeded in lowering unemployment to tolerable levels. The mission of revival on a global scale has fallen on the shoulders of developing economies, but this one single mission will clearly prove inadequate as a definitive solution to the crisis. The political turmoil in

“Şişecam will continue to grow strongly despite the instability in the world economy…”

the Middle East compounds the fears over energy supply and pricing whilst reduced public grants and social spending harm purchasing power overall.

The latest industrial production and capacity utilization data indicate Turkey has grown by over 8% in 2011. At the source of Turkey’s growth, despite the troubles abroad, lie the financial improvements carried out in the past, macroeconomic and political stability, the relative advantage and trust created by the disciplined attitude of fiscal management authorities, and the brisk domestic demand funded by the expansion in loans. However, certain structural problems of Turkey such as low savings rates led to a sharp rise in the current account deficit, which eventually increased the vulnerability against currency movements. In the second half of the year, foreign exchange rates continued to climb until the end of the year.

Amongst the major problems we will be dealing with in 2012 are, the inflation rate –still well above targets-, energy costs climbing in line with the increase in oil prices, the political turmoil in our region, the sensitivity created by the current account deficit and the economic distress suffered by our traditional foreign markets.

Despite these market conditions, the Şişecam Group maintained its investment thrust throughout 2011 and obtained remarkable performance results in the glass and chemicals sectors. Significant increases in sales revenues and profitability create a growing value for shareholders. The flexibility fostered by a wide product range and variety of customers and markets, combined with our expertise and experience in all our areas of activity, create dynamic management crucial to our success in these trying times. These results have all been achieved whilst following exacting industry standards, and the principles of environmental awareness and social responsibility.

The Şişecam Group is determined to shape its future with ambitious targets. Our long-term plans based on sustainable and profitable growth will be implemented with strong investment to carry our global company dimension to new parts of the world.

I hereby express my gratitude and respect to every Group partner, stakeholder and colleague who has contributed to this excellent performance.

H. Ersin Özince
Chairman

TO OUR SHAREHOLDERS

Dear Shareholders,

The Şişecam Group once more demonstrated its quality as a company creating difference and value, with its 2011 results and continued its progress in turning challenges into opportunities.

Our past year of operations has several noteworthy features:

- First and foremost is the remarkable stagnation of 2011, in particular in the second half of the year, thereby making it difficult for us to achieve even better results especially in foreign markets. That being said, a rational approach to the management, from supply through to marketing, has yielded the best possible results.
- This year of operation happens to be the first in our fourth quarter century. Satisfactory results in this particular milestone, as throughout our history, give us further cause for pride.
- Despite the global crisis conditions affecting many economic units, from countries, through to companies and markets, our Group continues its accelerated development, as the results we will be sharing with you today will attest.

Şişecam has always targeted growth with a strong performance in its sector. In doing so, the Group pursues the principles of expertise enabling the highest possible benefits of the economies of scale, resolve in fulfilling the requirements of industrialism, in effective use of technology, research and development, optimization to reinforce competitiveness and strategic future planning.

Today, our Group is a large-scale industrial body, operating in eight countries at close to 170 plants. Presenting our operational results for your attention, we would like to share with you our belief in them. These figures evidently show that we are on the right path.

Our Group improved its results in its 76th year of operation and by doing so, maintained its development.

Our sales revenues grew by 18%, the consolidated figure reaching the TL 5 billion milestone. International sales, which we view as one of the key elements of our success, constituted 49% of our total sales revenue.

Our glass production grew by 9% to exceed 3,7 million tonnes, of which 35% was manufactured abroad. Our soda production rose to 1,9 million tonnes.

The number of employees now exceeds 18.000 after the recruitment drive at our foreign operations in line with the growth of our international business.

Budgeted investments for 2011 prioritised essential and strategically important projects and total investments reached TL 830 million including acquisitions and joint ventures. Market conditions, the on-going crisis and a need to materialize certain projects have guided the decision to reschedule some investments.

Despite substantial amounts allocated for investments, our net financial debt has grown by TL 204 million to reach TL 596 million, whilst our liquid assets reached TL 1,6 billion, thanks to our policies of taking the consolidation opportunities created by the crisis and our rapid response for extraordinary circumstances.

Our equity has grown by 24% to reach TL 5,1 billion. This rapid growth in equity is mainly attributable to the

“Şişecam rapidly progresses towards becoming a global company amongst the top three of the world’s glass sector.”

net profit of TL 741 million for the period, representing a growth of 53%. Our Earnings Before Interest, Tax Depreciation and Amortization rose by 25% compared to the previous year’s figure and reached TL 1,3 billion. The EBITDA/Sales Revenue ratio reached 25%, growing 1% compared to the previous year. At TL 632 million our net profit for the parent is 53% above the previous year’s figure. Despite the needs arising from increased production and business volume, cash generated by operations reached TL 1 billion, thanks to the effective management of working capital.

Dear Shareholders,

Although the results we hereby present evidence the successful progress made possible by the policies approved by yourselves, we, the Şişecam family, will not consider it enough and will always strive to do better. Despite all the challenges presented by the global economic outlook, we fully intend to obtain even better value and results. We shall couple long-term strategies and policies with proactive dynamism to continue to successfully reach targets and achieve even better results with your support.

In this context, our main objectives are creating a high degree of competitiveness, modernization, rationalization, optimising costs and incomes and high productivity. We have implemented significant investment projects to monetise all the market opportunities we have identified to date; we have created new capacity, improved our energy efficiency, expanded our product range, improved our position in the market, developed solutions aimed at customer satisfaction, respected the environment and endeavoured to ensure health and comfort; that we shall continue to do so is beyond doubt.

Internally, we have questioned, and continue to question the efficiency of all our functions. We have focused on perfecting all our processes -from human resources to information technology, research and development, financial management methods employed to raise company value- in a corporate perspective. We are confident that this questioning and focus played a key role in the results we present today.

The sum total of all this effort is much more than successfully utilising crisis opportunities, repeating the previous year’s results or exceeding them marginally; what it expresses is the marathon we run on the way to becoming a global industrial concern.

Our greatest objective at Şişecam is to grow globally as a producer that creates economic value in line with the prevailing market conditions, and not a simple marketer of products produced in our own region. We, therefore, assess all investment and commercial opportunities from the Americas to China as we pursue our multi-directional quest. The first milestone in this objective is to take our place amongst the top three in the world glass league.

This vision places great expectations on the shoulders of our employees. The dedication of the members of the Şişecam family shown to date has been the generator of considerable value. As we extend our gratitude to all our employees, whose contribution to our commercial results grow daily, we would like to underline that it is their intellectual skills, aspirations and passion for success that are the basic constituents of the Şişecam of the future.

The trust and support of our shareholders will be another source of energy to fuel us as we realise our plans.

As I extend my greetings, I would like to pay tribute to all our shareholders, employees, customers and business partners: our companions in our long journey towards building a brighter and richer future.

Prof. Dr. Ahmet Kırman
Vice Chairman and Managing Director

BOARD OF DIRECTORS

H. Ersin Özince
Chairman (*)

(58) H. Ersin Özince is a graduate of the Middle East Technical University. He started his professional career in 1976 at İşbank's Board of Inspectors. After serving as a manager in a variety of departments within İşbank, he was appointed as Deputy Chief Executive in 1994 responsible for Treasury, Financial Management, Capital Markets, Commercial Loans and Credit Information-Financial Analysis. He was appointed as the 15th Chief Executive Officer of İşbank in 1998. Between 1998 and 2005 Özince also served as the Chairman of the Board of Directors of Şişecam Group. Özince was appointed as the Chairman of the Board of Directors for İşbank on 1 April 2011 and of the Şişecam Group on 15 April 2011. Ersin Özince is a Board Member at TEMA - Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats, a member of IIEB - Institut Internationale d'Etudes Bancaires and IIF - Institute of International Finance, a member of the Board of Trustees at Bilkent University and a member of the consultancy board of WWF Turkey.

Prof. Dr. Ahmet Kırman
Vice Chairman - Managing Director (**)

(53) Prof. Dr. Ahmet Kırman is a graduate of the Ankara University School of Law. He started his career at İşbank in 1982, where he held various positions in the areas of banking, insurance, and industrial operations. He served as chairman and board member in several companies, foremost amongst them being İşbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Kırman served the Şişecam Group as Chairman of the Board of Directors between April 2006-March 2008, and as Chairman of the Board of Directors and Managing Director between March 2008-April 2011. He was appointed as the Vice Chairman of the Board of Directors and Managing Director in 15 April 2011. In addition to a master's degree in EU Competition Law, and a doctorate in commercial law, Kırman later became Associate Professor and Professor in financial law. He served as member of the Ankara University Faculty of Political Sciences as well as head of department, chairman and the director of Institute. He also joined in Galatasaray University Faculty of Law and Bilkent University Faculty of Economics and Administrative Sciences as a member. He held positions at the Central Bank of Turkey, the Banks Association of Turkey, Association of the Insurance and Reinsurance Companies of Turkey, the Tax Council, and the Turkish Shooting and Hunting Federation. As well as serving as trustee of TEPAV and chairman and member of BTHE and of IAV, Prof. Kırman has also published several books.

Alev Yaraman
Member

(64) Alev Yaraman is a graduate of the Middle East Technical University School of Chemistry and holds a master's degree in glass technology from the University of Sheffield, UK. She began her career at the Şişecam Group in 1970 and served in a variety of management positions. Ms. Yaraman was the Executive Vice President - Flat Glass between 1998 and 2007 and was elected Vice Chairman of the Board of Directors on 25 April 2008.

Murat Bilgiç
Member

(43) A graduate of the Middle East Technical University School of International Relations in 1990, Murat Bilgiç started working as Intern Assistant Inspector at the İşbank's Board of Inspectors in the same year. He was appointed as Assistant Manager of the İşbank Corporate Loans Underwriting Division in 1999. Between 2002 and 2008, Bilgiç served İşbank as the Regional Manager, reporting to the department of corporate loans. He holds a master's degree from Birmingham University, UK, on "Money, Banking, Finance" between 2006 and 2007. Since 30 April 2008, Murat Bilgiç is the Director of Corporate Loans Allocation Division.

Kadir Akgöz
Member

(61) Kadir Akgöz is a graduate of the Middle East Technical University School of Chemistry. He started his career as Assistant Specialist at Organisations Department of İşbank in 1978. He became Assistant Manager of the same department in 1986. He was appointed as Group Manager of the IT Department in 1988 where he served as Director starting 1990 and as Assistant General Manager between 2002 and 2010.

Rıza İhsan Kutlusoy
Member (**)

(46) İhsan Kutlusoy obtained his degree in Business from the Middle East Technical University in 1987. His professional career began in 1988 at İşbank by joining the Board of Inspectors as an intern assistant inspector. Mr. Kutlusoy served the bank as Stock Exchange Manager between 1996 and 2002, he was Galata Branch Manager in 2006 and Risk Manager in 2008. Kutlusoy was appointed as Deputy Chief Executive on 13 April 2011.

A. Süha Önder
Member

(49) Süha Önder is a graduate of the Middle East Technical University School of Political Sciences and Public Administration, Faculty of Economics and Administrative Sciences in 1985. He joined İşbank in 1986 as Candidate Officer in Economic Research Division and became Intern Assistant Inspector on the Board of Inspectors in the same year. Mr. Önder became the Manager of Avcılar Branch in 1998, Karaköy Branch in 2001, Corporate Banking Marketing Department in 2003, Levent Branch in 2006 and Gebze Corporate Branch in 2007. He was appointed as Deputy Chief Executive on 13 April 2011.

Zeynep Hansu Uçar
Member (**)

(40) Zeynep Hansu Uçar is a graduate of Middle East Technical University School of Economics - Department of Business Administration. She started her career as an Assistant Specialist in investments at the Department of Subsidiaries of İşbank in 1994. After holding several positions at the same department, Ms. Uçar has been serving as Unit Manager of the Subsidiaries Department since 2007.

Dr. Tevfik Ateş Kut
Member

(62) Ateş Kut is a graduate of Ankara University School of Chemical Engineering and holds a doctorate from the same institution. He began his career at the Atomic Energy Commission and joined the Şişecam Group in 1980, where he has served in a variety of management positions. Dr. Kut has served as Executive Vice President - Chemicals 1998 until his retirement in February 2011.

(*) Chairman of the Audit Committee
(**) Audit Committee Members

Members of the Board of Directors are assigned for the 15 April 2011-15 April 2014 period. Their authorities are defined by the terms of the Turkish Trade Act and Articles of Association.

SENIOR MANAGEMENT

Prof. Dr. Ahmet Kırman
Vice Chairman - Managing Director

(53) Prof. Dr. Ahmet Kırman is a graduate of the Ankara University School of Law. He started his career at İşbank in 1982, where he held various positions in the areas of banking, insurance, and industrial operations. He served as chairman and board member in several companies, foremost amongst them being İşbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Kırman served the Şişecam Group as Chairman of the Board of Directors between April 2006-March 2008, and as Chairman of the Board of Directors and Managing Director between March 2008-April 2011. He was appointed as the Vice Chairman of the Board of Directors and Managing Director in 15 April 2011. In addition to a master's degree in EU Competition Law, and a doctorate in commercial law, Kırman later became Associate Professor and Professor in financial law. He served as member of the Ankara University Faculty of Political Sciences as well as head of department, chairman and the director of Institute. He also joined in Galatasaray University Faculty of Law and Bilkent University Faculty of Economics and Administrative Sciences as a member. He held positions at the Central Bank of Turkey, the Banks Association of Turkey, Association of the Insurance and Reinsurance Companies of Turkey, the Tax Council, and the Turkish Shooting and Hunting Federation. As well as serving as trustee of TEPAV and chairman and member of BTHE and of IAV, Prof. Kırman has also published several books.

Teoman Yenigün
Executive Vice President - Flat Glass Business

(59) Teoman Yenigün is a graduate of the Bosphorus University School of Mechanical Engineering. He started his career in the Şişecam Group in 1975. He served the Group at a variety of managerial levels. Yenigün was Executive Vice President of Glass Packaging Group between September 1998 - February 2011. He was appointed as Executive Vice President of Flat Glass Business on 15 February 2011.

A. Taner Uz
Executive Vice President - Glassware Business

(58) A. Taner Uz is a graduate of the Middle East Technical University School of Mechanical Engineering. He holds a master's degree from the Department of Engineering Sciences. Uz started his professional life at Ankara Erg Construction in 1976. After joining the Şişecam Group in 1980, Uz took office at a variety of managerial levels. Since September 2007, he has been serving as Executive Vice President of Glassware Business.

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

(57) Dr. Yıldırım Teoman is a graduate of the İstanbul Technical University School of Chemical Engineering and holds a doctorate from Birmingham University, which he joined as a lecturer in 1979. Dr. Teoman received his Associate Professorship (Department of Elementary Operations and Thermodynamics) from the İstanbul Technical University. He joined the Şişecam Group in 1983 and has served in a variety of managerial positions. Dr. Teoman served the Group as Vice President-Research and Technology since 1999. He was appointed as Consultant to the Managing Director on 1 January 2012.

Ali Nafiz Konuk
Vice President

(64) Ali Nafiz Konuk is a graduate of the İstanbul University School of Law. He ran his own law practice between 1973 and 1976 before serving as Legal Counsellor at Turkish Textile Industry Employers Union between 1976 and 1991. He joined the Şişecam Group in 1991 as Director of Industrial Relations. Konuk was appointed as General Secretary of Şişecam in July 2007. He was appointed as Vice President Responsible for Human Resources on December 2007. He has been serving the Group as Vice President since November 2010.

* *Vice Presidency of Research and Technology was transformed to Presidency of Research and Technological Development on 1 January 2012. Prof. Dr. Şener Okdik has been appointed as Chief Officer to this unit.*

Ekrem Barlas
Executive Vice President - Glass Packaging Business

(58) M. Ekrem Barlas is a graduate of the Middle East Technical University School of Business Administration where, he also holds a master degree. He joined the Şişecam Group in 1979. He served in a variety of managerial positions and became Marketing and Sales Director at Glass Packaging in 1995. Barlas was appointed as Executive Vice President of Glass Packaging Business in February 2011.

Sabahattin Günceler
Executive Vice President - Chemicals Business

(60) Sabahattin Günceler is a graduate of the Middle East Technical University School of Chemical Engineering. He started his career in Azot Sanayii T.A.Ş. After joining the Şişecam Group in 1982, Günceler served at managerial positions both in research and production. In 1997 he became General Manager to Camiş Elektrik Üretim A.Ş. He has been appointed as Executive Vice President of Chemicals Business in February 2011.

İbrahim Babayiğit
CFO - Chief Financial Officer

(52) İbrahim Babayiğit is a graduate of the Middle East Technical University School of Business Administration. He served as Inspector at İşbank between 1984 and 1991, and took office as Assistant Director and Group Director between 1992 and 2000. He served İşbank as Accounting Director between 2001 and 2005. Babayiğit has worked as Sultanhamam Branch Manager between 2005 and 2007. He joined the Şişecam Group in July 2007. Currently he serves the Group as Chief Financial Officer.

Gizep Sayın
Vice President - Strategic Planning

(49) Gizep Sayın is a graduate of the Boğaziçi University School of Industrial Engineering and received his master's degree at İstanbul Technical University Department of Business Engineering. He joined the Şişecam Group in 1989 as Planning Specialist Assistant and he served the Group in a variety of managerial positions. He was appointed as the Business Development and Strategic Planning Manager in the Chemicals Business in 2009 and as Vice President-Strategic Planning in February 2011.

Dr. Atila Gültekin
Vice President - Information Technologies

(46) After having graduated from the İstanbul Technical University School of Electronics and Communications Engineering, Dr. Atila Gültekin received his master's degree at the same institution. He continued his studies and received his PhD from the Department of Control and Computer Engineering and later lectured at the university. He then worked at the following companies and positions: Siemens Nixdorf-System Software Engineer; Yapı ve Kredi Bank-System and Network Manager, Group Leader, Project Manager, Group Director and Department Head; TradeSoft-Assistant General Manager in charge of Technology. Gültekin served the Group as Project Coordinator and Chief Consultant at İşbank between February 2009 and July 2010. In August 2010 he was appointed as IT Assistant General Manager at the Şişecam Group.

Özgün Çınar
Chief Risk and Internal Audit Officer

(42) A graduate of the Ankara University School of Political Science Department of Management, Özgün Çınar holds a master's degree on International Banking and Finance from the University of Southampton. He began his career in the Subsidiaries Department of İşbank in 1990 as Assistant Investment Specialist, then took up various management positions at the same department. He served as Unit Manager of İşbank's Subsidiaries Division and been a member of the Board of Directors of Şişecam Group between 2006 and July 2010. Çınar has been serving as Chief Risk and Internal Audit Officer since July 2010.

Trakya Cam

The Flat Glass Business leveraged the developments in the flat glass sector in Turkey and other markets by full capacity production, lowered costs, accelerated research and development activities and improved service quality in 2011, thereby increased its sales turnover and profitability by strengthening its position in the sector.

FLAT GLASS BUSINESS

GENERAL OVERVIEW FOR 2011

Trakya Cam closed 2011 as a successful year with growth in sales in all product ranges supported by efficiency and productivity increases. The company cut costs throughout 2011 and made significant progress in minimising natural gas and electricity consumption in production processes in compliance with its environmental awareness.

As part of its growth projects, Trakya Cam has commissioned a two-line patterned glass plant in Mersin for the production of energy glasses and the construction sector. The flat glass investment in Russia progressed as per plan, as part of the joint venture agreement with Saint Gobain, whilst another joint venture agreement has been signed with Saint Gobain in the field of automotive glass. Furthermore, investment of a second float line in the Bulgaria plant has also begun.

In Turkey, the investment certificate for the investment project of 2 float lines with 580.000 tons/year of total capacity in Ankara-Polatlı Organized Industrial Zone has been obtained. Consequently the Group will continue to carry out the investments of four float lines simultaneously during this period and targets to maximise its growth potential in all product ranges.

MARKET OUTLOOK & SALES

Following the crisis in 2009, the flat glass market entered a recovery phase in 2010 with varying developments across regions in 2011. The European market started the year 2011 dynamically but was affected by the economic downturn in the second half of the year. Whilst the Russian and Ukrainian markets showed recovery, the Arab Spring has had an adverse impact on the Middle Eastern and North African markets. As witnessed over the course of many years, the fastest growth in the flat glass sector has taken place in developing countries. In line with sector-based and economic developments, Turkey has also stood among the fast-growing flat glass markets.

The construction sector
The Turkish construction sector recovered from the crisis in 2010, growing by 17,6%; this trend continued in 2011, growing by another 10%. In anticipation of the

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Isıcam Sinerji®
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TRC **Ecotherm**
TRC **Ecosol**
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TRC **Helio®**
TRC **Tentesol®**
TRC **Tentesol T®**
TRC **Aura Reflekta**
TRC **Lameks®**
TRC **Acoustic Lameks**
TRC **Duracam®**
TRC **Emaye Duracam®**
TRC **Elit Glass**
TRC **Deco classic**
TRC **Deco wired**
TRC **Flotal®**
TRC **Flotal S®**
TRC **Rainbow**
Lara® Glass Blocks
Lara Glass Pavers

possible ramifications of further economic turmoil abroad, the industry chose a prudent course in undertaking new project investments, focusing on instead completing existing projects. Trakya Cam has further strengthened its service quality in order to meet the requirements of the flat glass demand that grows in parallel with the developments in the construction sector and has increased sales of every product in 2011.

Trakya Cam has also supplied international markets as its capacity allowed, prioritising certain markets in exports. Regional sales remained at the same level year-on-year in the Balkans and Eastern Europe. Despite contractions in demand in both Romania, one of the key markets in the region, and Bulgaria, where Trakya Cam is a local manufacturer, market penetration and increased service quality have helped Trakya Cam increase its market share in these territories. Assisted by market penetration activities, sales in Central and Western Europe rose a little above previous year's levels. Sales in Russia were increased, where the market staged dynamism in the first half of the year due to the restart of the projects that had been postponed in the crisis period. Sales in the Middle East and North Africa continued as much as the Arab Spring effects allowed. As a result of all these developments, the total basic glass sales grew by 17% in 2011.

Trakya Cam has contributed to this sales growth by participating in key trade fairs relevant to its core business of products for the construction, automotive, home appliances and energy glasses in Turkey as well as abroad (the Middle East, the Balkans, Western Eu-

TRAKYA CAM CONSOLIDATED HIGHLIGHTS*

(in million TL)	2011	2010	2009
Sales Revenue	1.255	1.079	892
International Sales	386	340	277
Gross Profit	446	359	193
Operating Profit	233	182	74
Parent Company Profit/(Loss)	225	211	62
EBITDA	361	306	191
Net Financial Debt	(215)	(190)	86
Equity	1.794	1.550	1.367
Total Assets	2.348	2.047	1.942
Investments	97	88	66
Number of Employees	2.768	2.701	2.688

* Includes Trakya Cam, Trakya Cam Investment, Trakya Investment, Trakya Glass Bulgaria, Trakya Yenişehir Cam, Trakya Polatlı Cam, Trakya Glass Kuban and Trakya Glass Logistics, Trakya Glass Rus Zao, TRSG Glass Holding

rope and Russia) and promoted the products in these trade fairs as solutions for energy saving, security, and noise control.

Coated glasses, which provide energy efficiency in buildings with their heat and solar control features, became the product group with the highest increase both in local and foreign sales. The promotion activities carried out in Turkey and the growing emphasis on these products clearly played a role in this growth.

The automotive sector

The Turkish automotive industry grew rapidly especially in the first half of 2011 before slowing down in the second half. Shrinking in the final quarter limited the overall growth in 2011. The increase in SCT -Special Consumption Tax- rate, which covers also the light commercial vehicles, in October, impacted the vehicle sales negatively. Still, the Turkish automotive market grew by 15% year-on-year in 2011.

Automotive industry exports increased by 5% year-on-year, whilst automobile exports grew by 1%. Consequently, the total automotive production in Turkey expanded by 9% year-on-year in 2011. Light vehicle manufacturing in Europe also grew by 6%.

Trakya Cam, producing automotive glass products in Turkey and Bulgaria, bolstered by the favourable developments in the domestic and export markets and increased its sales approximately by 33% year-on-year in 2011, as well as signed new contracts to participate in the new projects of manufacturers such as Ford, Renault, VW and BMW.

The energy sector

Despite the economic crisis, in 2011 the installation of solar cells generating electricity from solar energy grew significantly throughout the world and expanded 67% compared to 2010 figures. The installed capacity of the total solar cells worldwide has reached to 67,4 GW and solar energy has become the third most important renewable energy source after hydropower and wind power. Approximately 2% of the electricity consumed in the European countries is already generated through solar power.

Duracam®
Lameks®
Toglas®
Toflex®

Parallel to these developments, Trakya Cam increased its energy glass sales for solar cells and solar collectors by a rate of 41% compared to the previous year, mainly towards exports.

Turkey is going to compete in the new economic order to be built in the frame of sustainable development principles and matters such as security of supply in energy and fight against climate change in this period are becoming crucial. For the purpose of extending solar energy usage, the public and private sectors have started important efforts on legal reforms and investments in 2011.

Just like the other renewable energy resources, the solar energy sector is promising a strong growth potential in Turkey and in the world. Trakya Cam, an active player in this market for a long time, continues its efforts to develop and diversify new glass products that contribute to efficiency increases in solar energy systems.

Home appliances sector

Turkey's output in the home appliances industry grew by 10% in the refrigerator and oven segments; growth in the same industry in Europe was 3% compared to 2010. In 2011 Trakya Cam boosted its home appliances glass sales much beyond the market growth. The total growth achieved has been 70% year-on-year.

PRODUCTION & INVESTMENTS

Full capacity and high efficiency production

With 7 float lines, automotive glass, mirror, laminated glass, coated glass, home appliances glass, patterned glass and energy glass production plants in four different locations in Turkey and Bulgaria, Trakya Cam realized production with the principle of "low cost-high quality and diversity" by utilizing maximum capacity and highest efficiency in all product ranges throughout 2011 to meet market demand.

Cost saving and efficient use of energy

As required by its objective of sustainable and profitable growth, Trakya Cam has always embraced a cost saving approach, which prevailed throughout 2011 as the company showed significant attention to utilize its resources with utmost efficiency.

In the context of its environmental awareness policies, Trakya Cam perceives reduction in natural gas and electricity consumption in all of its processes as one of its main responsibilities, and achieved significant results in this regard in 2011. Consequently, energy consumption at glass furnaces was reduced and an installation of waste heat recovery system that converts the released thermal energy to electrical energy has been started in Yenişehir Plant. Similar systems are set to reach out all plants.

Cost savings and reduction in energy consumption will continue to dominate the agenda of Trakya Cam in the near future, inspiring new project developments.

New investments

2011 has been a year of key investment projects, major decisions and new initiatives as grounds towards rapid growth in the near future for Trakya Cam. Vital expansion projects are currently underway in this context in Turkey, Russia and Bulgaria.

The new two-line patterned glass furnace in Mersin was commissioned in two stages in June and November, to serve the demand of the construction and energy glass industries. A second mirror line investment has begun in Mersin to serve the increased demand; this facility is scheduled for commissioning in 2012.

Trakya Cam operates 6 float lines in three different regions of Turkey. In line with the growth expectations for the domestic flat glass market, and with the aim of meeting customer demand exactly, Trakya Cam decided to establish two new float lines in Ankara-Polatlı Industrial Zone with a total capacity of 580.000 tons/year. With this new investment to be commissioned in stages, starting in 2013, Trakya Cam's total capacity in Turkey will reach 2 million tons/year. This investment, planned as bulk and plain production facility is further expected to offer Trakya Cam significant cost efficiency. Trakya Cam is set to continue the investment in 4 float lines throughout 2012 simultaneously.

As for its operations abroad, Trakya Cam started investment in a second float line next to its first line in Bulgaria. The objective is to increase the penetration in the flat glass market over the Balkans and to meet the tinted glass demand of its automotive glass plant in Bulgaria. This investment is expected to commence operations in 2013.

The investment of a new float line in the Republic of Tatarstan, in the Russian Federation continues as a

70% Trakya Cam - 30% Saint Gobain partnership joint venture. This investment makes the company a local manufacturer in the Russian market; the objective is to gain a strong position in the market in a short period of time. Trakya Cam signed a second joint-venture agreement in September 2011 with Saint Gobain, setting a partnership of 70% Trakya Cam and 30% Saint Gobain as the initial stage to set up an automotive glass plant with a capacity of 800.000 vehicles/set in Tatarstan. Efforts will continue to commence operations in Russia as quickly as possible.

Trakya Cam, in addition to investments for growth, also pursues modernization and development investments in order to manufacture products of highest quality in accordance with the market demand, to implement state of the art technologies and to enhance its technical competence.

DEVELOPMENT AND IMPROVEMENT ACTIVITIES

Energy saving as an issue of first priority

Trakya Cam successfully practiced its objective of improving technology to manufacture higher quality products with lower costs throughout 2011 as it made significant progress in diversifying its high added value product range. Trakya Cam's main objective in its development and improvement effort has been energy saving, crucial to sustainability. In line with this target, the production process of products in a variety of compositions and colours has been shortened, research and development into a wide range of coatings that apply different functions to the glass surface continued and energy consumption of flat glass furnaces has been reduced.

Other R&D activities

Trakya Cam intensified its activities in the diversification of coated flat glass products, with various transmission rates and colours.

In the field of renewable energy, together with the supply of glasses with high rate of light transmission to solar cells as well as thermal collector systems, the infrastructure works for the antireflective coating application in order to further increase the rate of light transmission were completed in 2011.

Certain topics gain increasing importance in the European automotive industry, such as reduction in CO_2 emissions, reducing vehicle weight, reducing cooling load, fuel efficiency and using lead-free materials. In this regard, Trakya Cam has continued its work in a number of R&D projects in automotive glass throughout 2011.

Projects towards increased operational efficiency

With the objective of rendering its operations and systems into a more customer-oriented state, quickly adapting itself to the changes in the market conditions and increasing its competitive power via cost optimization, Trakya Cam put the Enterprise Research Planning (ERP) Project into service in 2011. Moreover the ERP system has been employed by all workplaces for the Basic Glass Business. The Business Intelligence Data Warehouse, which works in connection with the ERP system, is offered to the executives to help them make decisions in a faster, more accurate and harmonized nature.

EXPECTATIONS AND GROWTH TARGETS

New horizons for the future

As the 4th largest flat glass manufacturer in Europe, the 6th in the world, Trakya Cam, operating in a geography where the competition increases day by day, has continuously reinforced its competitiveness with the steps it has taken until today within the framework of its "regional leadership" vision and has achieved remarkable results towards its growth. It was at this point that Trakya Cam has revised its vision as "to be the fastest growing company in the world in the flat glass sector", and targets to achieve ambitious growth in the forthcoming period in light of this vision.

Paşabahçe Cam

Despite the strain on consumption arising from the concerns about the future of European economy, the Glassware Business achieved to increase its sales. Making new investments and expanding its product range with new launches, the Business increased profitability thanks to a focus on productivity and cost control.

GLASSWARE BUSINESS

GENERAL OUTLOOK

The glassware market worldwide

Global demand contracted noticeably in 2011 due to the recession in the economies of developed countries and the unexpectedly slow growth of the emerging markets; this slowdown manifested itself in the global glassware market too. Key factors in this downturn in demand in the first half of 2011 were reduced consumer spending and restricted liquidity movement in anticipation of renewed crises in the EU, the tsunami disaster of Japan, and the return to tighter monetary policies by certain emerging markets, China in particular. Developing countries began to take measures to revive consumer spending in the second half of the year.

A static outlook prevailed around the EU and USA through 2011, both of which stand among the leading glassware markets of the world. Some markets in the Middle East contracted in 2011 as a result of the effects of the Arab Spring and the UN sanctions imposed on Iran.

The glassware market in Turkey

In 2011, the number of tourists visiting Turkey grew by 10% compared to 2010 figures, whilst the tourism revenue grew by 11% in USD terms. These improvements in the tourism sector were reflected on the food-service segment sales, which constitute an important part of the Glassware Business.

With the effect of the positive developments in the retail and tourism sectors, the glassware market in Turkey grew by 4%. As a consequence of diversified consumer demand, imports grew in comparison to 2010, although the rise in foreign exchange rates put the brakes on exports from August onwards.

PAŞABAHÇE IN 2011

Paşabahçe Cam grew total sales notably in 2011 compared to 2010. Producing in domestic plants in Kırklareli, Eskişehir and Mersin, as well as abroad, in Bulgaria and Russia, Paşabahçe Cam has succeeded in growing its foreign sales volume by 20% compared to 2010, bolstered by favourable foreign exchange rates.

The locomotives of this increase were the CIS, Central and Southern Europe, and the promotion segment, a target market whose sales grew in 2011, in particular to beverage manufacturers. Sales to the industrial sector, previously contracted due to the crisis, regained an uptrend.

In 2011, global sourcing projects for international brands such as McDonald's and Coca-Cola continued to expand. In the Russian market, which continues to represent a growth trend, sales went up with the positive effect of an advertising campaign. A warehouse was established in Spain and f&d sales began. In France, a logistics centre utilization and product sales are started via the use of an agent company.

Product development and promotional activities

Embracing the principle of "continuous, quality and original product development" since the day it was established, Paşabahçe continued its product development activities through 2011 with reference to the latest trends, market expectations and technological developments. In this frame, in 2011 the "stemware" product group was emphasized; four new series -Allegra, Loft, Monte Carlo and Porto- were launched. In line with the competition growing in the domestic market in the "tea glass" product group, new series -Heybeli, İzmir, Çırağan and Galata- were designed. The Pastoral series, which cover a wide product range including bowls, plates, cups, tumblers, pitchers, carafes and tea plates, stand out as one of the notable novelties of 2011.

Under the "tabletop complementary products" group, basic spice jars, salt and pepper shakers, oil and vinegar bottles, egg cups and pitchers were offered. An important innovation of 2011 is the Borcam casseroles, a patented Paşabahçe innovation, with plastic lids suitable for use in a microwave oven and which automatically release steam.

THE GLASSWARE BUSINESS COMBINED HIGHLIGHTS*

(in million TL)	2011	2010	2009
Sales Revenue	1.315	1.147	1.029
International Sales	798	670	621
Gross Profit	505	415	300
Operating Profit	186	168	54
Net Profit/(Loss) for the Period	160	137	24
EBITDA	288	269	154
Net Financial Debt	96	124	278
Equity	1.328	1.143	1.022
Total Assets	1.913	1.528	1.569
Investments	190	89	87
Number of Employees	6.058	6.043	5.744

* Includes Paşabahçe Cam, Denizli Cam, Camiş Ambalaj and Paşabahçe Mağazaları (Retail Stores)

Paşabahçe Cam continued intense promotional activities throughout 2011:

- Paşabahçe Cam attended 12 trade fairs, 11 of which were held abroad, to meet the sector professionals and end users.
- A promotional campaign with billboard, magazine, in-store and internet channels was run in Russia between October and December to increase Paşabahçe brand awareness.
- In response to the growing competition in the tea glass product group in Turkey, a prestige advertising campaign with the motto “It was us who shaped tea” was designed. The campaign was carried out through October and November, with channels of TV, radio, out of home and magazine.
- The web site of f&d brand, www.fd.com.tr, was redesigned and relaunched for professionals and end users in April.

Improved production and productivity

Efforts to boost productivity and thus lower costs continued throughout 2011. The Company achieved significant improvements especially in the capacity utilization of its plants in Turkey and in work force productivity. In summary:

- Projects focusing on quality control and packing automation were carried out.
- Investments in decoration and ornamentation were put into effect in order to expand the value-added product supply. New projects were formulated in conjunction with several artists and designers.
- Significant results were obtained in package management.
- Warehouse investment reduced rental costs, whilst improvements raised logistics performance.
- Projects were conducted into the utilization and sales of inactive materials
- Work continued into process improvement (SAP-ERP) and effective stock management.

New investments

The distribution warehouse investments at Kırklareli (Turkey) and Posuda (Russia) plants were completed and commissioned in 2011. The investments for the cooling end and mechanization applications at Kırklareli plant were completed. The organic colouring line was commissioned at the Mersin plant. The oxygen installation investment at Eskişehir plant was completed. Studies began into a new furnace investment in Bulgaria, and a gas filtering system to meet EU norms has been put into operation in the existing plant.

In 2012 …

Demand growth in glassware is estimated to track consumer demand in particular throughout 2012. The EU debt crisis increases the risk of stagnation in larger markets. Consequently, the expectation for consumer spending is to fall compared to 2011, or at the very best, show a very slight increase. The internal policies aimed at stimulating domestic demand in developing countries is expected to favourably impact upon demand in glassware.

PAŞABAHÇE CAM CONSOLIDATED HIGHLIGHTS*

(in million TL)	2011	2010	2009
Sales Revenue	1.109	984	884
International Sales	764	637	595
Gross Profit	406	331	243
Operating Profit	166	148	61
Parent Company Profit/(Loss)	127	108	27
EBITDA	254	236	149
Net Financial Debt	104	126	297
Equity	1.062	719	600
Total Assets	1.600	1.248	1.294
Investments	174	80	79
Number of Employees	4.356	4.331	4.176

* Includes Paşabahçe Cam, Paşabahçe Cam Investment, Paşabahçe Bulgaristan, Posuda Limited, Trakya Glass Logistics and Trakya Cam Investment.

The risk of market contraction remains likely in case consumer spending falls below 2011 figures in the EU countries trapped in the debt spiral. A cautious upward trend is expected in the USA glassware market, in line with fall in unemployment rate and consumer spending that has been rising since the second half of 2011. Risks and threats remain very much on the agenda in the Middle East, however. The stable growth potential of CIS and Asia-Pacific regions equip them with continued opportunities.

In 2012, moderate growth forecasts in the Turkish economy are expected to impact upon consumer spending, which is expected to fall compared to the previous year. It is therefore predicted that consumer demand will shape the Turkish glassware market.

In the year 2012, with its competitive price approach and sales, marketing and distribution strategies, Paşabahçe Cam is going to continue its operations aiming at a larger share in targeted markets. The Company plans to position its brands strongly, increase its brand sales and reinforce its marketing power through efficient product management and marketing communication.

DENİZLİ CAM

The EU hand-made glassware market, which shrunk by 50% during the crisis, after a brief recovery, contracted further in 2011. This contraction trend spread throughout the world by the end of 2011 and has impacted upon competitive suppliers as well; the consequent reduction in the numbers of higher end manufacturers has created an opportunity for Denizli Cam. Despite a renewed trend of contraction in 2011, Denizli Cam has achieved sales growths -on a TL basis- of 30% and 6%, on the domestic and foreign markets, respectively.

Denizli Cam designed new and trendy products to meet market demand in 2011. The Company also focused on new projects to increase the blending and fuel efficiency, and the chemical resistance of glass. In addition, Denizli Cam put efforts to raise shaping quality and skills, and to increase productivity for efficiency improvement/cost control. The Company also took action for depleting non-moving stocks. The Denizli Promotion Meeting of 2011, raised awareness of hand-made glassware among authorised dealers.

PAŞABAHÇE MAĞAZALARI (PAŞABAHÇE RETAIL STORES)

Paşabahçe Mağazaları, the Group's professional chain store management business, stands as the leading retailer in Turkey in its field.

Paşabahçe Mağazaları opened three new stores in 2011: Nuruosmaniye and Ataşehir in İstanbul, and Mesa-Koru in Ankara. The sales volume of the Company grew by 24% compared to the previous year. The Company focused on product development in 2011. On December 6th, 2011, the Company launched its new collection called "Talking Coins".

Paşabahçe Mağazaları plans for further growth with new stores to support corporate branding and image, whilst sustaining its leadership position, are already in place.

CAMİŞ AMBALAJ

Camiş Ambalaj, which meets the high quality paper-cardboard packaging needs of the Şişecam Group along with many other renowned companies of the Turkish manufacturing industry, increased its total sales volume by 4% in 2011. The packing sales out of Sisecam Group increased by 7%.

Camiş Ambalaj manufactures offset-printed cardboard and laminated consumer packaging, high-quality flexo-printed corrugated consumer and transport packaging, trays and multi-packaging for automatic filling lines and displayers for exhibition purposes. The Company is planning to increase its capacity and improve its production skills in the frame of its modernization and efficiency investments. Camiş Ambalaj aims to improve its market share by offering customers higher quality packaging at lower costs.

Camiş Ambalaj entered with two designs into the 24th Golden Package Competition, organized by Turkish Standards Institute in 2011. Some 57 designs were submitted by 31 companies, and Camiş Ambalaj won two awards with the "Üsküdar Automated Fill 6-piece Tea Glass Packaging" and the "Claire de Saye 6-piece Tumbler Packaging".

The Company also participated in the "Crescents and Stars for Packaging Competition" which attracted 109 entries and was organized by the Packaging Manufacturers Association of Turkey. Camiş Ambalaj won the Competence Award with the "Miller 6-bottle Packaging" designed for Anadolu Efes Pazarlama. In the final contest held on September 9th, 2011, Camiş Ambalaj was awarded by the bronze medal.

Anadolu Cam

Determined to become the leading glass packaging supplier in its region, the Glass Packaging Business continues its activities in Russia, Georgia and the Ukraine in addition to Turkey as it maintains stable growth with new investments.

GLASS PACKAGING BUSINESS

GENERAL OVERVIEW

Anadolu Cam's growth strategy, founded upon the objective, "to invest in and to offer reliable, efficient and sustainable design solutions to its customers in order to maintain and secure profitable growth in the developing global glass packaging market and value provided to stakeholders". Anadolu Cam today produces in three different centres outside Turkey as its regional presence grows. In addition to investments in Turkey, Anadolu Cam took its first steps towards international expansion with its glass packaging investment in Georgia in 1997 in line with the Company's growth strategy. The Company has maintained its strategy of international growth, investing in plants in the Russian Federation since 2002; the commissioning of the most recent facility in the Ukraine has consolidated its strength.

Today, with a total production capacity of 2,1 million tonnes/year, Anadolu Cam stands as the 5th largest producer in the world, and the 4th in Europe. The Company provides employment to approximately 5.500 people working in its plants in Turkey and abroad.

2011 AT A GLANCE

The glass packaging market, which had shrunk noticeably in 2008 as a direct result of the global crisis, began to grow once again as these unfavourable conditions lost ground in 2010. The recovery in the Turkish and Russian markets boosted demand throughout the year. The rapid growth of 2010 was replaced by a more prudent progress in 2011.

Under these economic circumstances, Anadolu Cam's turnover for 2011 reached TL 1.288 million, growing by 14% over the previous year. Nearly 46% of the Company's sales revenue originated from its international operations.

PRODUCTION, NEW INVESTMENTS AND DEVELOPMENT ACTIVITIES

Anadolu Cam produces in 4 different countries. The total capacity of the Company is 2,1 million tonnes/year, consisting of:

- 800.000 tonnes/year in 3 plants in Turkey,
- 1,2 million tonnes/year in 5 plants in Russian Federation,
- 28.000 tonnes/year in 1 plant in Georgia,
- 85.000 tonnes/year in 1 plant in the Ukraine.

Additional capacity investment as well as modernization and constant refurbishment keeps present facilities in good order. Investment continued in 2011, therefore, in expansion along with modernization and improvement in Turkey and Russia, totalling TL 356 million the region.

Turkey

The Glass Packaging Business carries out its activities under the Anadolu Cam name, manufacturing in 9 furnaces at 3 facilities İstanbul, Mersin, and Bursa-Yenişehir. The investment aimed at meeting the growing glass packaging demand in Bursa-Yenişehir was completed in 2011. The capacity of the Yenişehir plant has thus reached 480.000 tonnes/year, comprising of four furnaces of 120.000 tonnes each.

The projects aimed at increasing competitiveness in glass packaging remained high on the agenda throughout 2011: reduced weight, increased strength, reductions in production process supplies and waste, use of renewable energy, and increasing glass recycling. Improvement and cost reduction across entire production projects accelerated, with particular emphasis on energy saving, thereby creating over TL 31 million in savings throughout the year.

ANADOLU CAM CONSOLIDATED HIGHLIGHTS*

(in million TL)	2011	2010	2009
Sales Revenue	1.288	1.132	915
International Sales	595	495	405
Gross Profit	357	295	192
Operating Profit	160	128	36
Parent Company Profit/(Loss)	134	102	16
EBITDA	318	263	186
Net Financial Debt	741	412	506
Equity	1.047	899	737
Total Assets	2.299	1.744	1.585
Investments	356	102	88
Number of Employees	5.508	5.208	4.815

* Includes Anadolu Cam, JSC Mina, Ruscam, Anadolu Cam Investment, AC Glass Invest, Ruscam Ufa, Ruscam Kirishi, Ruscam Kuban, Ruscam Sibir, Brewery Pivdenna, Balsand, Pokrovsky Glass Plant, Anadolu Cam Yenişehir, Merefa, OMCO-İstanbul, Balkum and FormMat.

Russian Federation
Based on its growth strategy of “continuously growing and becoming a leading producer in its region”, Anadolu Cam continues the growth movement initiated since 2002 in the Russian Federation with Ruscam.

Defining its growth targets in the Russian market as, “to be present in every segment of the glass packaging market; to attain a 20% market share in the total glass packaging market; to become the leading glass packaging supplier, embracing the motto minimum cost and maximum service”, Anadolu Cam aims to increase capacity through both direct investments and acquisitions in the developing markets and sustains its effort with this motivation.

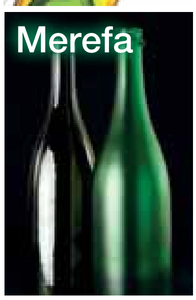
The first investment of the Business in Russia is the Ruscam Gorokhovets plant in the Vladimir region; this facility was followed by several others in various regions. Today, Ruscam stands as one of the biggest glass packaging suppliers in the country. The final stage of the capacity increase investment, the commissioning of the second furnace at the Ruscam Kirishi plant, the Business fortified its presence in Russia.

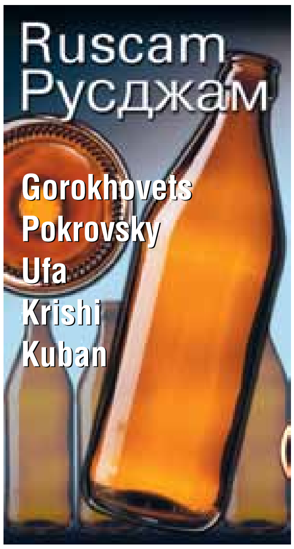
As a result of the increased production capacity of the Glass Packaging Business in Russia, the supply of high quality and economic sand has become a vital issue. Meeting basic raw material needs from a reliable source being a strategic priority for the Business, a sand plant was acquired as a 50-50% joint venture. Located in Russia, this plant has a total capacity of 800.000 tonnes/year, 350.000 tonnes of which is glass packaging sand.

Georgia
Anadolu Cam’s first investment abroad, the Mina facility in Georgia, acquired in 1997 as part of the Georgian privatization drive, has produced with an annual capacity of 28.000 tonnes since its installation in 1998.

Ukraine
Based on its growth strategy of “continuously growing and becoming a leading producer in its region”, Anadolu Cam has acquired an existing glass packaging facility in Ukraine in the first quarter of 2011. The Merefa Glass Packaging plant located in the north-eastern part of Ukraine has an annual capacity of 85.000 tonnes with its modern and well-equipped furnace. The plant holds ISO 9000, 1400 and 1800 certificates.

OMCO-İstanbul
OMCO-İstanbul is a joint venture established in 2001 by Anadolu Cam and OMCO International NV (Belgium), manufacturing glass packaging and glassware moulds at competitive prices for the international market. With sales of TL 63,8 million in 2011, the Company outper-





formed budget targets. Growing in the market with the quality of its products and service, and whose high quality attracts international demand, OMCO-İstanbul is set to grow its exports in the next year of operations.

PRODUCT- BASED ACTIVITIES

Designing new products

Anadolu Cam aims to meet consumer and brand demand for a variety of glass packaging with versatile and innovative design. New design creation is supported by the industrial design and mature engineering know-how at the Product Design Centre as well as Anadolu Cam's profound experience. Glass packaging design develops as a synergy of experience, innovation and creativity.

1.112 new products were designed at the plants in Turkey, Russia and Georgia in 2011, of which 262 were approved and put into production.

Our awards

Anadolu Cam participated in the 2011 "Crescent and Stars for Packaging Competition", a WPO -World Packaging Organisation- accredited event. The Company was awarded a total of five prizes: Silver Award with mineral water bottle designed for Uludağ, Competence Awards with jam jars produced for Tunaş and Seyidoğlu, and a cocktail bottle for East'n'Best. In compliance with the competition rules, companies meriting Competence 2011 awards were entitled to enter the WorldStar Awards, from which Anadolu Cam brought home a WorldStar Award with the jam jars designed for Tunaş.

International Packaging Industry Fair

Anadolu Cam participated in the 17th International Packaging Industry Fair in 2011. The stand theme was "Glass Once Again Glass" with the express purpose of increasing awareness in young generations in environmental and glass recycling issues. The stand design reflected this theme, with messages and art on human health and the environment; another function was to present the activities of the Anadolu Cam Design Centre.

ENVIRONMENT-FRIENDLY PRACTICES

Glass Packaging Lightening Projects

Topics such as savings in energy and raw materials, reducing carbon footprints and using less packaging are gaining importance in line with the growing emphasis placed on sustainability and environment-friendliness. Such criteria play a key role in consumer preferences.

Anadolu Cam views creating lighter products by improved design and production techniques as a major priority in this context. The work on creating lighter

glass packaging is planned to contribute to savings in raw materials and energy as well as reduce carbon emissions significantly. Having begun work in this area in the early 1990s with the NNPB (Narrow Neck Press and Blow) technology, Anadolu Cam has pioneered the creation of lighter glass packaging in the industry, just as it did in several other areas.

As part of lighter product development, the number of light-run moulds increased by 28% in 2011, thereby generating a raw material saving of 12.000 tonnes of glass. The number of lighter moulds designed in the past two years now stands at 67.

"Glass Once Again Glass"

The recycling project initiated by Anadolu Cam, "Glass Once Again Glass" aims to expand the scope of glass recycling and cullet development. The purpose of the project, conducted in primary schools as part of social responsibility activities, is to raise awareness among the youngest members of society: pupils, who are taught the importance of separate collection at source. Their knowledge will have impact on their families as well as future generations. Another aim of the project is the participation of local government to increase recycling in the region.

The project provides local governments with bottle banks in addition to the training activities. A total of 400 glass recycling containers were donated to the Maltepe and Zeytinburnu councils in 2011. The aim is to distribute a total of 2.000 glass recycling containers in İstanbul, Ankara and İzmir in 2012. The training programmes planned for these three cities for 2012 are expected to reach 50.000 new students.

Compliance with international standards

Anadolu Cam complies with all relevant international quality standards across all its facilities in Turkey and abroad, accredited by international certificates.

The three facilities in Turkey were accredited by the British Retail Consortium Institute of Packaging with the “BRC/IoP Global Standard for Packaging and Packaging Materials-Issue 3” certificate. This internationally-renowned standard maintains compliance with legal regulations and sets the occupational safety, quality, hygiene and operational criteria relevant to the production area for packaging manufacturers.

Environment-friendly glass packaging

Being a responsible and environmentally friendly producer of packaging materials, Anadolu Cam has been carrying out necessary environmental investments at all of its plants within the framework of the respective legislation, which aims to prevent any harm to the environment by its wastes.

Anadolu Cam recycled a total of 100.000 tonnes of glass via its domestic activities in 2011.

SECURING THE FUTURE

Future sustained with qualified manpower

The Glass Packaging Business benefits from the large capacity throughout the regions it operates in and technological stance; these advantages are further bolstered by innovation, creativity, expertise and qualified manpower to consolidate the Business’s prospects as it continues to offer product and service-quality suited to the changing market conditions. Anadolu Cam supports its profound knowledge about glass packaging with contemporary approaches, modern technology and practices and is firmly set on a course that will ensure its inclusion among the top glass packaging producers in Europe as it continues to grow steadily.

Growing in developing markets

As the leading company of the Turkish and Russian glass packaging markets, Anadolu Cam plans to strengthen its international position as part of its growth plans for 2012 and beyond. In line with this target, and with the Business strategy of growth on the international scale and to become a regional power, the projects conducted in its areas of operation and scope, will continue without pause.

Soda Sanayii

We are committed to environment, human health and safety.

The Chemicals Business maintained operations in six countries as it expanded its capacity through investments. With production and sales of soda ash, chromium chemicals, glass fibre, industrial raw materials, electricity, vitamin K3 derivatives and sodium metabisulphite products and heavy-duty industrial machinery, the Business performed successfully in line with developments in global markets.

CHEMICALS BUSINESS

ACTIVITIES ON BUSINESS UNIT BASIS

Soda ash

The soda ash markets, which resumed a recovery process since 2010, exceeded expectations despite the political uncertainties in North Africa and Middle East and the economic problems in Europe in 2011. A closer look at regional demand reveals that the growth in China and India is above the world average, whilst demand from the USA, Russia, Middle East and Southeast Asia remains at average levels. On the other hand the demand in Africa and Europe falls below the average.

The dynamism of the domestic construction sector stimulated demand in glass, which in return contributed to soda ash consumption. The textile industry, which uses soda ash as an auxiliary raw material, grew by 8% in 2011. Thanks to the increased demand from neighbouring markets, local detergent manufacturers increased their exports, which also raised soda ash consumption volumes on the domestic scale.

2011 has been a successful year for the soda ash products business. The business outperformed in both sales revenue and sales volume, in domestic and foreign operations. In 2011 the sales revenue for soda ash products increased by 29% compared to the previous year.

Similarly, market penetration and customer portfolio were improved in the activity territories throughout 2011, with the exports from Mersin plant growing both in destination countries and customer numbers, thereby increasing the market shares. Successfully enhancing its market diversity and sales channels, the Bosnian plant has now become a regional power. With its plants in Mersin/Turkey and Lukavac/Bosnia Herzegovina, and through the 25% production joint venture in Solvay Sodi located in Devnya/Bulgaria, the Business's production volume reached 1,9 million tonnes, ranking it amongst the top four producers in Europe and top ten in the world. 56% of the total sales of these three plants have been through international sales.

Soda Sanayii, Mersin

The capacity increase investment of the Mersin plant by another 70.000 tonnes/year has been largely completed. Şişecam Soda Lukavac plant in Bosnia Herzegovina, which was acquired in 2006, also pursued investments aiming to improve efficiency of the overall processes, which literally resulted in full capacity utilization. Attempts to reach new markets and customers will continue throughout 2012 with special emphasis on increasing market shares in regions developing above the global average.

In sodium bicarbonate product, which has a wide range of usage areas, development and branding studies continued throughout 2011, particularly in hemodialysis, pharmaceuticals, flue gas treatment, and sandblasting segments. An important additive in the poultry feed industry, as in many others, sodium bicarbonate took the limelight at the 1st International White Meat Congress held in 2011, which the Company participated with representatives of the growing poultry farming industry in Turkey.

Chromium chemicals

The positive trend that began in early 2010 in the world chromium chemicals industry continued through the first half of 2011 although partial contractions were observed in the leather and metal plating industries, which use chromium chemicals extensively. Despite these circumstances, the Business outperformed sales revenue target figures in both domestic and export markets by the end of 2011. The sales revenue increased by 34%, of which 81% was from international sales.

The leading basic chromium sulphate producer in the world, the Kromsan Chromium Chemicals plant is amongst world's top companies renowned for product quality, production technology and environmental standards. The Business, which used to hold 50% share of Cromital SPA, an Italian company producing and marketing chromium chemicals, acquired the remaining 50% share at the end of 2011.

Important product-based improvements were achieved in 2011. The Chromium III product portfolio, which included chromium nitrate and chromium chloride for the metal plating industry, expanded with the addition of chromium hydroxychloride and chromium nitrate CN125.

The primary objectives of the Business for 2012 are strengthening the position in profitable and high po-

CHEMICALS BUSINESS COMBINED HIGHLIGHTS*

(in million TL)	2011	2010	2009
Sales Revenue	1.466	1.187	1.114
International Sales	683	521	450
Gross Profit	324	202	202
Operating Profit	183	77	87
Net Profit/(Loss) for the Period	185	106	54
EBITDA	277	162	160
Net Financial Debt	60	90	250
Equity	1.185	1.058	966
Total Assets	1.860	1.554	1.563
Investments	160	95	185
Number of Employees	3.190	3.322	3.123

* Includes Soda Sanayii, Cam Elyaf, Camiş Madencilik, Madencilik San., Camiş Egypt Mining, Camiş Rus Zao, Camiş Elektrik and Vijenac.

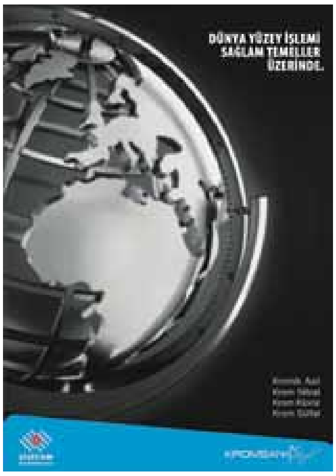
tential markets and manufacturing and marketing new products with high added value by utilizing optimum capacities of the plants.

The Business participated in the following trade shows in 2011 to support its chromium chemicals activities: All China Leather Fair - Shanghai, China; Shoes & Leather Exhibition Guangzhou - China; FIMEC Leather Fair-Novo Hamburgo - Brazil.

R&D activities

R&D activities focus on the following targets: sustainable improvement of the processes and technologies employed in soda ash and chromium chemicals product groups, maintaining cost efficiency through improved productivity, enriching the product range by value added product offerings and increasing competitiveness by exerting new environment-friendly applications.

Activities to convert solid and liquid wastes of the soda ash plant into new products for various industries continued in 2011. Regarding soda ash and refined sodium bicarbonate products, projects to identify new usage areas and formulate new products with high added value are progressed, whilst simulation models have been developed for the entire soda ash production process.



Diversifying the Chromium III product portfolio has taken up an important part of the research and development activities, thus new production methods were developed for chromium citrate and chromium hydroxynitrate for the metal plating industry. Laboratory tests to develop a different production process for sodium dichromate are currently under way. Another project that was carried on in 2011 was based on formulation and implementation of the new product developed for the leather tanning industry.

The Research and Development laboratory, accredited with the ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories, enriched the scope of accreditation activities throughout 2011. Most of the R&D projects run by the Company are supported by TUBITAK-TEYDEB (Scientific and Technological Research Council of Turkey) through Industrial R&D Funding Programme.

Protection and Conservation of Sea Turtles Project

The European Chemical Industry Council (CEFIC) rewarded Company's support of the Protection and Conservation of Sea Turtles in Kazanlı-Mersin, with a letter of appreciation. This project also gained Soda Sanayii a commendation from the European Responsible Care Awards 2011.

SODA SANAYİİ CONSOLIDATED HIGHLIGHTS*

(in million TL)	2011	2010	2009
Sales Revenue	872	660	624
International Sales	590	448	385
Gross Profit	250	153	145
Operating Profit	170	85	75
Parent Company Profit/(Loss)	185	69	46
EBITDA	224	132	118
Net Financial Debt	42	56	120
Equity	798	615	541
Total Assets	1.225	945	913
Investments	119	63	62
Number of Employees	1.769	1.854	1.872

* Includes Soda Sanayii, Şişecam Bulgaria, Oxyvit Kimya, Şişecam Soda Lukavac, Asmaş, Dost Gaz, Cromital and Sintan.

Cogeneration Plant, Mersin

Cam Elyaf

Cam Elyaf produces and markets glass fibre products that constitute the main input for the composites industry. The four main product groups the Company engaged in are: mat, multi end roving, roving and chopped strand. Composite materials, which offer countless advantages in comparison to traditional materials, are utilized in various areas, primarily infrastructure, automotive, construction, marine, industrial products and furniture.

A review of global glass fibre market reveals that the Far East, Russia, North Africa, Middle East, South America and Brazil experience higher growth rate than the

world average. In 2011, due to the political instabilities in North Africa and the Middle East, local GRP (Glass Reinforced Plastics) manufacturers faced uncertainties in their projects in the region, which in return affected domestic demand negatively.

Nevertheless Cam Elyaf outperformed its export and domestic sales targets, substantially increasing its sales revenue compared to the previous year. Cam Elyaf sales to local and foreign markets were 52% and 48% respectively.

In 2011, research and development activities for Cam Elyaf were in progress by products focusing on the following: improvement of existing processes and technologies, cost reduction, improving efficiency, increasing product quality, and new product design. Within the scope of new product development activities, direct chopped strand products were developed and launched in 2011. Product range technology has been completely changed to direct chopping process to create cost efficiency. Also a multi-end roving product targeting the thermoplastics industry was designed. Aforesaid product is compatible with polypropylene and it mainly serves automotive industry. Because of its environment friendly nature, this new product is preferred by big manufacturers in the industry.

As part of the marketing activities, Cam Elyaf participated in the JEC Composite Fair, one of the most important events in the composites industry held annually in Paris. Cam Elyaf also participated in the Composite Europe Fair for the third consecutive year, which principally targets the German market.

Cam Elyaf participated in the Fakuma-Germany fair in 2011 in order to promote the chopped strand products, one of the main products of the Company. This was the first time the Company took part in this organisation, which is the highest profile event in the thermoplastics industry calendar.

Considering the fact that Asia is one of the largest markets in the composites industry, Cam Elyaf attended

the composites fair in China in order to raise brand awareness and build direct contact with global customers in the Asian market.

Camiş Madencilik
Mining companies of the Chemicals Business in Turkey, Egypt and Bosnia-Herzegovina, continue to expand their areas of operation constantly in order to meet the industrial raw material demand growing in line with Şişecam Group's overseas investments.

In addition to silica sand, limestone and dolomite, Camiş Madencilik added feldspar and kaolin to its product portfolio with new company acquisitions and investments. Meeting the raw material needs of the Group, mining companies also supply the local and foreign markets, serving the ceramics and cement industries. Concentrating on projects to maintain cost saving and productivity improvement, Camiş Madencilik reached sales and production targets for 2011.

In 2010, Camiş Madencilik purchased 50% share in the Vijenac limestone mine to meet the limestone demand of Şişecam Soda Lukavac Soda plant operating in Bosnia-Herzegovina, thereby ensured actual raw material sourcing in line with targets in 2011.

Camiş Elektrik
One of the first private companies in the Turkish energy sector, Camiş Elektrik has been operating for more than 15 years. The power generation capacities of Lüleburgaz and Mersin facilities are 32 MW and 252 MW, respectively. The Company continued its operations in 2011 in line with its projections. Generating 4,2 million tonnes of steam and 2,25 billion kWh of power per year, the Company stands out as one of the most important and reliable suppliers of the Turkish electricity market.

Oxyvit
Established in 1999 under the partnership of the Şişecam Group and Italian Cromital SPA, Oxyvit is engaged in the production and marketing of Vitamin K3 derivatives, which play an important role in the feed industry; mainly poultry, swine and fish. Parallel to the increasing white meat and pork production, the Company continued its uptrend which started in 2010. The 2011 sales of the Company exceeded the targets. In addition, efforts for reaching new markets and expanding the customer portfolio continued through the year.

First initiated in 2009, the modernization studies towards improving production, productivity and cost saving have been completed in 2011. As a result, the Company employed a new production process using an up-to-date technology.

In 2011, the Company improved its sales revenue in the sodium metabisulphite product group and performed beyond expectations. The main markets for this product group are Europe, North Africa and North America. In 2011, operations continued to diversify sales markets of the company. As a result, the first sales to Latin America and the Middle East have recently begun.

A regular participant in key trade fairs, Oxyvit attended IPE-Atlanta in 2011.

Asmaş
Manufacturer of heavy-duty industrial machinery and equipment, Asmaş is one of the remarkable companies in the region with its know-how, expert technical staff and quality consciousness. Serving domestic and overseas markets, Asmaş builds complete facilities, generates projects and technologies, and manufactures machinery and equipment used widely in industry. Iron and steel, cement, chemistry, energy, transport equipment and the defence industries are amongst the major sectors that Asmaş caters to.

In 2011 Asmaş increased its sales to the Şişecam Group and expanded its non-Group customer portfolio. The Company manufactured new machinery for the iron and steel industry and hydroelectric power plants. In 2011, Asmaş also progressed in modernization investments that started in 2009 with the purpose of maintaining a more competitive structure via improving efficiency and capacity. With the completion of new counter investments, Asmaş will carry its capacity to the desired level.

Asmaş, İzmir

Group companies spent a total of TL 47 million for R&D, including the capitalisations required by Turkish R&D Law No 5746, excluding the costs incurred during the test studies conducted on production lines. 1% of the entire sales revenue was allocated for research and development activities.

R&D activities

Operating in an energy intensive industry, Şişecam considers conservation of natural resources that will be passed forward to next generations and maintaining sustainability as one of its primary targets and focuses on these in research and development. In 2011, the highest priority in selection of R&D projects for new product development and process improvements were given to technologies that would save energy in production and during use.

Supporting in-house design and engineering expertise extensively with mathematical modelling across the entire span of its operations, by achieving improvements up to 7% on individual basis, Şişecam increased the performance of its furnaces which are already amongst the top 10% performers in the world in terms of minimising energy consumption.

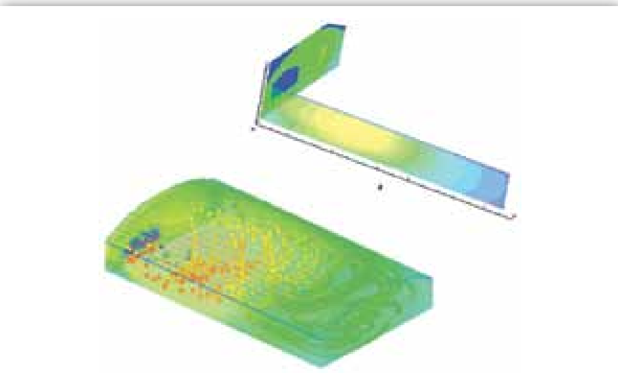
Diversification of basic glass products

In addition to the energy savings, one of the other main goals of the R&D activities in 2011 has focused on improvement of the functionality, value and appeal of glass products, the most commonly used material in everyday life. R&D work continued throughout the year with specific emphasis on designing new coatings to enhance the functionality of the glass surface along with new functional compositions, and an enriched colour palette.

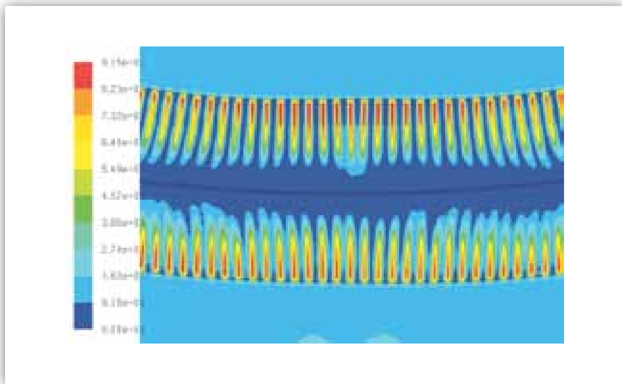
As the anticipations on decreases in energy demand and costs have been abortive both in Turkey and the world in 2011, the energy saving and construction materials designed to improve energy efficiency in buildings became more of an important issue than ever. Demand for high energy performance flat glasses for windows and facades grow more than ever both in Turkey and developing world.

Therefore, within the scope of R&D studies conducted in 2011, special attention was paid to expansion of energy performance coated flat glass product range with neutral transmission and reflection colour features. Additional R&D studies largely focused on developing coatings resistant to heat treatments for convenient use in safety glass processes.

Significant progress was made also in developing technological processes for high energy performance coatings diversifying the use of the product in different fields and products developed for use in energy efficient household appliances were brought to the production stage.



Determining the temperature and velocity of combustion gases in the furnace atmosphere with particle tracking method.



Velocity distribution calculated for cooling air in the tempering process of automotive glass.

Increasing glass strength

Although its brittleness occasionally impairs its competitive edge, glass is healthy and natural material. The increased awareness of the drawbacks of bottling especially drinking water in containers other than glass, created increased demand for glass containers in recent years. With the aim of supporting this return and abating the weaknesses created by the brittleness of glass as a material, intensive work has continued in 2011 on improving the mechanical strength of glass products. The Glass Research Centre focused on developing coatings that prevent the factors which reduce the actual strength of glass from its theoretical high levels, and on the application of these materials to the surface of the bottles. The centre also designed new coating materials that will introduce opacity and sense of satin-like touch to the glass surface; qualities preferred by customers.

Renewable energy

Today, as a result of rapid depletion of natural energy resources and environment, renewable energy is gaining importance. Researchers focused on developing functional glass surfaces to help increasing efficiency of solar cells used in generating power from solar energy. Anti-reflective coating materials and technology developed for glasses to be used in high efficiency thermal and photo-voltaic solar modules.

In addition, glass fibre compositions with improved resistance and surface qualities were developed to meet the requirements of wind turbines used in renewable power generation.

Different colours

In the highly competitive tableware business, capability to produce glass articles in high productivity calls for high quality machine production and offering a wide range of colours is a definitive competitive advantage. Research and Development in glass chemistry and melting/processing technology yielded colour compositions (such as sugar pink, bright yellow and bright orange) hitherto unavailable in mass production.

With the rise in demand for completely decolourised flat glass for interior design and architectural purposes; researches to control chemistry and operating conditions have been concluded in production ready compositions.

HUMAN RESOURCES

Established following a restructuring in compliance with contemporary business dynamics, the Group's Human Resources Systems Department has been reorganized as a Directorate in August 2011. The new directorate is continuing its activities with the following units: Recruitment, Job Evaluation and Compensation, Performance and Career Systems, Expat Management and Training.

MISSION & VISION OF THE HUMAN RESOURCES

HR Systems Code of Conduct has been revised by the Group HR Systems Directorate in 2011. The Group has redefined its HR Mission, Vision, Policies and Strategies.

Mission
To create a sustainable competitive advantage through designing, employing and improving HR systems that support Şişecam Group's targets and strategies.

Vision
Having a highly engaged human resource which has a positive impact on business results, adds value to the organisation for Şişecam Group's permanent and sustainable success.

HUMAN RESOURCES POLICY AND STRATEGIES

Our HR policy and strategies, which support Şişecam Group's corporate growth objectives, are:

- Recruiting talent that share our values,
- Supporting the training of exemplary professionals, who excel in their fields with their knowledge and experience,
- Employing modern, fair and consistent remuneration and rewarding systems, which take into consideration the job's size, employee's contribution to the job and his/her performance, skills and competence,
- Implementing a permanent high-performance culture within the organisation,
- Creating and improving tools to assign our employees to the right job, on the right time, at the right place, locally or abroad,
- Improving the organisational structure continuously to rapidly adapt to changes and meet the needs required to reinforce the Group's position within the sector,
- Training and mobilizing current or future managers through global careers; developing executives with extensive professional backgrounds.

2011 ACTIVITIES

HR Portal
With the aim of realizing the integrated human resources processes on the electronic medium, a software project has been initiated in March 2011. This software and the Human Resources Portal which will be available for all white collar employees will be put into service in 2012 for companies operating in Turkey.

Türkiye Şişe ve Cam Fabrikaları A.Ş. Human Resources Systems Code of Conduct has been updated in compliance with the human resources systems currently employed and published in Camport.

Recruitment Department
The Recruitment Department pursues the following goals: providing the Group with the appropriate talent who will meet the strategic and operational needs of Şişecam; and supporting the Group to enjoy the strategic advantage of its human resources. Following the establishment of the department, presentations were made to introduce the new Recruitment Process. Competency-Based Interviews have been used as a part of this process. 835 competency-based interviews were carried out until 31 December 2011 and 180 people were recruited accordingly.

Job Evaluation and Compensation Department
Within HR Systems Implementation Project (IKS-UP), our Group restructured the Job Evaluation and Compensation Management System in 2011, with the objective of forming a fair, competitive and market-oriented wage system which is easy to understand and manage. As a result of the evaluation studies conducted with the Job Assessment Methodology, a new Grade System has been put into effect, through which all titles within the Group have been relatively repositioned and redefined.

Performance and Career Systems Department
Established in November 2010, Performance and Career Systems Department completed the design process of the Performance Management System in compliance with the HR Systems Implementation Project (IKS-UP) in 2011. In order to introduce this system, which will be put into practice as of 2012, the team members made 65 presentations addressing the executives and employees in 10 different locations.

The Career Management System is currently being designed
The Procedure for the Promotion of Blue Collar Employees to Foreman/Technician Positions has been published. The Assessment Centre process was initiated accordingly.

Expat Department
Designing systems for the HR practices concerning the personnel working in a country other than the person's upbringing or legal residence, the Expat Management is a department standardizing these systems throughout the Group. In 2011, a consolidated data base, covering personnel data for 169 expats, has been created.

Training Department
Designed with an innovative approach, the Training Process includes a Group-wide competence and position based Master Training Plan for the next 5 years. Covering the white collar employees, the first group of trainings was held in September-December 2011 period. In the coming term, these systematic organisations will be expanded throughout the Group to include blue collar employees and expats. In addition to competence and position based planned training activities, several other trainings and learning organisations were held throughout the year. Some of them are: "Şişecam Leadership Academy" - a long term training program for managers and senior executives; "Foreign Language Courses" - for employees of the head office; and "Preparation Courses for CMB Proficiency Licensing Tests". Furthermore, the employees of the Group Companies were given occupational courses covering the "Regulation for Hazardous Work", on-the-job trainings and trainings regarding the Emergency Plans.

The results of 2011 can be summarised as follows:

- Training Department organized 127 trainings for 2.068 employees and realized 37.146 man-hours of training.
- Group companies deliver trainings both inside and outside the company every year, mainly focusing on on-the-job trainings. With the participation of the same employee more than once, 19.769 people from all Group companies have received 381.919 man-hours of training in 2011. These training hours are quite high compared to last years' figures. This increase is mainly owed to the occupational courses covering the "Regulation for Hazardous Work" given to blue collar employees.
- The entire training activities offered by the Group in 2011 has been realized as 419.069 man-hours, with the participation of 21.837 employees.

INDUSTRIAL RELATIONS

The Şişecam Group handles industrial relations with 7 trade unions in 4 discrete business lines; these relations are coordinated by the Group Industrial Relations Directorate. Our vision with regard to industrial relations is:

- to expand competitiveness and increase efficiency by maintaining healthy and well-balanced industrial relations within the frame of Group policies,
- to sustain work peace at workplaces; to work closely with trade unions to create a relationship based on mutual trust and healthy communications,
- to increase the efficiency of occupational health and safety at workplaces, based on our "Humans First" philosophy.

Collective agreements

The Group signs 8 collective agreements in Turkey, with the following breakdown: 1 group-wide agreement, 2 agreements at plants and 5 agreements represented by workplaces. 2 collective agreements are in place abroad: 1 in Bulgaria for 4 plants and one in Russia. The terms of these agreements vary between 1 and 3 years, and those expiring were successfully renegotiated in late 2010 and early 2011 supporting Group interests and in anatmosphere of total and mutual harmony, obviating any need for industrial action.

To serve that end, the following agreements were concluded in 2011:

- on 1 March 2011, the 12th Term Collective Agreement with the Selüloz-İş Trade Union for the Camiş Ambalaj Tuzla and Eskişehir Plants, covering the period of 1 September 2010 through to 31 December 2012;
- on 24 June 2011, the Collective Agreement with the Podkrepa Trade Union for Trakya Glass Bulgaria EAD, covering the period of 1 July 2011 through to 30 June 2012;
- on 21 July 2011, the Collective Agreement with the Pooofkom Trade Union for the Posuda Ltd. Plant, 1 January 2010 through to 31 December 2012.

The 14th Term Collective Agreement for Denizli Cam A.Ş. expired on 31 December 2011. Negotiations with the Çimse-İş Trade Union for the 15th Term have been under way since 1 December 2011, which are expected to continue in 2012.

Review on the Soda Sanayii A.Ş. and the Glass Group Collective Agreements, which expired on 31 December 2011, started in 2011.

Regulation and coordination activities

The Group Industrial Relations Directorate conducted many activities in 2011 to ensure compliance with the laws, regulations and the terms and conditions of collective agreements at workplaces. To this end, the Directorate submitted memoranda and offered advice in writing and verbally, thus offering solutions to the problems the Group companies deal with in managing industrial relations.

Meetings were coordinated by the Group Industrial Relations Directorate in 2011 to update HR executives as well as the personnel working in occupational health and safety on the new practices imposed by latest regulations; these meetings covered "The New Occupational Health and Safety Regulations" and "Recruitment Incentives" and were attended by representatives of the Ministry of Labour and Social Security and the Labour Institute of Turkey.

These coordination meetings were held to discuss problems faced in building industrial relations and to assess the latest developments in the field. The aim was to set a practice standard for the Group. As agreed during the negotiations with trade unions, the Group decided to switch to a uniform system to reflect corporate culture. These uniforms comply with workplace standards in terms of occupational safety. The uniform purchases were made accordingly and the requirements were expressed in the specifications.

2012 targets

The priority aim of the collective agreement negotiations to be conducted by the Industrial Relations Directorate in 2012 is to reach a deal based on mutual understanding without interrupting peace at work or workflow, whilst taking the Group's best interests into account.

To this end:

- The Group will attempt to conclude the Collective Agreement with Denizli Cam Sanayii A.Ş., taking the Company's financial state and competitive power into account.
- The Group will aim to conclude the Collective Agreement with Soda Sanayii A.Ş., taking the Company's structure, competitive nature of the market and global economic developments into account.
- Vital for the Group, Glass Group's 22nd Term Collective Agreement, which has expired on 31 December 2011, stands as one of the largest-scale collective agreements in our country. The negotiations for the 23rd Term Collective Agreement will be initiated immediately after the completion of authorisation procedures. Negotiations will be made to conclude an agreement in line with the Group's best interests.
- Negotiations for the Anadolu Cam Yenişehir Sanayi A.Ş. collective agreement, which has expired on 31 December 2011, will be initiated immediately after the completion of authorisation procedures.
- Negotiations for the Eskişehir Cam Sanayi A.Ş. collective agreement, which expires on 31 March 2012, will be initiated immediately after the completion of authorisation procedures of the representing union.
- Negotiations to be made with Podkrepa Trade Union for the renewal of the collective agreement with Trakya Glass Bulgaria EAD, which expires on 30 June 2012, are given special importance. These negotiations will be one of the Group's significant Industrial Relations activities in 2012. Likewise, negotiations will be made to conclude a collective agreement with the Proofkom Union for the Posuda Plant serving the Glassware Business.
- During the last quarter of 2012, preparations will be made for the new term concerning the collective agreements to be concluded with Camiş Sanayi A.Ş. and Trakya Yenişehir Cam Sanayi A.Ş. The agreements of both plants will expire on 31 December 2012.

In 2012, authorised team members will continue to make statements and express their opinions and views about the practices of terms and conditions set forth in the collective agreements, and compliance with the laws and regulations. Especially after the enactment of the Collective Work Relations Act, which is expected to be put into effect in 2012 to replace the Unions Act, Law No: 2821 and the Law on Collective, Strike and Lockout No: 2822, our employees will be informed about the compliance with the new law. Training is planned to start immediately and will cover every Group company.

OCCUPATIONAL HEALTH AND SAFETY

Şişecam embraces the policy of carrying out all its operations in healthy and safe working environments; all Group workplaces are monitored according to local and international standards. Work on eliminating flaws and improving safe working conditions continues uninterrupted.

Occupational health and safety practices

The Group continued to coordinate workplace health and safety practices in all its industrial facilities throughout 2011, monitoring, measuring and analysing. Detailed reports summarising the findings of these studies were submitted to each workplace in order to eliminate any shortcomings identified, thereby contributing to the maintenance of healthy and safe workplaces for the employees and workers, who stand as the key elements of the production process. In addition, these reports helped minimise or eliminate totally the risks the workers are exposed to, reducing them to acceptable levels as outlined in the regulations.

In the course of occupational health and safety observations and monitoring studies conducted in 2011 to ensure domestic and international standards are complied with, the following has been completed:

- In the Glassware Business: The following measurements were made at Paşabahçe Kırklareli, Eskişehir Glass Packaging, Denizli Cam and Paşabahçe Mersin Plants: noise, lighting, dust exposure, thermal comfort and harmful gases. In addition, workplace observations were made to detect the risks which may cause occupational diseases and accidents. The detected points were reported.
- In the Chemicals Business: The measurements and observations, regularly made each year in the scope of OHSAS 18001 Occupational Health and Safety Management System, were repeated at Soda Sanayii A.Ş. Kromsan and Soda Plants and the issues identified about occupational health and safety have been reported. Additional measurements and observations were made at Cam Elyaf Plant to support the OHSAS 18001 certification studies. The measurements and observations made for the first time at Bosnia Herzegovina Plant of Camiş Madencilik Vijenac were successfully completed. Periodic measurements and observations were carried out at the Camiş Madencilik Bilecik Plant.
- In the Glass Packaging Business: Measurements and observations were made at the Anadolu Cam Yenişehir Plant and the issues identified about occupational health and safety have been reported.
- In the Flat Glass Business: Day- and nighttime measurements were made to international standards as part of the IFC in every workplace.

Once expert assessment on workplace accidents was completed, the facility in question was notified accordingly. The 6 months periods and annual Workplace Accidents Assessment Reports in 2011 was published and distributed. Every factor in workplace accidents has been examined in this reports.

The Workplace Accidents Assessment Reports for 2009 and 2010 guided the awards presented at a ceremony attended by the HR managers of the plants, occupational safety engineers and occupational physicians.

THE OCCUPATIONAL HEALTH AND SAFETY POLICY

Şişecam is convinced of its capacity to create a healthy and safe working environment in all its activities, fully cognisant of its deep-rooted traditions and corporate structure and an indication of the importance it places on the right to decent working and living conditions and that by so doing, it contributes to the creation of a society and workforce strong in body and mind, and that this is its main guarantee for the future.

Setting out from this belief, which is a fundamental and indispensable element of its management concept, Şişecam aims to constantly improve the working environment and conditions in line with technological changes and developments, and by complying with legal requirements, standards and contemporary management systems, to inform its employees and stakeholders, and so to contribute to the assimilation of a true "health and safety culture" in all segments of the community.

The statistical data of the periodic health controls performed by the workplace healthcare units was evaluated, and advice on preventive health was offered. Additional work was carried out on fire safety in a number of plants in response to specific requests, and reports documenting the conclusions of these studies have been submitted to the relevant workplace.

Occupational health and safety training
A total of 92 people received 219 man/hours of training on occupational health and safety at the Eskişehir Glass Packaging and Trakya Cam Plants. The topics discussed in these programs were: workplace environment risks; occupational diseases and preventive health policies; the importance and use of preventive materials and equipment; definition of occupational safety; unsafe behavior-unsafe conditions; safety precautions; occupational health and safety regulations and the terms of collective agreements; workers' responsibilities and liabilities in following the rules and taking necessary precautions for occupational safety.

Under the supervision of The Group in the Industrial Relations Directorate, occupational health and occupational safety engineers have been joined the Occupational Safety Expertise training, a 220-hour-long program. After training these team members passed the Class C Occupational Safety Expertise test, held by the Ministry of Labour and Social Security, and received their certificates.

On 10 June 2011, a coordination meeting was held for the plant occupational safety engineers, during whom a presentation was given, assessing occupational accidents that occurred at our plants and providing the platform for the exchange of exemplary practices. In addition, the Deputy Chief Surgeon of the İstanbul Occupational Diseases Hospital made a presentation on occupational diseases, discussing the topic in the context of occupational health and safety.

Occupational health and occupational safety engineers, under the supervision of the Group as members of the Industrial Relations Directorate team, participated in the 19th World Occupational Health and Safety Congress. Held in İstanbul, this event gathered close to 5,000 experts from 140 countries and the Trakya Otocam Plant played host to 44 local and foreign delegates on 14 September 2011.

Targets
Occupational health and safety will continue to be one of the top priorities in 2012, in line with Group policy. Given the growth of Group workplaces, efforts to ensure a safe workplace and the preservation of the said safe workplace remain of paramount importance for 2012, whilst statistical and analytical work on work accidents and periodical medical checks will continue.

THE ENVIRONMENT

Şişecam supports the principle of respecting the environment in its operations and carries out its activities with this sense of responsibility. In 2011, the Group allocated a budget of TL 20,8 million for its environmental protection activities.

Environmental Management System
The Şişecam Environmental Policy highlights the need for an environment-oriented perspective in every phase of its work processes. As a keystone, the Group aims to minimise its environmental effect whilst producing and to manage these effects with a systematic approach. Therefore, ISO 14001 Environment Management System standard rules have been implemented in all production plants. By December 2011, virtually all the production plants have the ISO 14001 certificate.

Carbon Disclosure Project
Şişecam participated in the Carbon Disclosure Project (CDP) which is the most comprehensive global environment initiative aiming the disclosing of company strategies regarding many topics regarding energy, CO_2 release and climate change. The Group's risk/utility analyses and greenhouse gas emission data -caused by the glass production operations in 2010- have been published in line with the principles of transparency and voluntary sense of the CDP. Project stakeholders now have access to this document.

Environmental legislation
The national environmental legislation, continuously updated to harmonise with the EU acquis, has been closely followed and in a proactive manner the Group has played an active role in shaping the legislation through the studies carried out in the environmental committees of several national and international NGOs. Our main principle has always been full compliance with environmental legislations of the countries that the Group operates in and to this end; works have continued to obtain the necessary authorisation and to meet the liabilities.

Minimum harm to environment
Environmental data collection and reporting systems are crucial to Şişecam's continued development target. In order to monitor the environmental performances of the Group companies, monthly data have been collected under the subtopics of authorisations, energy consumption, water consumption and wastes. Annual inventory of the greenhouse gas emissions caused by the Group's main production operations in Turkey has been prepared and projects have been designed to find alternatives to reduce the greenhouse gas emissions to the targeted levels.

In line with the Group's key consideration on minimum environmental impact and the most efficient use of resources during production, existing systems have been improved and new systems have been installed as integral parts of investments. In this context, the total cost for new installations was approximately TL 6,3 million and total expenditure to sustain the existing environment activities was TL 14,5 million, in 2011.

All recyclable wastes generated during production processes have been conveyed to waste recycling plants. The remaining wastes have been disposed of by authorised waste disposal plants. As required by law, a certain percentage of packages launched to the local markets have been recycled. Through this liability a total of 1.270 tonnes of plastic package and 6.851 tonnes of cardboard/paper package was recycled in 2011. In addition, training and awareness-raising activities continued in collaboration with an authorised institution.

ENVIRONMENTAL POLICY

Şişecam, as an organisation strongly aware of its responsibility towards the protection of environment, believes in the need to maintain the world as a livable place for coming generations. This approach is considered as the cornerstone of Şişecam's strategic management and is integrated in every phase of its work processes.

Our aim is to carry out all environmental protection activities in Şişecam within a framework of an Environmental Management System, by taking account the sustainability principles and continuously improve the system with the support of all our employees and stakeholders.

INFORMATION AND COMMUNICATION TECHNOLOGIES

Contributing to its competitive power, Şişecam's information technologies, computer and communication infrastructure enables a low-cost, uninterrupted, reliable, safe and efficient service, which accelerates the return on investment made on IT technologies.

Environment Management System
Based on the mission of "maintaining the improvement, employment and efficient use of high added value, sustainable, integrated and economic IT solutions in compliance with Group strategies under the light of latest technological developments around the world" and on our vision of "being an IT team offering services and designing solutions at international standards" the following activities were carried out in 2011 in information technology:

- Improvement of operational productivity and resource utilization efficiency,
- Improvement of business processes and end user working productivity,
- Expanding the standards through the entire Şişecam Group,
- Maintaining data safety and reliability,
- Carrying out projects and studies aligned with the cost efficiency strategies.

Technological Transformation Project
Using high-end technology and standards, the IT infrastructure of local Group companies has been redesigned to offer a collaborative and easy-to-manage environment.

HR Management System
Human Capital Management Project that provides features and functions to manage the Group's HR applications, organisation management and business processes within an integrated and central infrastructure structure has been completed.

Metro Ethernet Switch Project
The Metro Ethernet connections, which will be used to convey audial and visual data transmission to long distances at lower costs and with higher capacities, have been offered to the business units.

The Electronic Invoicing System
Following the enactment of Tax Procedural Law General Communique, the e-invoicing application has been initiated by the Revenue Administration. The deployment of the application that enables the transition from paper invoices to e-invoices throughout the Group companies has been completed.

Enterprise Database Warehousing and Corporate Performance Analysis System
The project of "Enterprise Database Warehousing" solution, which has been developed to empower business insight faster response times, decisive action, and a competitive edge and serving as Management Decision Support System has been completed.

Flat Glass Business Enterprise Resource Planning (ERP) Project
The business transformation solution that is chosen as a corporate standard on Enterprise Resource Planning (ERP) has been completed for the plants of Basic Glasses Segment of the Flat Glass Business in Turkey and Bulgaria.

Chemicals Business Planning Project
In the Chemicals Business companies, the business planning (budgeting) application integrated with the Enterprise Resource Planning System has been deployed and launched to be run in the new platform.

Glassware Business Budget Planning Project
The improvements of the system built for the business planning (budgeting) processes of Glassware Business companies have been successfully completed.

Paşabahçe Mağazaları moved to new headquarters
Paşabahçe Mağazaları A.Ş. moved to new headquarters, with a new IT infrastructure. During the move the present systems ran uninterrupted at all business units.

Upgrading the Paşabahçe Mağazaları online connection infrastructure
The data connection between the Paşabahçe Mağazaları A.Ş. Tuzla Head Office and 31 Paşabahçe retail stores was switched to G.SHDSL technology. Increasing line capacity eightfold, this switch also reduced line rental significantly.

The targets for 2012 can be summarised as follows: deploying IT service management and demand management processes, defining the critical IT processes, enabling the target-based measurement of service levels, measuring the customer satisfaction regarding service quality, realization of portfolio management, transferring the workflows to the digital platform, generating document management solutions and standards, maintenance of corporate identity management environment, extending the data and system security levels and completing the Şişecam ERP project.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2011

INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş., its subsidiaries and its joint-ventures (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2011 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Group management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Şişe ve Cam Fabrikaları A.Ş. as of 31 December 2011, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Additional paragraph for convenience translation into English

5. The financial reporting standards described in Note 2 (defined as "CMB Financial Reporting Standards") to the consolidated financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of PricewaterhouseCoopers

Haluk Yalçın, SMMM
Partner

İstanbul, 19 March 2012

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of ***PricewaterhouseCoopers Turkey***
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Consolidated Balance Sheets at 31 December 2011 and 31 December 2010

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

ASSETS	Notes	31 December 2011	31 December 2010
Current Assets		**3.807.320.382**	**3.156.720.445**
Cash and cash equivalents	6	1.599.923.097	1.471.875.644
Financial investments	7	-	33.268.005
Trade receivables	10, 37	993.499.817	722.373.032
- *Due from related parties*	*37*	*2.005.242*	*1.641.146*
- *Other Trade Receivables*	*10*	*991.494.575*	*720.731.886*
Other receivables	11, 37	39.901.813	44.066.101
- *Due from related parties*	*37*	*22.234.551*	*33.476.215*
- *Other receivables*	*11*	*17.667.262*	*10.589.886*
Inventories	13	990.917.788	752.632.130
Other current assets	15, 26	183.077.867	132.505.533
Non-current Assets		**4.447.455.664**	**3.613.270.950**
Trade receivables	10	-	-
Other receivables	11	2.209.796	1.563.886
Financial investments	7	114.961.893	101.837.411
Associates	16	146.012.364	130.036.386
Investment Properties	17	208.591.216	-
Property, plant and equipments	18	3.758.959.021	3.259.156.188
Intangible assets	19	41.837.632	34.905.096
Goodwill	20	8.950.786	3.416.012
Deferred tax assets	35	66.999.834	43.218.182
Other non-current assets	26	98.933.122	39.137.789
TOTAL ASSETS		**8.254.776.046**	**6.769.991.395**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Balance Sheets at 31 December 2011 and 31 December 2010

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

LIABILITIES	Notes	31 December 2011	31 December 2010
Current Liabilities		**1.366.410.423**	**1.026.123.117**
Financial liabilities	8	720.337.080	561.036.310
Trade payables	10, 37	411.884.442	272.300.949
- *Due from related parties*	*37*	*9.090.408*	*5.977.844*
- *Other Trade Payables*	*10*	*402.794.034*	*266.323.105*
Other payables	11, 37	75.921.393	55.764.878
- *Due from related parties*	*37*	*13.684.633*	*7.297.502*
- *Other Payables*	*11*	*62.236.760*	*48.467.376*
Corporate tax payable	35	34.404.999	32.734.398
Provisions	22	18.152.071	19.310.937
Provisions for employee benefits	24	8.837.936	6.165.159
Other liabilities	15, 26	96.872.502	78.810.486
Non-current Liabilities		**1.732.044.732**	**1.597.085.550**
Financial liabilities	8	1.475.434.528	1.336.003.997
Trade Payables	10	5.522.563	20.416
Other payables	11	1.092.178	340.735
Provisions for employee benefits	24	193.357.430	171.125.468
Deferred tax liabilities	35	55.833.628	89.010.901
Other liabilities	26	804.405	584.033
EQUITY	**27**	**5.156.320.891**	**4.146.782.728**
Total Equity Attributable to Equity Holders' of the Parent		**4.202.103.782**	**3.338.143.601**
Paid-in share capital		1.300.000.000	1.144.000.000
Inflation adjustments to share capital		241.425.784	241.425.784
Share premiums		527.051	527.051
Revaluation funds		181.492.199	135.001
Currency translation differences		120.457.445	22.903.303
Legal reserves		42.815.953	39.733.497
Retained earnings		1.683.880.239	1.477.632.823
Net income for the period		631.505.111	411.786.142
Non-controlling Interests		**954.217.109**	**808.639.127**
TOTAL LIABILITIES AND EQUITY		**8.254.776.046**	**6.769.991.395**

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

Consolidated Statements of Income for the Years Ended 31 December

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

	Notes	1 January - 31 December 2011	1 January - 31 December 2010
Sales Revenue	28	4.978.682.815	4.206.236.303
Cost of sales (-)	28	(3.340.442.549)	(2.971.201.276)
Gross Profit		**1.638.240.266**	**1.235.035.027**
Marketing, sales and distribution expenses (-)	29 - 30	(436.859.479)	(301.577.441)
General administrative expenses (-)	29 - 30	(410.011.738)	(368.536.336)
Research and development expenses (-)	29 - 30	(34.842.208)	(32.651.405)
Other operating income	31	91.881.888	97.819.780
Other operating expenses (-)	31	(70.344.537)	(64.214.431)
Operating Profit		**778.064.192**	**565.875.194**
Income / (loss) from associates	16	6.911.085	6.555.855
Financial income	32	1.227.974.701	677.762.903
Financial expenses (-)	33	(1.146.045.133)	(664.593.093)
Profit before tax		**866.904.845**	**585.600.859**
Tax expense		**(126.340.937)**	**(101.287.103)**
- Current tax expense	35	(187.180.339)	(120.274.381)
- Deferred tax income	35	60.839.402	18.987.278
Profit / (Loss) for the Period		**740.563.908**	**484.313.756**
Attributable to:			
- Non-controlling interest	27	109.058.797	72.527.614
- Equity holders of the parent		**631.505.111**	**411.786.142**
Earnings per share	**36**	**0,4858**	**0,3168**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statements of Income for the Years Ended 31 December

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

Comprehensive Statement of Income	Notes	1 January - 31 December 2011	1 January - 31 December 2010
Profit / (Loss) for the Period		**740.563.908**	**484.313.756**
Other Comprehensive Income			
Change in currency translation differences		111.065.310	(9.193.082)
Revaluation of financial assets	7	(51.552)	(3.598.812)
Change in fixed asset revaluation funds		200.114.617	-
Tax income/ (loss) of other comprehensive income	35	(10.003.153)	741.077
Other Comprehensive Income/ (Loss) after Tax		**301.125.222**	**(12.050.817)**
Total Comprehensive Income / (Loss)		**1.041.689.130**	**472.262.939**
Attributable to:			
- Non-controlling interest		131.272.679	65.881.783
- Equity holders of the parent		910.416.451	406.381.156
		1.041.689.130	**472.262.939**
Earnings per share	**36**	**0,7003**	**0,3126**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statements of Changes in Equity for the Years Ended 31 December

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

	Paid-in Share Capital	Inflation Adjustments to Share Capital	Treasury Shares (-)	Share Premiums	Revaluation Fund	Currency Translation Differences	Legal Reserves	Retained Earnings	Net Profit for the Period	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interest	Total
1 January 2010	**1.100.000.000**	**241.425.784**	**(44.480.006)**	**527.051**	**(1.571.576)**	**25.450.556**	**36.910.148**	**1.388.302.863**	**111.808.768**	**2.858.373.588**	**852.543.006**	**3.710.916.594**
Reclassifications (Note 20)	-	-	-	-	-	-	-	(16.665.579)	-	(16.665.579)	-	(16.665.579)
1 January 2010	**1.100.000.000**	**241.425.784**	**(44.480.006)**	**527.051**	**(1.571.576)**	**25.450.556**	**36.910.148**	**1.371.637.284**	**111.808.768**	**2.841.708.009**	**852.543.006**	**3.694.251.015**
Capital increase	-	-	-	-	-	-	-	-	-	-	49.036.288	49.036.288
Transfers to legal reserves	-	-	-	-	-	-	2.823.349	108.985.419	(111.808.768)	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	(20.639.543)	-	(20.639.543)	(137.867.283)	(158.506.826)
Treasury shares	-	-	46.259.207	-	-	-	-	65.432.266	-	111.691.473	-	111.691.473
Non-controlling shares put option valuation (Note: 26,27)	-	-	-	-	4.564.310	-	-	(5.561.804)	-	(997.494)	817.222	(180.272)
Dividends paid	44.000.000	-	(1.779.201)	-	-	-	-	(42.220.799)	-	-	(21.771.889)	(21.771.889)
Total comprehensive income for the period	-	-	-	-	(2.857.733)	(2.547.253)	-	-	411.786.142	406.381.156	65.881.783	472.262.939
31 December 2010	**1.144.000.000**	**241.425.784**	**-**	**527.051**	**135.001**	**22.903.303**	**39.733.497**	**1.477.632.823**	**411.786.142**	**3.338.143.601**	**808.639.127**	**4.146.782.728**
1 January 2011	**1.144.000.000**	**241.425.784**	**-**	**527.051**	**135.001**	**22.903.303**	**39.733.497**	**1.477.632.823**	**411.786.142**	**3.338.143.601**	**808.639.127**	**4.146.782.728**
Capital increase	156.000.000	-	-	-	-	-	-	(156.000.000)	-	-	34.457.594	34.457.594
Transfers to legal reserves	-	-	-	-	-	-	3.082.456	408.703.686	(411.786.142)	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	(696.270)	-	(696.270)	7.082.830	6.386.560
Dividends paid	-	-	-	-	-	-	-	(45.760.000)	-	(45.760.000)	(27.235.121)	(72.995.121)
Total comprehensive income for the period	-	-	-	-	181.357.198	97.554.142	-	-	631.505.111	910.416.451	131.272.679	1.041.689.130
31 December 2011	**1.300.000.000**	**241.425.784**	**-**	**527.051**	**181.492.199**	**120.457.445**	**42.815.953**	**1.683.880.239**	**631.505.111**	**4.202.103.782**	**954.217.109**	**5.156.320.891**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Cash Flow Statements for the Years Ended 31 December

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

	Notes	1 January – 31 December 2011	1 January – 31 December 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period	27	740.563.908	484.313.756
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities			
- Depreciation on property, plant and equipments	18	481.743.960	444.604.883
- Amortization of intangible assets	19	7.146.583	5.628.852
- Gain/ (loss) on sales of tangible assets	31	(26.208.884)	(51.585.372)
- Exchange loss/(gain) on financial liabilities (net)	8-32-33	215.595.377	(238.556.449)
- Provision for employee benefits	24	45.631.606	43.815.349
- Change in allowance for doubtful receivables	10-11	4.226.902	11.729.056
- Change in provision for impairment of inventory	13	4.458.286	2.114.781
- Change in other provisions	22-24	1.478.779	7.382.302
- Change in other income accruals	26	(15.370.392)	(5.211.943)
- Gain on sale of investments	33	-	(4.217.350)
- Interest income	32	(63.778.598)	(45.224.852)
- Interest expense	33	98.732.329	94.259.852
- Impairment of financial assets	7	209.382	2.060.678
- Income from liquidation of financial assets	7	-	(2.596.258)
- Effect of step acquisition	3-31	(4.529.170)	-
- Income from acquisition of subsidiaries	3-31	(3.869.162)	-
- Dividend income	32	(63.551)	(2.129.309)
- Income / loss from associates	16	(6.911.085)	(6.555.855)
- Corporate tax accrual	35	126.340.937	101.287.103
Operating cash flows provided before changes in working capital		**1.605.397.207**	**841.119.224**
- Trade receivables	10	(256.059.414)	(84.622.509)
- Inventories	13	(234.974.102)	(46.076.954)
- Due from related parties	37	10.877.568	(18.353.902)
- Other receivables and current assets	6-11-26	(14.569.530)	20.593.353
- Trade payables	10	134.579.759	32.273.614
- Due to related parties	37	1.795.218	(19.697.966)
- Other payables and expense accruals	11-15-26	30.855.258	17.777.333
Cash generated from operations		**1.277.901.964**	**743.012.193**
- Interest paid	33	(91.195.187)	(104.370.280)
- Taxes paid	26-35	(196.498.628)	(111.141.063)
- Employment termination benefits paid	24	(24.150.998)	(21.347.664)
Net cash provided from operating activities		**966.057.151**	**506.153.186**

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

Consolidated Cash Flow Statements for the Years Ended 31 December

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

CASH FLOWS FROM INVESTING ACTIVITIES	Notes	1 January – 31 December 2011	1 January – 31 December 2010
- Changes in financial assets held for trading (net)	7	33.268.005	39.647.244
- Financial asset sales/purchase (net)	7	(9.664.569)	(2.020.294)
- Dividend income from associates	16	14.209.886	4.091.297
- Acquisition of subsidiary and joint venture	3	(6.715.672)	(2.007.304)
- Effect of transactions with non-controlling interests (net)	27	6.386.560	(46.815.353)
- Acquisitions of tangible assets	18	(812.456.178)	(369.696.885)
- Acquisitions of intangible assets	19	(17.703.531)	(11.421.612)
- Proceeds from sales of tangible assets	18-31	103.555.859	127.332.950
- Proceeds from sales of intangible assets	19	4.020.563	2.807.855
- Dividend income	7-32	-	668.892
- Interest Income	6-32	60.720.838	46.124.633
- Proceeds from sales of associate	7	-	8.362.681
- Payment for subsidiary put option	26	-	(4.137.034)
- Prepaid expenses and advances for tangible assets	26	(59.652.247)	(7.407.632)
- Change in currency translation differences	8-18-19	(54.950.883)	15.713.006
Net cash used in investing activities		**(738.981.369)**	**(198.757.556)**
CASH FLOWS FROM FINANCING ACTIVITIES			
- Financial liabilities raised	8	769.155.474	846.956.761
- Repayment of financial liabilities	8	(818.379.666)	(1.020.747.459)
- Dividends paid	27	(72.995.121)	(21.771.889)
- Changes in non-controlling interest (net)	27	34.457.594	42.210.185
Net cash (used in) / provided from financing activities		**(87.761.719)**	**(153.352.402)**
Net change in cash and cash equivalents	6	139.314.063	154.043.228
Cash and cash equivalents at the beginning of the period	6	1.452.323.702	1.298.280.474
Cash and cash equivalents at the end of the period	**6**	**1.591.637.765**	**1.452.323.702**

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

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

1. Group's Organization and Nature of Operations

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group ("the Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. ("the Company"), 47 subsidiaries, 4 joint ventures and 2 associates.

The Group consists of five operational divisions for the management accounting purposes. These divisions are; flat glass, glass-ware, glass packaging, chemicals, and export-import and insurance services. The Group's core business is mainly glass production. In addition, the Group is engaged in the complementary industrial and commercial operations related to glass production and participated in various industrial and commercial companies' capital and management.

The Group was established 76 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest Turkish private commercial banks. The shares of the Company have been publicly traded on the Istanbul Stock Exchange ("ISE") since 1986. As of the balance sheet date, İş Bankası owns 68,15% of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company is presented in Note 27.

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

İş Kuleleri Kule 3, 4. Levent 34330, Beşiktaş / Istanbul / Turkey
Telephone: + 90 (212) 350 50 50
Fax: + 90 (212) 350 57 87
http://www.sisecam.com

Details of the number of the personnel are as follows:

	31 December 2011	31 December 2010
Personnel charged by the monthly pay	5.793	5.915
Personnel charged by the hour	12.272	11.935
Total	**18.065**	**17.850**

Consolidated subsidiaries, joint ventures and associates

The subsidiaries, the joint ventures and the associates of the Group, their country of incorporation, nature of business and their business segments are as follows:

Flat Glass Group

Subsidiaries	Nature of business	Country of registration
Trakya Cam Sanayi A.Ş. (*)	Production and sales of flat glass, auto glass and processed glass	Turkey
Trakya Yenişehir Cam San. A.Ş.	Production and sales of flat glass	Turkey
Çayırova Cam Sanayii A.Ş.	Commercial activity	Turkey
Trakya Polatlı Cam Sanayi A.Ş.	Production and sales of flat glass	Turkey
Trakya Glass Bulgaria EAD	Automatic production and sales of glassware, flat glass	Bulgaria
Trakya Cam Investment B.V.	Finance and investment company	Netherlands
Trakya Investment B.V.I.O	Finance and investment company	Netherlands
TRSG Glass Holding B.V.	Finance and investment company	Netherlands
Trakya Glass Logistics EAD	Logistics services	Bulgaria
Trakya Glass Kuban OOO	Production and sales of flat glass	Russia
CJSC Trakya Glass Rus	Production and sales of flat glass	Russia

Glassware Group

Subsidiaries	Nature of business	Country of registration
Paşabahçe Cam Sanayi ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam San. ve Tic. A.Ş. (*)	Production and sales of soda glass and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
OOO Posuda	Automatic production and sales of glassware	Russia

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayi A.Ş. (*)	Production and sales of glass packaging	Turkey
Anadolu Cam Yenişehir San. A.Ş.	Production and sales of glass packaging	Turkey
Anadolu Cam Investment B.V.	Finance and investment company	Netherlands
AC Glass Invest B.V.	Finance and investment company	Netherlands
Balsand B.V.	Finance and investment company	Netherlands
JSC Mina	Production and sales of glass packaging	Georgia
OOO Ruscam	Production and sales of glass packaging	Russia
OOO Ruscam Kuban	Production and sales of glass packaging	Russia
OAO Ruscam Pokrovsky	Production and sales of glass packaging	Russia
OAO Ruscam Kirishi	Production and sales of glass packaging	Russia
OOO Ruscam Sibir	Production and sales of glass packaging	Russia
OOO Ruscam Ufa	Production and sales of glass packaging	Russia
CJSC Brewery Pivdenna	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine

Joint Ventures	Nature of business	Country of registration
Omco İstanbul Kalıp San. A.Ş.	Production and sales of moulds	Turkey
OOO Balkum	Sand mining and sales	Russia

Associates	Nature of business	Country of registration
OAO FormMat	Sales of produced sand	Russia

(*) Companies are listed on the Istanbul Stock Exchange ("ISE").

Chemicals Group

Subsidiaries	Nature of business	Country of registration
Soda Sanayi A.Ş. (*)	Production and sales of soda ash and chromium chemicals	Turkey
Cam Elyaf Sanayi A.Ş.	Production and sales of glass fiber	Turkey
Camiş Elektrik Üretim A.Ş.	Production and sales of electricity	Turkey
Camiş Madencilik A.Ş.	Production and sales of raw materials in glass	Turkey
Madencilik San. ve Tic. A.Ş.	Production and sales of raw materials in glass	Turkey
Asmaş Ağır Sanayi Makineleri A.Ş.	Manufacturing of heavy industrial machinery	Turkey
Şişecam Bulgaria Ltd.	Soda sales	Bulgaria
Camiş Egypt Mining Ltd. Co.	Sand supplier	Egypt
Cromital S.p.A	Chromium and chromium subproducts	İtaly
Şişecam Soda Lukavac DOO	Production and sales of soda	Bosnia Herzegovina
Camiş Rus ZAO	Production and sales of raw materials in glass	Russia
Dost Gaz Depolama A.Ş.	Storage and sales of natural gas	Turkey

Joint Ventures	Nature of business	Country of registration
Oxyvit Kimya San. ve Tic. A.Ş.	Vitamin-K manufacturer	Turkey
Rudnika Krecnjaka Vijenac D.O.O. Lukavac	Production and sales of lime stone	Bosnia Herzegovina

Associates	Nature of business	Country of registration
Solvay Şişecam Holding AG	Soda products trade	Austria

Others

Subsidiaries	Nature of business	Country of registration
Camiş Limited	Foreign purchasing services	England
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance agency	Turkey
Şişecam Dış Ticaret A.Ş.	Exportation of group products	Turkey

(*) Companies are listed on the Istanbul Stock Exchange ("ISE").

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

The table below sets out all consolidated companies and shows the proportion of ownership interest and the effective interest of the Company in these subsidiaries:

Subsidiaries

	31 December 2011		31 December 2010	
Company name	**Direct and indirect ownership (%)**	**Effective ownership (%)**	**Direct and indirect ownership (%)**	**Effective ownership (%)**
Trakya Cam Sanayi A.Ş.	69,79	69,79	70,12	70,11
Trakya Yenişehir Cam San. A.Ş.	100,00	74,33	100,00	74,60
Çayırova Cam Sanayi A.Ş.	100,00	91,50	100,00	91,59
Trakya Polatlı Cam Sanayi A.Ş.	100,00	74,33	100,00	74,61
Trakya Glass Bulgaria EAD	100,00	77,48	100,00	77,71
Trakya Cam Investment B.V.	100,00	77,48	100,00	77,71
Trakya Investment B.V.I.O	100,00	69,79	100,00	70,11
TRSG Glass Holding B.V.	70,00	48,85	-	-
Trakya Glass Logistics EAD	100,00	77,48	100,00	77,71
Trakya Glass Kuban OOO	100,00	69,79	100,00	70,11
CJSC Trakya Glass Rus	100,00	48,85	-	-
Paşabahçe Cam Sanayi ve Tic. A.Ş.	99,41	95,42	99,41	95,45
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	100,00	96,83	100,00	96,85
Paşabahçe Mağazaları A.Ş.	100,00	89,08	100,00	89,08
Camiş Ambalaj Sanayi A.Ş.	100,00	100,00	100,00	100,00
Denizli Cam San. ve Tic. A.Ş.	51,00	47,69	51,00	47,70
Paşabahçe Investment B.V.	100,00	95,42	100,00	95,45
OOO Posuda	100,00	95,42	100,00	95,45
Anadolu Cam Sanayi A.Ş.	79,12	79,12	79,12	79,12
Anadolu Cam Yenişehir San. A.Ş.	100,00	82,27	100,00	82,27
Anadolu Cam Investment B.V.	51,85	41,03	51,85	41,03
AC Glass Invest B.V. (*)	100,00	40,35	100,00	40,35
Balsand B.V.	51,00	40,35	51,00	40,35
JSC Mina	99,86	79,01	99,84	79,00
OOO Ruscam	99,72	40,91	99,72	40,91
OOO Ruscam Kuban	100,00	40,35	100,00	40,35
OAO Ruscam Pokrovsky	100,00	40,35	100,00	40,35
OAO Ruscam Kirishi	100,00	40,35	100,00	40,35
OOO Ruscam Sibir	100,00	40,35	100,00	40,35
OOO Ruscam Ufa	100,00	40,35	100,00	40,35
CJSC Brewery Pivdenna	100,00	40,35	100,00	40,35
Merefa Glass Company	100,00	40,35	-	-
Soda Sanayi A.Ş.	85,05	82,07	85,05	82,07
Şişecam Bulgaria Ltd.	100,00	82,07	100,00	82,07
Cromital S.p.A	100,00	82,07	50,00	41,04
Cam Elyaf Sanayi A.Ş.	99,01	91,04	98,35	90,82
Camiş Madencilik A.Ş	100,00	100,00	100,00	100,00
Camiş Egypt Mining Ltd. Co.	99,70	99,70	99,70	99,70
Camiş Elektrik Üretimi A.Ş.	100,00	84,09	100,00	84,21
Madencilik San. ve Tic. A.Ş.	100,00	99,06	100,00	99,04
Şişecam Soda Lukavac DOO	88,37	72,53	85,91	70,51
Camiş Rus ZAO	100,00	100,00	100,00	100,00
Asmaş Ağır Sanayi Makineleri A.Ş.	99,98	84,74	99,98	84,74
Dost Gaz Depolama A.Ş.	100,00	84,77	-	-
Şişecam Dış Ticaret A.Ş.	100,00	99,99	100,00	99,99
Camiş Limited	100,00	98,63	100,00	98,63
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100,00	99,97	100,00	99,97

(*) The Group has given put option for 40% share of AC Glass Invest B.V. to European Bank for Reconstruction and Development. The non-controlling interests subject to put option have been allocated to shares of the Group.

Joint ventures

	31 December 2011		31 December 2010	
Company name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Oxyvit Kimya San. ve Tic. A.Ş.	50,00	42,02	50,00	42,02
Omco İstanbul Kalıp San. A.Ş.	50,00	39,57	50,00	39,57
OOO Balkum	50,00	20,18	50,00	20,18
Rudnika Krecnjaka Vijenac D.O.O. Lukavac	50,00	50,00	50,00	50,00

Associates

	31 December 2011		31 December 2010	
Company name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
OAO FormMat	48,46	19,55	48,46	19,55
Solvay Şişecam Holding AG	25,00	20,52	25,00	20,52

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Preparation of Financial Statements and Accounting Standards

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the prevailing legislation in those countries.

The Capital Markets Board ("CMB") Communiqué Serial: XI, No: 29 "Financial Reporting Standards in Capital Markets" ("Communiqué Serial: XI, No: 29") provides principles and standards on the preparation and presentation of financial statements. The Communiqué is applicable commencing from the first interim financial statements prepared subsequent to 1 January 2008. As per this communiqué, the financial statements should be prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union ("EU"). However, companies will apply IASs/IFRSs until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"). In this respect, Turkish Accounting / Financial Reporting Standards that are issued by TASB and are not controversial to the adopted standards shall be taken as a basis in the application

As the differences between the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") have not been declared as of the date of this report, the accompanying financial statements and notes are prepared in accordance with IAS/IFRS as declared in the Communiqué Serial: XI, No: 29 with the required formats announced by the CMB on 14 April 2008 and 9 January 2009.

The Company, its Turkish Subsidiaries and Joint Ventures registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance, accounting principles issued by the CMB for listed companies. The financials statements that are prepared in accordance with CMB Financial Reporting Standards are represented in Turkish Lira based on the historical cost except the financial assests and liabilities which are carried in fair value. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

Presentation and Functional Currency

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

Preparation of Financial Statements in Hyperinflationary Periods

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

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

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

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

Financial statements of foreign subsidiaries
Financial statements of subsidiaries operating in foreign countries are prepared in accordance with the legislation of the country in which they operate and adjusted to the CMB Financial Reporting Standards to reflect the proper presentation and content. Foreign Subsidiaries’ assets and liabilities are translated into TL from the foreign exchange rate at the balance sheet date and income and expenses are translated into TL at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the “currency translation differences” under the shareholders’ equity.

Foreign currencies and exchange rates of the countries where a significant portion of the Group’s foreign operations are performed are summarized below:

	31 December 2011		31 December 2010	
Currency	Period End	Period Average	Period End	Period Average
USD	1,88890	1,67075	1,54600	1,49904
EUR	2,44380	2,32437	2,04910	1,98857
BULGARIAN LEV	1,24950	1,18843	1,04769	1,01674
EGYPTIAN POUNDS	0,31294	0,28270	0,26541	0,26769
RUSSIAN RUBLES	0,05815	0,05635	0,05073	0,04936
GEORGIAN LARI	1,13087	0,99093	0,87207	0,84092
UKRANIAN HRYVNIA	0,23641	0,20969	0,19418	0,18891
CONVERTIBLE MARK	1,24950	1,18843	1,04769	1,01674

Consolidation Principles
The consolidated financial statements include the accounts of the Group, prepared in accordance with the standards which mentioned below. During the preparation of the financial statements of the consolidated companies, necessary adjustments and reclassifications are made for the purpose of presentation in conformity with CMB Financial Reporting Standards and uniform accounting policies and presentations applied by the Group.

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

Subsidiaries are companies over which parent company has capability to control the financial and operating policies for the benefit of parent company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The table in Note 1 sets out all Subsidiaries included in the scope of consolidation and shows their ownership and effective interests (%) as of 31 December 2011 and 31 December 2010.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The result of operations of Subsidiaries and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

The balance sheets and statements of income of the Subsidiaries are consolidated on line-by-line basis and the carrying value of the investment held by the Company and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

The non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. The non-controlling shareholders consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date. When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest (Note 2.5).

Subsidiaries, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2011, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7).

Joint Ventures

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests (%) as of 31 December 2011.

The Group's interest in Joint Ventures is accounted by proportionate consolidation. According to this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements. Liabilities and expenses resulting from the assets controlled jointly are accounted for an accrual basis. Gains from the usage or sales of jointly-controlled assets are recorded as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

The accounting policy of goodwill resulting from the acquisition of the joint-venture is the same as the accounting policy of goodwill resulting from the acquisition transaction of the subsidiary (Note 2.5).

Unrealized profits and losses resulting from the transactions between the Group and the Group's joint-ventures are eliminated to the extent of the Group's interest in the joint-ventures.

Joint Ventures, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2011, are not accounted for using the proportionate consolidation method but classified as available-for-sale financial assets (Note7).

Associates

Associates are companies in which the Group has the interest that is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. Equity method is used for accounting of associates.

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

Available-for-sale investments

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

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

2.2 Significant changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements.

2.3 Restatement and Errors in the Accounting Policies and Estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There has not been any significant change in accounting estimates of the Group for the current period.

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

2.4 Amendments in International Financial Reporting Standards

Group applied the revised standards and interpretations that are relevant to its operations, published by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) and effective from 1 January 2011.

Standards, amendments and interpretations effective from 1 January 2011:

- IAS 24 (Revised), 'Related party disclosures"
- IFRS 1 (Amendment), "First time adoption of IFRS"
- IAS 32, (Amendment), "Financial Instruments: Presentation"
- IFRIC 14, "Prepayments of a minimum funding requirement'
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments",
  Standards related with 2010 Yearly Development Project are effective for the financial periods begin after 1 January 2011. Mentioned project includes changes on 6 standards and 1 interpretation determined below;
  - IFRS 1, "First time adoption of IFRS"
  - IFRS 3, "Business combinations"
  - IFRS 7, "Financial Instruments: Disclosures"
  - IAS 1, "Presentation of Financial Statements"
  - IAS 27, "Consolidated and separate financial statements"
  - IAS 34, "Interim financial reporting"
  - IFRIC13, "Customer loyalty programmes"

Standards, amendments and interpretations to existing standards that are not yet effective as of 1 January 2011:

- IFRS 7 (Amendment), "Financial Instruments: Disclosures"
- IFRS 1 (Amendment), "First time adoption of IFRS"
- IAS 12 (Amendment), "Income taxes"
- IAS 19 (Amendment), "Employee Benefits"
- IAS 1 (Amendment), "Presentation of Financial Statements"
- IFRS 9, 'Financial instruments"
- IFRS 10, "Consolidated Financial Statements"
- IFRS 11, "Joint arrangements"
- IFRS 12, "Disclosures of Interests in Other Entities"
- IFRS 13, "Fair Value Measurement"
- IAS 27, "Separate Financial Statements"
- IAS 28, "Investments in Associates"
- IFRIC 20, "Stripping costs in the production phase of a surface mine"

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations above will not have a significant effect on the consolidated financial statements of the Group.

2.5 Summary of Significant Accounting Policies

Revenue recognition

Revenues are recognized on an accrual basis at the fair values incurred or to be incurred. Net sales represent the fair value of goods shipped less sales discounts and returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as financial income (Notes 28 and 32).

<u>Sales of the Goods</u>

Income obtained from the sales of the goods is accounted for when the below conditions are provided:

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

<u>Services Provided</u>

Contract revenue and costs related to the projects are recognized when the amount of revenue can be reliably measured and the increase in the revenue due to change in the scope of the contract related with the project is highly probable. Contract revenue is measured at the fair value of the consideration received or receivable. Projects are fixed price contracts and revenue is recognized in accordance with the percentage of completion method. The portion of the total contract revenue corresponding to the completion rate is recognized as contract revenue in the relevant period.

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

<u>**Interest Income**</u>

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

<u>**Dividend income**</u>

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

Inventories

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

Property, plant and equipments

Property, plant and equipment are carried at cost less accumulated depreciation.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. Cost includes legal fees. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

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

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

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

	Useful life
Buildings	10-50 years
Land improvements	8-50 years
Machinery and equipment	3-15 years
Motor vehicles	3-15 years
Furniture and fixtures	2-15 years
Special costs	4-10 years

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

Costs to property plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate.

Intangible assets

<u>**Intangible assets acquired**</u>

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

<u>**Computer software**</u>

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

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately (Note 19).

Mining assets

Development costs incurred to evaluate and develop new ore bodies, or to define mineralization in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalized. Mine development costs are capitalized to the extent they provide probable access to mine bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Development costs include sinking shafts, construction of underground galleries, roads and tunnels. Where revenue from mine sales is recognized in the statements of comprehensive income, costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalized and only the costs that represent costs of producing mine is recognized in the statement of comprehensive income. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and recorded as expense to the statement of comprehensive income.

The depreciation starts when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Development costs incurred during the production phase are capitalized and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalized as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. Depreciation and amortization of development costs are calculated principally by the units of production method based on estimated proven and probable reserves of attributable area of interests. In accordance with the unit of production method, the depreciation charge of development costs are calculated by dividing the number of tons of ore extracted during the period to the remaining proven and probable mine reserves in terms of tons for attributable area of interest. To the extent that these costs benefit the entire ore body or area of interest, they are amortized over the estimated life of the ore body or area of interest. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

Mineral and surface rights are recorded at acquisition cost and amortized principally by the units of production method based on estimated proven and probable reserves. In accordance with the unit of production method, the amortization charge of mineral and surface rights are calculated by dividing the amount of ore extracted during the period to the remaining proven and probable mine reserves in terms of ton (Note 19).

Development costs

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

Investment Properties

Land and buildings that are held for long term rental yields or value increase or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply IAS 16 "Property, Plant and Equipment" up to the date of change in use. The entity treats any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value as a revaluation in accordance with IAS 16 and revaluation differences are accounted for under equity.

For subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss.

Impairment of Assets

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

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

Leases

a) The Group as the lessee

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

b) The Group as the lessor

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

Borrowing costs

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

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

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as related parties (Note 37).

Offsetting

Each material class of similar items according to their nature or function are presented separately in the financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

Financial investments

Classification

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

Receivables

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

Available-for-sale financial assets

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

Held to maturity financial assets

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

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity.

Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

Dividends on available-for sale equity instruments are recognised in the statement of income as part of financial income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost minus impairment in the consolidated financial statements.

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

Trade receivables

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). The bank deposits with original maturities of more than three months are classified under short-term financial investments (Note7).

Financial liabilities

Financial liability is measured initially with fair value. Transaction costs which are directly related to the financial liability are added to fair value.

Financial liabilities are classified as either equity instruments or other financial liabilities.

Equity instruments

Financial liabilities related with non-controlling share put options reflected to financial statements in conformity with their discounted value on their own redemption plan. Discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis (Note 8).

The effective interest method is calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 10).

Business combinations and Goodwill

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

The cost of a business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquire and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted. Costs of the acquisition are recognized in the related period.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements. In each acquisition, the non-controlling shares of the acquired company are accounted for on the basis of the share of the net assets of the acquired company.

The carrying value of goodwill is reviewed annually at the same time for impairment and the impairment provision, if any, is immediately recognized in the consolidated statements of income.

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

Transactions with non-controlling interests

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

Foreign Currency Transactions

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

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation differences. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

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

Earnings per share

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

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

Events after the balance sheet date

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

Provisions, Contingent Assets and Liabilities

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

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

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

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

<u>Onerous contracts</u>

An onerous contract is made where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Present obligations arising under onerous contracts are measured and recognized as a provision.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; flat glass, glass-ware, glass packaging, chemicals, and other included export-import and insurance services. These segments are managed separately because they are affected by the economical conditions and geographical positions in terms of risks and returns. When evaluating the segments' performance, Group Management is utilising the financial statements prepared in accordance with IFRS (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under "Other" do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

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

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

Assets Held For Sale and Discontinued Operations
Discontinued operations; represent separate business or geographical segment, are parts of the plans to sell or dispose thereof, or is a subsidiary acquired for selling.

Discontinued operations are carried at the lower of the book value of the related asset and liabilities of the discontinued operations, or fair value less costs to sell. A single amount on the face of the statements of income comprising the total of the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the disposal of the assets constituting the discontinued operation is disclosed. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Liabilities which are directly related with those assets are classified similarly.

Government grants
Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 21).

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

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

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

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

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

The major temporary difference is resulted from difference between carrying amount and tax base of property plant and equipment and available for sale, expense accrual which is not deducted from current tax and unused tax incentive.

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

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

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

Statement of Cash Flows
The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to the evolving conditions. Cash flows for the period are mainly reported depending on the investment and financial operations of the Group.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

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

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

Treasury Shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued and is shown as treasury shares in the consolidated balance sheet. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the company's equity holders.

Dividends

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

Construction Contracts

Contract costs are recognised as expenses in the period in which they are incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within other assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses) under other liabilities.

2.6 Significant Accounting Estimates and Assumptions

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

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. As a result of the evaluations, a deferred income tax amounting to TL48.914.209 (31 December 2010: TL32.067.583) is accounted for temporary differences that are arising from the tax allowances and can be used as long as the tax allowances continue (Note 35).

The Group has classified Beykoz properties located in İncirköy, Beykoz, as investment property due to the termination of operational use as of 30 June 2011. Fair value of these properties is determined as TL208.591.216 as of 30 June 2011. Revaluation gains amounting to TL200.114.617 determined as a result of valuation reports of of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity by considering the deferred tax effect amounted to TL10.005.731 (Note 17). As long as the market conditions are considered, there is no significant change expected in the fair value of the real estate as of 31 December 2011.

2.7 Convenience translation into English of consolidated financial statements originally issued in Turkish

The accounting principles described in Note 2 to the consolidated financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January and 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

3. Business Combinations

According to IFRS 3, the Group acquired 100% of shares of Merefa Glass Company Ltd., for a purchase price of Euro 2.347.000 at 23 February 2011. The goodwill arising from the acquisition is represented below. (31 December 2010: None). The goodwill calculation is realized based on the temporary amounts and will be finalized within 12 months after acquisition date. If necessary, revision to the calculation will be reflected to the financial statements as of the acquisition date.

Assets	Net Book Value	Fair Value	Group's Share
Current Assets	**12.268.213**	**12.268.213**	**12.268.213**
Cash and Cash Equivalents	38.987	38.987	38.987
Trade Receivables	3.927.806	3.927.806	3.927.806
Other Receivables	1.463.863	1.463.863	1.463.863
Inventories	4.783.878	4.783.878	4.783.878
Other current assets	2.053.679	2.053.679	2.053.679
Non-current Assets	**59.831.479**	**70.808.721**	**70.808.721**
Tangible Assets	57.542.961	69.206.473	69.206.473
Intangible Assets	8.187	5.633	5.633
Deferred tax assets	2.235.173	1.551.457	1.551.457
Other non-current assets	45.158	45.158	45.158
Total Assets	**72.099.692**	**83.076.934**	**83.076.934**
Liabilities			
Current Liabilities	**8.242.539**	**8.242.539**	**8.242.539**
Financial Liabilities	590.602	590.602	590.602
Trade Liabilities	4.861.530	4.861.530	4.861.530
Other Liabilities	2.790.407	2.790.407	2.790.407
- Due to Related Parties	-	-	-
- Other Liabilities	*2.790.407*	*2.790.407*	*2.790.407*
Provisions	-	-	-
Non-current Liabilities	**65.854.063**	**65.854.063**	**65.854.063**
Financial Liabilities	65.679.101	65.679.101	65.679.101
Other Liabilities	174.962	174.962	174.962
Total Liabilities	**74.096.602**	**74.096.602**	**74.096.602**
Total Net Assets	**(1.996.910)**	**8.980.332**	**8.980.332**

Total cash paid	5.111.170
Payables related with the acquisition	-
Total acquisition cost	**5.111.170**
Goodwill	(3.869.162)
Goodwill as of 31.12.2011	**(3.869.162)**

Net cash paid for acquisition of subsidiary	
Total cash paid	5.111.170
Cash and cash equivalents acquired	(38.987)
Net cash outflow	**5.072.183**

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

Business combinations in the year 2011:

According to IFRS 3, the Group acquired 50% of shares of Cromital S.p.A., for a purchase price of Euro 2.422.800 at 20 December 2011. The goodwill arising from the acquisition is represented below. The goodwill calculation is realized based on the temporary amounts and will be finalized within 12 months after the acquisition date. If necessary, revision to the calculation will be reflected to the financial statements as of the acquisition date.

Assets	Net Book Value	Fair Value	Group's Share
Current Assets	**26.899.078**	**26.899.078**	**26.899.078**
Cash and Cash Equivalents	6.890.282	6.890.282	6.890.282
Trade Receivables	15.590.704	15.590.704	15.590.704
Other Receivables	38.455	38.455	38.455
Inventories	3.525.927	3.525.927	3.525.927
Other current assets	853.710	853.710	853.710
Non-current Assets	**5.622.334**	**5.622.334**	**5.622.334**
Other Receivables	5.141	5.141	5.141
Tangible Assets	4.913.457	4.913.457	4.913.457
Intangible Assets	195.862	195.862	195.862
Deferred tax assets	409.946	409.946	409.946
Other non-current assets	97.928	97.928	97.928
Total Assets	**32.521.412**	**32.521.412**	**32.521.412**
Liabilities			
Current Liabilities	**24.265.789**	**24.265.789**	**24.265.789**
Financial Liabilities	12.981.420	12.981.420	12.981.420
Trade Liabilities	2.531.787	2.531.787	2.531.787
Other Liabilities	7.967.906	7.967.906	7.967.906
- Due to Related Parties	*7.704.477*	*7.704.477*	*7.704.477*
- Other Liabilities	*263.429*	*263.429*	*263.429*
Provisions	35.132	35.132	35.132
Other Current Liabilities	749.544	749.544	749.544
Non-current Liabilities	**2.702.878**	**2.702.878**	**2.702.878**
Financial Liabilities	2.029.964	2.029.964	2.029.964
Other Liabilities	64.992	64.992	64.992
Provision for employee benefits	607.922	607.922	607.922
Total Liabilities	**26.968.667**	**26.968.667**	**26.968.667**
Total Net Assets	**5.552.745**	**5.552.745**	**5.552.745**
Cash paid during the current period			**5.931.499**
The amount paid prior to the acquisition			3.039.460
The fair value difference for the amount paid before the acquisition			1.489.710
The fair value of the amount paid prior to acquisition			**4.529.170**
Total purchase price			**10.460.669**
Goodwill			4.907.924
Currency translation differences			(8.821)
Goodwill as of 31.12.2011			
Net cash paid for acquisition of subsidiary			**4.899.103**
Total cash paid			5.931.499
Cash and cash equivalents acquired			(6.890.282)
Net cash outflow			**(958.783)**

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

Business combinations in the year 2010:

According to IFRS 3, the Group acquired 50% of shares of Rudnika Krecnjaka Vijenac D.O.O. Lukavac, for a purchase price of 4.0million Convertible Mark at 10 December 2010. The goodwill arising from the acquisition is represented below. (31 December 2010: 681.238).

Assets	Net Book Value	Fair Value	Group's Share
Current Assets	**1.627.258**	**1.627.258**	**813.629**
Cash and Cash Equivalents	19.894	19.894	9.947
Trade Receivables	144.848	144.848	72.424
Other Receivables	682.832	682.832	341.416
Inventories	779.684	779.684	389.842
Non-current Assets	**21.174.841**	**23.536.826**	**11.768.413**
Tangible Assets	21.143.981	23.505.966	11.752.983
Intangible Assets	30.860	30.860	15.430
Total Assets	**22.802.099**	**25.164.084**	**12.582.042**
Liabilities			
Current Liabilities	**18.014.050**	**18.014.050**	**9.007.025**
Financial Liabilities	785.984	785.984	392.992
Trade Liabilities	1.400.548	1.400.548	700.274
Other Liabilities	11.479.780	11.479.780	5.739.890
- Due to Related Parties	*2.170.608*	*2.170.608*	*1.085.304*
- Other Liabilities	*9.309.172*	*9.309.172*	*4.654.586*
Provisions	4.347.738	4.347.738	2.173.869
Non-current Liabilities	**287.254**	**287.254**	**143.627**
Other Liabilities	99.346	99.346	49.673
Provision for employee benefits	187.908	187.908	93.954
Total Liabilities	**18.301.304**	**18.301.304**	**9.150.652**
Total Net Assets	**4.500.795**	**6.862.780**	**3.431.390**

Total cash paid	2.017.251
Amount paid in 2011 regarding the purchase of shares	2.602.272
Total acquisition cost	**4.619.523**
Currency translation differences in 2011	(282.490)
Goodwill	681.238
Currency translation differences	224.405
Goodwill as of 31.12.2011	**905.643**

Net cash paid for acquisition of joint venture	
Total cash paid	2.017.251
Cash and cash equivalents acquired	(9.947)
Net cash outflow	**2.007.304**

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

4. Joint Ventures

Joint ventures are accounted using the proportionate consolidation in the Group's financial statements. Proportionate consolidation principally has similar procedures as the line by line consolidation. However, before commencing the joint management consolidation transactions, balance sheet and statement of income amounts of the participations subject to joint management are gathered with similar accounts in the financial statements of the Group considering the share of the Group acquired directly and/or via its subsidiaries. Financial information related to the joint ventures presented below refers to whole financial information in their financial statements.

The nature of business, share percentages and summarized financial information of joint ventures accounted under the proportionate consolidation are presented in Note 1.

Summary financial information of the joint ventures

	31 December 2011	31 December 2010
Current assets	49.122.150	30.082.780
Non-current assets	56.409.044	49.064.465
Current liabilities	(27.587.630)	(30.604.191)
Non-current liabilities	(6.886.404)	(4.880.141)
Net assets	**71.057.160**	**43.662.913**

	1 Ocak - 31 Aralık 2011	1 Ocak - 31 Aralık 2010
Income	118.393.246	65.652.605
Expenses (-)	(101.929.263)	(61.477.298)
Revenues	108.217.073	62.141.878

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

5. Segment Reporting

1 January – 31 December 2011	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation adjustments	Consolidated
External revenue (net)	1.247.887.526	1.287.501.390	1.284.617.583	1.148.413.709	10.262.607	-	4.978.682.815
Inter segment revenue	7.669.537	27.221.726	3.096.071	317.454.912	13.437.732	(368.879.978)	-
Revenue	**1.255.557.063**	**1.314.723.116**	**1.287.713.654**	**1.465.868.621**	**23.700.339**	**(368.879.978)**	**4.978.682.815**
Total costs	(809.560.575)	(810.088.671)	(931.156.816)	(1.141.578.406)	(7.777.118)	359.719.037	(3.340.442.549)
Gross profit/(loss)	**445.996.488**	**504.634.445**	**356.556.838**	**324.290.215**	**15.923.221**	**(9.160.941)**	**1.638.240.266**
Operating expenses	(224.616.612)	(336.896.758)	(200.247.698)	(136.307.808)	(3.118.169)	19.473.620	(881.713.425)
Other income	14.071.534	27.203.798	25.686.163	32.119.233	3.505.422	(10.704.262)	91.881.888
Other expenses	(5.330.665)	(8.483.334)	(22.435.869)	(37.181.102)	(358.248)	3.444.681	(70.344.537)
Operating profit/(loss)	**230.120.745**	**186.458.151**	**159.559.434**	**182.920.538**	**15.952.226**	**3.053.098**	**778.064.192**
Share in profit/(loss) of the associates	-	-	58.492	6.852.593	-	-	6.911.085
Financial income / (expense) (net)	56.174.960	(574.709)	(16.636.334)	22.211.218	24.674.920	(3.920.487)	81.929.568
Profit before tax from continuing operations	**286.295.705**	**185.883.442**	**142.981.592**	**211.984.349**	**40.627.146**	**(867.389)**	**866.904.845**
Income tax expense for the period	(48.828.850)	(25.604.852)	(21.143.426)	(26.740.795)	(5.334.592)	1.311.578	(126.340.937)
Profit for the period	**237.466.855**	**160.278.590**	**121.838.166**	**185.243.554**	**35.292.554**	**444.189**	**740.563.908**
Capital expenditures	95.789.595	190.331.615	355.971.370	159.981.567	28.085.562	-	830.159.709
Depreciation and amortization charges of tangible and intangible assets	(129.630.384)	(101.816.777)	(158.410.880)	(94.360.956)	(4.671.546)	-	(488.890.543)
Balance sheet (31 December 2011)							
Total assets	2.306.244.314	1.912.899.590	2.182.692.713	1.859.844.841	2.655.383.057	(2.662.288.469)	8.254.776.046
Total liabilities	532.034.035	584.784.808	1.246.986.951	674.904.123	691.573.789	(631.828.551)	3.098.455.155

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

5. Segment Reporting

1 January – 31 December 2010	Flat glass	Glassware	Glass packaging	Chemicals	Other	Consolidation adjustments	Consolidated
External revenue (net)	1.038.134.144	1.127.087.297	1.115.104.675	919.461.888	6.448.299	-	4.206.236.303
Inter segment revenue	8.160.326	19.618.381	2.171.640	267.667.035	10.190.633	(307.808.015)	-
Revenue	**1.046.294.470**	**1.146.705.678**	**1.117.276.315**	**1.187.128.923**	**16.638.932**	**(307.808.015)**	**4.206.236.303**
Total costs	(719.710.900)	(731.478.721)	(837.248.941)	(985.379.824)	(7.407.173)	310.024.283	(2.971.201.276)
Gross profit/(loss)	**326.583.570**	**415.226.957**	**280.027.374**	**201.749.099**	**9.231.759**	**2.216.268**	**1.235.035.027**
Operating expenses	(152.881.122)	(282.371.898)	(150.237.034)	(121.683.422)	(3.111.870)	7.520.164	(702.765.182)
Other income	14.847.737	55.859.022	9.157.705	24.592.417	3.756.796	(10.393.897)	97.819.780
Other expenses	(8.168.789)	(21.192.884)	(10.550.337)	(27.599.499)	(283.049)	3.580.127	(64.214.431)
Operating profit /(loss)	**180.381.396**	**167.521.197**	**128.397.708**	**77.058.595**	**9.593.636**	**2.922.662**	**565.875.194**
Share in profit/(loss) of the associates	-	-	115.916	6.439.939	-	-	6.555.855
Financial income/(expense) (net)	50.793.979	(7.647.718)	(4.113.543)	44.091.054	5.800.798	(75.754.760)	13.169.810
Profit before tax from continuing operations	**231.175.375**	**159.873.479**	**124.400.081**	**127.589.588**	**15.394.434**	**(72.832.098)**	**585.600.859**
Income tax expense for the period	(29.322.945)	(23.036.999)	(26.345.342)	(21.302.152)	(459.329)	(820.336)	(101.287.103)
Profit for the period	**201.852.430**	**136.836.480**	**98.054.739**	**106.287.436**	**14.935.105**	**(73.652.434)**	**484.313.756**
Capital expenditures	87.846.643	89.096.063	102.016.073	94.664.468	7.495.250	-	381.118.497
Depreciation and amortization charges of tangible and intangible assets	(125.503.759)	(101.067.792)	(135.005.525)	(85.438.541)	(3.218.118)	-	(450.233.735)
Balance sheet (31 December 2010)							
Total assets	2.044.486.698	1.528.404.969	1.681.480.236	1.553.676.082	2.520.417.149	(2.558.473.739)	6.769.991.395
Total liabilities	500.088.296	565.633.653	865.720.427	615.313.190	681.835.152	(605.382.051)	2.623.208.667

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

5. Segment Reporting

Geographical Reporting

1 January – 31 December 2011	Turkey	Russia and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net sales (*)	3.987.015.912	670.656.998	447.270.952	10.979.609	5.115.923.471	(137.240.656)	4.978.682.815
Capital expenditures	540.480.865	223.688.017	65.989.098	1.729	830.159.709	-	830.159.709
Depreciation and amortization charges of tangible and intangible assets	(332.522.234)	(101.623.381)	(54.537.693)	(207.235)	(488.890.543)	-	(488.890.543)
Total assets (31 December 2011)	6.892.751.706	1.326.983.062	1.370.980.204	2.739.643	9.593.454.615	(1.338.678.569)	8.254.776.046

1 January – 31 December 2010	Turkey	Russia and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net sales (*)	3.439.502.319	541.115.191	328.345.399	8.431.629	4.317.394.538	(111.158.235)	4.206.236.303
Capital expenditures	251.650.064	88.877.036	40.528.634	62.763	381.118.497	-	381.118.497
Depreciation and amortization charges of tangible and intangible assets	(332.866.310)	(75.167.811)	(42.001.957)	(197.657)	(450.233.735)	-	(450.233.735)
Total assets (31 December 2010)	5.901.799.153	846.576.244	1.007.431.132	1.852.391	7.757.658.920	(987.667.525)	6.769.991.395

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

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

6. Cash and Cash Equivalents

	31 December 2011	31 December 2010
Cash on hand	535.312	361.876
Cash at banks	1.599.087.863	1.471.465.069
- demand deposits	111.867.025	79.389.591
- time deposits (with maturities three months or less)	1.487.220.838	1.392.075.478
Other liquid assets	299.922	48.699
	1.599.923.097	**1.471.875.644**

Time Deposits

Currency	Interest rate (%)	Maturity	31 December 2011	31 December 2010
EUR	0,43 – 4,70	March 2012	419.713.504	447.447.032
USD	0,43 – 5,20	February 2012	1.035.934.569	893.109.164
TL	6,50 – 8,93	January 2012	23.623.416	49.960.296
Others (TL equivalents)			7.949.349	1.558.986
			1.487.220.838	**1.392.075.478**

Cash and cash equivalents as of 31 December 2011 and 31 December 2010 presented in the consolidated statement of cash flows are as follows:.

	31 December 2011	31 December 2010
Cash and cash equivalents	1.599.923.097	1.471.875.644
Less: Interest Accrual	(5.230.582)	(2.172.822)
Less: Blocked deposits	(3.054.750)	(17.379.120)
	1.591.637.765	**1.452.323.702**

An amount of TL3.054.750 time deposit are blocked as guarantee for the borrowings used by the Group (31 December 2010: TL17.379.120) and this amount has been offset against the cash and cash equivalents in the current year’s statement’s of cash flow.

7. Financial Investments

a) Short-term Financial Investments

Deposits with maturities three months or more	Interest rate (%)	Maturity	31 December 2011	31 December 2010
USD	-	-	-	26.690.136
EUR	-	-	-	6.577.869
			-	**33.268.005**

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

b) Long-term Financial Investments

	31 December 2011	31 December 2010
Financial investments not traded in an active market	114.003.685	100.651.828
Unconsolidated subsidiaries and joint ventures	663.451	872.833
Financial investments carried at market price	294.757	312.750
	114.961.893	**101.837.411**

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

	2011	2010
1 January	101.837.411	109.082.268
Purchases from unconsolidated joint ventures	6.081.962	-
Cash capital increase	9.664.569	2.020.294
Non-cash capital increase	63.551	1.460.417
Change in fair value	(51.552)	(3.598.812)
Provision for impairment	(6.291.344)	(2.060.678)
Disposals	-	(4.145.331)
Currency translation differences	3.657.296	(920.747)
31 December	**114.961.893**	**101.837.411**

Financial investments carried at market price	Share (%)	31 December 2011	Share (%)	31 December 2010
İş Finansal Kiralama A.Ş.	<1	294.757	<1	312.750
		294.757		**312.750**

Financial investments not traded in an active market	Share (%)	31 December 2011	Share (%)	31 December 2010
Trakya Yatırım Holding A.Ş. (1)	34,65	151.274.108	34,65	151.274.108
Avea İletişim Hizmetleri A.Ş.	<1	86.830.954	<1	86.830.954
Saint Gobain Glass Egypt S.A.E	14,87	32.308.856	14,87	18.986.991
Nemtaş Nemrut Liman İşletmeleri A.Ş.	<1	188.233	<1	158.241
Other	-	13.359	-	13.359
Impairment provision (2)	-	(156.611.825)	-	(156.611.825)
		114.003.685		**100.651.828**

(1) Trakya Yatırım Holding A.Ş. is under the control of T. İş Bankası A.Ş. The Group does not have a significant efficiency or control power over this financial asset.

(2) TL56.994.689 and TL99.617.136 of impairment amounts are allocated to Avea İletişim Hizmetleri A.Ş. and Trakya Yatırım Holding A.Ş. respectively.

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

Unconsolidated subsidiaries and joint ventures	Share (%)	31 December 2011	Share (%)	31 December 2010
İstanbul Porselen Sanayi A.Ş.	-	-	99,87	8.576.838
Sintan Kimya San. Tic. A.Ş.	59,00	7.665.962	50,00	4.623.460
Paşabahçe Mağazaları B.V.	100,00	1.451.583	100,00	1.451.583
Şişecam Shangai Trade Co. Ltd.	100,00	655.449	100,00	655.449
Paşabahçe Yatırım ve Pazarlama A.Ş.	100,00	500.000	100,00	500.000
Mepa Merkezi Pazarlama A.Ş.	99,71	212.083	99,71	212.083
Paşabahçe Glass GmbH	100,00	68.699	100,00	68.699
Topkapı Yatırım Holding A.Ş.	80,00	51.796	80,00	51.796
Paşabahçe Spain SL	100,00	42.792	100,00	42.792
Paşabahçe USA Inc.	100,00	162	100,00	162
Impairment provision (-)		(9.985.075)		(15.310.029)
		663.451		**872.833**

Paşabahçe Glass GmbH, Paşabahçe USA Inc., Paşabahçe Mağazaları B.V. are subsidiaries incorporated internationally as to engage in the production, marketing and sale operations. The financial statements of these companies and the financial statements of Paşabahçe Yatırım ve Pazarlama A.Ş. and Topkapı Yatırım Holding A.Ş. are not included in consolidation due to their monetary terms is not important compared to the consolidated financial statements

Impairment is allocated to the amount of all shares of Mepa Merkezi Pazarlama A.Ş., Paşabahçe Mağazaları B.V., Sintan Kimya San. ve Tic. A.Ş. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements.

Cromital S.p.A, after the step acquisition of the entity at 20 December 2011, has been included in the scope of consolidation by taking into consideration the significance of the entity to the consolidated financial statements

The liquidation process of Istanbul Porselen Sanayi AŞ was completed in 2011.

8. Financial Liabilities

Current financial liabilities	31 December 2011	31 December 2010
Short term borrowings	321.365.173	176.857.493
Current portion of long term borrowings and interests	398.971.907	384.178.817
Total current financial liabilities	**720.337.080**	**561.036.310**
Non-current financial liabilities		
Long term borrowings	1.475.434.528	1.336.003.997
Total financial liabilities	**2.195.771.608**	**1.897.040.307**

Current and non-current bank borrowings are summarized as below:

31 December 2011

Currency	Maturity	Interest (%) (*)	Short Term	Long Term
USD	2012 – 2016	Libor +1,20 - 3,50	136.296.215	463.062.752
EUR	2012 – 2018	Euribor + 0,25 - 6,00	312.026.300	692.289.527
RUR	2012 – 2016	6,00 - 9,80	257.809.797	241.444.867
UAH	2012 – 2021	10,00 - 31,00	14.097.437	78.637.382
TL and other	2012 – 2013	-	107.331	-
			720.337.080	**1.475.434.528**

(*) The weighted average interest rate for EUR is Euribor + 2,48% for USD is Libor + 2,20% for RUR is Mosprime+3% and for UAH is 16,43%. (Average effective annual interest rate for EUR is 4,15%, for USD is 2,89%,and for UAH is 16,43%,for RUR is 7,79%)

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

31 December 2010

Currency	Maturity	Interest (%) (*)	Short Term	Long Term
USD	2011 - 2016	Libor +0,50 - 5,00	150.858.402	550.767.813
EUR	2011 - 2018	Euribor + 0,70 - 5,00	265.655.085	730.515.462
RUR	2011 - 2013	4,90 - 9,45	99.650.289	54.720.722
TL and other	2011	7,25 - 8,00	44.872.534	-
			561.036.310	**1.336.003.997**

(*) The weighted average interest rate for EUR is Euribor + 2,34%, for USD is Libor + 2,30%, for RUR is Mosprime+3% and for TL is 7,51%. (Average effective annual interest rate for EUR is 3,53%, for USD is 2,81%, and for TL is 7,51%, for RUR is 7,84%)

The redemption schedule of the financial liabilities is as follows:

	31 December 2011	31 December 2010
Within 1 year	720.337.080	561.036.310
Within 1- 2 years	824.992.504	330.446.886
Within 2- 3 years	320.322.674	717.721.188
Within 3- 4 years	172.953.287	139.821.210
Within 4- 5 years	95.842.076	109.783.523
5 years and after	61.323.987	38.231.190
	2.195.771.608	**1.897.040.307**

Collaterals given for financial liabilities	31 December 2011	31 December 2010
Guarantee letters	236.599.441	208.395.483
Mortgages	-	70.493.779
	236.599.441	**278.889.262**

9. Other Financial Liabilities

None.

10. Trade Receivables and Payables

Ticari Alacaklar

Current trade receivables	31 December 2011	31 December 2010
Due from related parties (Note 37)	2.005.242	1.641.146
Trade receivables	994.649.388	727.522.795
Notes receivables	23.399.827	14.190.248
Other trade receivables	82.075	36.814
Allowance for doubtful receivables	(26.636.715)	(21.017.971)
	993.499.817	**722.373.032**

Terms for the Group's domestic sales based on the main product lines are as follows:

Average sales term for basic glasses is 115 days (2010:120 days) and 1,5% overdue interest rate is applied for the payments made after the due date (2010: 1,5% - 2%).

Average sales term for auto glass and processed glass items is 45 days (2010: 45 days).

A portion of foreign sales made in cash and other portion has average 60 days (2010: 60 days) maturity.

Average sales term for automatic glass items is 75 days (2010: 75 days) and a monthly overdue interest rate of 3% is applied for the payments made after the due date (2010: 3%).

Glass packaging products are sold in cash since 1 January 2011. According to the customer demand a monthly interest of 1,25% for the payment terms up to 121 days and a monthly interest rate of 3% are applied for the payments exceeding 121 days.

Inter-group sales price of soda products are cash based. Average term of domestic external sales related to soda products is 37 days (2010: 34 days). Monthly 1,5% overdue interest is applied for the payments made after due dates (2010: 3%).

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

Average sales term for domestic sales of chromium products is 28 days based on sales of foreign exchange (2010: 29 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (2010: 1%). Average sales term for export sales is 60 days (2010: average 60 days).

Receivables related to heavy engineering industry sales are collected in accordance with progress payment plan.

The Group has recognized provision for doubtful receivables. Allowance for doubtful receivables is determined by referring to past default experience. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration on credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful receivables.

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

	2011	2010
January 1	(21.017.971)	(11.641.657)
Acquisition of subsidiary	(3.453.180)	-
Currency translation differences	(720.331)	5.570
Charge for the period	(4.100.045)	(10.027.589)
Collections	2.654.812	645.705
31 December	**(26.636.715)**	**(21.017.971)**

The Group holds the following collaterals for trade receivables:

	31 December 2011	31 December 2010
Letters of guarantees	333.187.890	228.197.920
Promissory notes and bills	33.189.442	61.420.472
Mortgages	18.800.773	17.721.185
Cash	4.447.232	4.608.616
	389.625.337	**311.948.193**

As of 31 December 2011, TL172.162.973 (31 December 2010: TL117.863.302) of trade receivable amount was past due but not impaired. This is related to a various number of independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2011	31 December 2010
1- 30 days overdue	93.082.371	74.088.257
1-3 months overdue	54.432.527	25.867.348
3-12 months overdue	21.600.349	16.144.290
1- 5 years overdue	3.047.726	1.763.407
Total overdue receivables	**172.162.973**	**117.863.302**
The part under guarantee with collateral, etc.	**34.713.506**	**34.278.013**

Non-current trade receivables		
Trade receivables	-	-

Trade Payables

Current trade payables	**31 December 2011**	**31 December 2010**
Due from related parties (Note 37)	9.090.408	5.977.844
Trade payables	402.617.052	266.275.411
Other trade payables	176.982	47.694
	411.884.442	**272.300.949**

Non-current trade payables		
Trade payables	**5.522.563**	**20.416**

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

11. Other Receivables and Payables

Other current receivable	31 December 2011	31 December 2010
Due from related parties (Note 37)	22.234.551	33.476.215
Due from personel	1.771.077	1.959.730
Deposits and guarantees given	865.934	484.432
Other receivables	21.774.611	12.786.521
Allowance for other doubtful receivables (-)	(6.744.360)	(4.640.797)
	39.901.813	**44.066.101**

The movement of other doubtful receivables is as follows:

	2011	2010
1 January	(4.640.797)	(3.933.977)
Acquisition of subsidiary	(1.925.155)	-
Currency translation differences	(946.246)	(71.263)
Charge for the period	(126.857)	(1.701.467)
Collections	894.695	1.065.910
31 December	**(6.744.360)**	**(4.640.797)**

Other non-current receivables	31 December 2011	31 December 2010
Deposits and guarantees given	2.209.796	1.563.886
	2.209.796	**1.563.886**

Other current payables		
Due to related parties (Note 37)	13.684.633	7.297.502
Order advances received	35.834.352	22.416.391
Due to personnel	14.516.989	11.699.096
Deposits and guarantees received	4.119.815	4.471.551
Other advances received	1.150.651	-
Other payables	6.614.953	9.880.338
	75.921.393	**55.764.878**

Other non-current payables		
Deposits and guarantees taken	327.417	137.065
Deferred liabilities to public	-	112.799
Other payables	764.761	90.871
	1.092.178	**340.735**

12. Receivables and Payables from Finance Sector Operations

None.

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

13. Inventories

	31 December 2011	31 December 2010
Raw materials	270.828.660	221.698.451
Work in process	31.346.498	37.359.982
Finished goods	608.116.312	429.515.743
Supplies	41.104.857	30.554.228
Trade goods	42.365.176	30.860.304
Other inventories	12.438.641	16.666.362
Provision for impairment of inventory (-)	(15.282.356)	(14.022.940)
	990.917.788	**752.632.130**

The movement of provision for impairment of inventory is as follows:

	2011	2010
January 1	(14.022.940)	(17.894.857)
Currency translation differences	(539.963)	141.019
Charge for the period	(4.458.286)	(2.114.781)
Provision released	3.738.833	5.845.679
31 December	**(15.282.356)**	**(14.022.940)**

14. Biological Assets

None.

15. Construction Contracts

	31 December 2011	31 December 2010
Contract costs incurred for work performed	66.224.069	60.054.303
Revenue recognized less costs recognized (net)	-	(1.528)
Less: Progress payments received (-)	(52.540.287)	(58.276.213)
	13.683.782	**1.776.562**

Progress payments and costs realized in financial statements are as follows:

	31 December 2011	31 December 2010
Receivables from construction contracts (Note 26)	13.683.782	1.785.892
Allowance for projects in loss (Note 26)	-	(1.528)
Progress payments of construction contracts (Note 26)	-	(7.802)
	13.683.782	**1.776.562**

In this scope, as of 31 December 2011; the amount of the guarantees given for the progress payment is TL10.473.183 and the amount of the advance received is TL4.880.206 (31 December 2010: TL6.459.151 and TL1.161.922).

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

16. Associates

Net asset values represented in the balance sheet of the associates are as follows:

	31 December 2011	31 December 2010
OAO FormMat	11.240.255	9.753.329
Solvay Şişecam Holding AG	134.772.109	120.283.057
	146.012.364	**130.036.386**

The summary of the financial statements of associates is as follows:

	OAO FormMat		Solvay Şişecam Holding AG	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Total assets	3.607.626	2.854.628	725.541.133	740.451.189
Total liabilities	(1.919.183)	(1.490.295)	(186.452.695)	(259.318.961)
Net Assets	**1.688.443**	**1.364.333**	**539.088.438**	**481.132.228**
Group share (%)				
- Direct and indirect ownership ratio (%)	48,46	48,46	25,00	25,00
- Effective ownership ratio (%)	19,55	19,55	20,52	20,52
Group share in net assets	**818.220**	**661.156**	**134.772.109**	**120.283.057**
Goodwill on associates	**10.422.035**	**9.092.173**		**-**
	11.240.255	**9.753.329**	**134.772.109**	**120.283.057**

Movements of the associates during the period are as below:

	2011	2010
1 January	130.036.386	133.756.050
Profit / (loss) from associates for the period (net)	6.911.085	6.555.855
Dividend income from associates	(14.209.886)	(4.091.297)
Currency translation differences	23.274.779	(6.184.222)
31 December	**146.012.364**	**130.036.386**

17. Investment Properties

	31 December 2011	31 December 2010
Cost	17.581.239	-
Accumulated depreciation (-)	(9.104.640)	-
Net book value	**8.476.599**	-
Revaluation reserve	200.114.617	-
Fair value	**208.591.216**	**-**

The Group has classified Beykoz properties located in İncirköy, Beykoz as investment property due to the termination of operational use as of 30 June 2011. Fair value of these properties is determined as TL208.591.216 as of 30 June 2011. Revaluation gains amounting to TL200.114.617 is accounted for under "Revaluation funds" under equity by considering deferred tax effect amounting to TL10.005.731.

Fair value of Beykoz properties is determined by two different and independent firms which have CMB licenses, necessary professional experience and current knowledge about class and location of Beykoz properties. Fair value of these properties is calculated as arithmetic average of determined amounts by the valuation reports. In the first report, fair value of these properties is determined according to the "Equivalent Comparison Method" by considering the current market data. In the second valuation report, fair value of these properties is determined according to the "Cash Flow Analysis" by considering room prices determined according to the equivalent comparison method and project cost determined according to the cost analysis as if there is a hotel project on the properties. As long as the market conditions are considered, there is no significant change expected in the fair value of the real estate as of 31 December 2011.

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

18. Property, Plant and Equipments

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
1 January 2011	**79.824.800**	**233.578.319**	**1.361.132.537**	**5.695.085.923**	**52.018.321**	**243.306.095**	**326.054.305**	**142.101.043**	**8.133.101.343**
Reclassifications	35.188	25.486.108	(4.437.056)	(22.804.140)	295.993	(1.189.700)	116	-	(2.613.491)
Currency translation differences	4.879.987	3.962.261	78.446.889	160.142.621	5.106.381	7.232.347	9.088.707	17.291.193	286.150.386
Acquisition of subsidiary	1.453.953	-	23.527.075	66.064.930	631.937	506.501	348.960	6.602.172	99.135.528
Additions	134.818	904.482	17.052.973	76.936.161	1.921.964	14.328.966	38.256.597	662.920.217	812.456.178
Disposals	(848.706)	(10.122)	(49.211.972)	(69.427.829)	(8.367.568)	(7.803.913)	(54.020.157)	(33.569.854)	(223.260.121)
Transfers to construction in progress	(2.919.389)	(2.277.565)	(12.384.285)	-	-	-	-	-	(17.581.239)
Transfers from investment properties	7.637.030	16.498.641	56.661.458	323.340.738	1.756.257	6.752.460	51.766.206	(464.412.790)	-
31 December 2011	**90.197.681**	**278.142.124**	**1.470.787.619**	**6.229.338.404**	**53.363.285**	**263.132.756**	**371.494.734**	**330.931.981**	**9.087.388.584**
Accumulated depreciation									
1 January 2011	**-**	**(105.395.148)**	**(378.099.007)**	**(3.917.831.838)**	**(37.492.978)**	**(191.239.728)**	**(243.886.456)**	**-**	**(4.873.945.155)**
Reclassifications	-	(25.860.425)	8.643.060	13.756.408	(356.704)	1.089.143	5.342.009	-	2.613.491
Currency translation differences	-	(551.708)	(15.662.433)	(76.916.822)	(3.052.105)	(4.667.676)	(4.505.384)	-	(105.356.128)
Acquisition of subsidiary	-	-	(3.336.359)	(20.845.338)	(350.476)	(196.217)	(287.207)	-	(25.015.597)
Charge for the period	-	(8.951.040)	(42.969.339)	(348.744.898)	(5.424.062)	(21.449.003)	(54.205.618)	-	(481.743.960)
Disposals	-	1.884	34.254.466	54.041.678	7.858.655	6.076.369	43.680.094	-	145.913.146
Transfers to construction in progress	-	1.767.838	7.336.802	-	-	-	-	-	9.104.640
31 December 2011	**-**	**(138.988.599)**	**(389.832.810)**	**(4.296.540.810)**	**(38.817.670)**	**(210.387.112)**	**(253.862.562)**	**-**	**(5.328.429.563)**
Net book value as of 31 December 2011	**90.197.681**	**139.153.525**	**1.080.954.809**	**1.932.797.594**	**14.545.615**	**52.745.644**	**117.632.172**	**330.931.981**	**3.758.959.021**
Net book value as of 31 December 2010	**79.824.800**	**128.183.171**	**983.033.530**	**1.777.254.085**	**14.525.343**	**52.066.367**	**82.167.849**	**142.101.043**	**3.259.156.188**

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

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

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
1 January 2010	**78.215.523**	**212.733.990**	**1.330.725.357**	**5.627.519.213**	**53.784.195**	**234.135.766**	**247.398.508**	**153.758.346**	**7.938.270.898**
Reclassifications	(167.259)	13.014.658	12.860.334	(71.868.277)	(503.522)	(34.622)	46.922.516	(223.828)	-
Currency translation differences	(762.113)	(198.495)	(906.699)	(5.910.614)	(967.330)	(850.677)	17.445	(3.254.226)	(12.832.709)
Acquisition of joint venture	9.929.424	-	2.151.270	3.269.433	-	-	-	-	15.350.127
Additions	444.427	1.886.659	8.612.414	34.608.227	399.167	13.672.176	21.748.232	288.325.583	369.696.885
Disposals	(8.614.096)	(344.507)	(16.311.814)	(81.691.655)	(2.218.656)	(8.826.343)	(18.250.114)	(41.126.673)	(177.383.858)
Transfers from investment properties	778.894	6.486.014	24.001.675	189.159.596	1.524.467	5.209.795	28.217.718	(255.378.159)	-
31 December 2010	**79.824.800**	**233.578.319**	**1.361.132.537**	**5.695.085.923**	**52.018.321**	**243.306.095**	**326.054.305**	**142.101.043**	**8.133.101.343**
Accumulated depreciation									
1 January 2010	**-**	**(95.548.075)**	**(343.449.788)**	**(3.690.396.106)**	**(34.739.397)**	**(179.848.119)**	**(185.156.261)**	**-**	**(4.529.137.746)**
Reclassifications	-	(1.081.451)	(2.688.573)	26.923.469	117.317	790.372	(24.061.134)	-	-
Currency translation differences	-	46.095	(591.713)	1.372.399	377.023	553.917	617	-	1.758.338
Acquisition of joint venture	-	-	(784.940)	(2.812.204)	-	-	-	-	(3.597.144)
Charge for the period (*)	-	(8.923.647)	(37.347.009)	(326.976.587)	(5.341.431)	(19.623.443)	(46.392.766)	-	(444.604.883)
Disposals	-	111.930	6.763.016	74.057.191	2.093.510	6.887.545	11.723.088	-	101.636.280
31 December 2010	**-**	**(105.395.148)**	**(378.099.007)**	**(3.917.831.838)**	**(37.492.978)**	**(191.239.728)**	**(243.886.456)**	**-**	**(4.873.945.155)**
Net book value as of 31 December 2010	**79.824.800**	**128.183.171**	**983.033.530**	**1.777.254.085**	**14.525.343**	**52.066.367**	**82.167.849**	**142.101.043**	**3.259.156.188**
Net book value as of 31 December 2009	**78.215.523**	**117.185.915**	**987.275.569**	**1.937.123.107**	**19.044.798**	**54.287.647**	**62.242.247**	**153.758.346**	**3.409.133.152**

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

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

19. Intangible Assets

Cost	Rights	Mine fields	Development Expenses	Other Intangible Assets	Total
1 January 2011	**41.748.973**	**13.135.203**	**6.450.103**	**7.302.099**	**68.636.378**
Reclassifications	131.332	-	-	(131.332)	-
Currency translation differences	264.851	-	-	334.430	599.281
Acquisition of subsidiary	-	-	-	711.991	711.991
Additions	10.145.797	-	6.595.107	962.627	17.703.531
Disposals	(4.807.652)	-	-	(545.050)	(5.352.702)
31 December 2011	**47.483.301**	**13.135.203**	**13.045.210**	**8.634.765**	**82.298.479**
Accumulated depreciation					
1 January 2011	**(26.423.147)**	**(3.414.317)**	**(536.720)**	**(3.357.098)**	**(33.731.282)**
Reclassifications	(125.008)	-	-	125.008	-
Currency translation differences	(172.580)	-	-	(232.045)	(404.625)
Acquisition of subsidiary	-	-	-	(510.496)	(510.496)
Charge for the period(*)	(4.191.921)	(819.072)	(1.870.318)	(265.272)	(7.146.583)
Disposals	1.084.994	-	-	247.145	1.332.139
31 December 2011	**(29.827.662)**	**(4.233.389)**	**(2.407.038)**	**(3.992.758)**	**(40.460.847)**
Net book value as of 31 December 2011	**17.655.639**	**8.901.814**	**10.638.172**	**4.642.007**	**41.837.632**
Net book value as of 31 December 2010	**15.325.826**	**9.720.886**	**5.913.383**	**3.945.001**	**34.905.096**

Cost	Rights	Mine fields	Development Expenses	Other Intangible Assets	Total
1 January 2010	**39.843.622**	**13.135.203**	**-**	**7.089.593**	**60.068.418**
Currency translation differences	(9.624)	-	-	(65.833)	(75.457)
Acquisition of subsidiary	-	-	-	29.660	29.660
Additions	1.914.975	-	6.450.103	3.056.534	11.421.612
Disposals	-	-	-	(2.807.855)	(2.807.855)
31 December 2010	**41.748.973**	**13.135.203**	**6.450.103**	**7.302.099**	**68.636.378**
Accumulated depreciation					
1 January 2010	**(22.520.985)**	**(2.584.427)**	**-**	**(3.017.338)**	**(28.122.750)**
Currency translation differences	2.910	-	-	31.640	34.550
Acquisition of subsidiary	-	-	-	(14.230)	(14.230)
Charge for the period(*)	(3.905.072)	(829.890)	(536.720)	(357.170)	(5.628.852)
Disposals	-	-	-	-	-
31 December 2010	**(26.423.147)**	**(3.414.317)**	**(536.720)**	**(3.357.098)**	**(33.731.282)**
Net book value as of 31 December 2010	**15.325.826**	**9.720.886**	**5.913.383**	**3.945.001**	**34.905.096**
Net book value as of 31 December 2009	**17.322.637**	**10.550.776**	**-**	**4.072.255**	**31.945.668**

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

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

20. Goodwill

	2011	2010
1 January	3.416.012	19.366.878
Reclassifications (*)	-	(16.665.579)
Goodwill due to acquisitions (Note 3)	4.907.924	681.238
Currency translation differences	626.850	33.475
31 December	**8.950.786**	**3.416.012**

(*) The amount of goodwill which is determined as TL16.665.579 from the previous periods has recorded into equity since whole amount is related with "entities under common control".

21. Government Grants

Expenses regarding industries having R&D quality projects which were qualified by expert organizations are reviewed and evaluated so that specific proportion of these expenses are considered as grants or are given support on the condition of payback within the context of the Decision No: 94/6401 made on the government grants for exporting activities in accordance with the Money Credit Coordination Board's Communiqué No: 98/10 on Research and Development Grants published by the Under Secretariat of Foreign Trade based on the decision No: 98/16 made as at 9 September 1998.

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

22. Provisions, Contingent Assets and Liabilities

Provisions

Short term provisions	31 December 2011	31 December 2010
Accrued expenses	17.315.412	17.170.207
Other provisions	836.659	2.140.730
	18.152.071	**19.310.937**

The Group is involved in a lawsuit as a defendant in which USD21.158.667 (31 December 2010: USD21.158.667) of compensation amount is foreseen arising from the construction status of properties transferred during the sales of its subsidiary in the period. The Group Management does not provide any provisions since they believe an unfavourable outcome is remote.

Including the lawsuit stated above, the total amount of the lawsuits filed and continuing against the Group as of 31 December 2011 is approximately TL67.217.377 (31 December 2010: TL37.321.862).

As it is mentioned above, the Group has been in numerous lawsuits as claimant or defendant within the context of its ordinary activities during the period. In this scope, the Group Management believes that there is not any continuing lawsuit or legal proceedings which are not explained in the notes of consolidated financial statements or for which any required allowance is not set apart and which may have any negative effect on the Group's consolidated financial situation or on the results of its activities.

Contingent liabilities as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Letters of guarantees given	40.765.328	55.006.117
Promissory notes and securities given	28.884.888	47.387.804
Export commitments	15.391.842	34.461.116
Other	24.463.801	6.550.629
	109.505.859	**143.405.666**

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

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2011and 31 December 2010 are as follows:

	31 December 2011				
The CPMs given by the Company	**TL Amounts**	**USD**	**EUR**	**RUR**	**TL**
A CPM's given in the name of its own legal personality	1.688.701	100.000	125.000	-	1.194.336
B. CPM's given on behalf of the fully consolidated companies	722.705.302	121.039.467	113.652.940	3.710.000.000	592.298
C. CPM's given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	849.799.278	181.572.876	207.392.697	-	-
- i. Total amount of CPM's given on behalf of the holders of the Parent	849.799.278	181.572.876	207.392.697	-	-
- ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	None	None	None	None	None
- iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	**1.574.193.281**	**302.712.343**	**321.170.637**	**3.710.000.000**	**1.786.634**

	31 Aralık 2010				
The CPMs given by the Company	**TL Amounts**	**USD**	**EUR**	**RUR**	**TL**
A. CPM's given in the name of its own legal personality	2.619.628	100.000	620.122	None	1.194.336
B. CPM's given on behalf of the fully consolidated companies	555.962.721	145.051.326	116.402.943	1.825.346.000	592.298
C. CPM's given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	897.388.424	223.890.341	269.022.477	-	-
- i. Total amount of CPM's given on behalf of the holders of the Parent	897.388.424	223.890.341	269.022.477	-	-
- ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	None	None	None	None	None
- iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	**1.455.970.773**	**369.041.667**	**386.045.542**	**1.825.346.000**	**1.786.634**

Percentage of CPM's given by the Company to the Company's equities is 16,48% as of 31 December 2011 (21,64% as of 31 December 2010).

23. Commitments

Shareholding Commitments and Reimbursement Concessions

An agreement was signed between Trakya Glass Bulgaria EAD (the "Company"), IFC, Trakya Cam Sanayii A.Ş., Investment B.V. and Paşabahçe Cam Sanayii A.Ş. on 25 June 2004. In accordance with the agreement, Trakya Cam Sanayii A.Ş. has an obligation of holding at least 75% of Trakya Cam Investment B.V.'s total equity solely or together with Paşabahçe Cam Sanayii A.Ş. Similarly, Trakya Cam Investment B.V. has an obligation of holding at least 75% of Trakya Glass Bulgaria EAD's total equity.

Share options

Trakya Polatlı Cam Sanayi A.Ş. which is one of the Company's affiliates has made a land patent agreement with Polatlı Organize Sanayi Bölgesi ("OSB") in August 2008. According to the agreement made with OSB Board of Management, construction project works will start within 30 months after May 2008. In November of 2010, an application was made to OSB Board of Directors for additional time extension and related time schedule has been extended until January 2012. Trakya Polatlı Cam Sanayi A.Ş. has started to work on project as of 31.12.2011.

Other commitments

Pursuant to the agreement made between Soda San. A.Ş. which is one of the Company's subsidiaries and Botaş - Boru Hatları ile Petrol Taşıma A.Ş., there is an agreement for the purchase of 30.000.000 m^3 natural gas between 1 January 2012 and 31 December 2012 (31 December 2010: 23.400.000 m^3).

24. Employee Benefits

Short Term

	31 December 2011	31 December 2010
Unused vacation provision	8.837.936	6.165.159

Provision for employment termination benefits

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2242 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506.

The amount payable consists of one month's salary limited to a maximum of TL2,731.85 for each period of service as of 31 December 2011 (31 December 2010: TL2,517.01). The retirement pay provision ceiling is revised semi-annually, and TL2,805.04 which is effective from 1 January 2012, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2010: TL2,623.23).

Liability of employment termination benefits is not subject to any funding as there isn't an obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

Principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2011 and 2010, provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 5.00% (31 December 2010: 5.10%) and a discount rate of 9.60%(31 December 2010: 10%), the real discount rate is approximately 4.38% (31 December 2010:4.66%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

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

The movement of the employment termination benefits is as follows:

	2011	2010
1 January	171.125.468	148.595.290
Service costs	32.563.131	22.494.069
Actuarial gain/(loss)	4.896.511	11.832.199
Interest costs	8.171.964	9.489.081
Acquisition of subsidiary and joint venture	607.922	93.954
Payments made during the period	(24.150.998)	(21.347.664)
Currency translation differences	143.432	(31.461)
31 December	**193.357.430**	**171.125.468**

25. Pension Plans

None.

26. Other Assets and Liabilities

Other current assets	31 December 2011	31 December 2010
Order advances given for inventory	40.299.764	53.750.724
VAT receivables	41.892.251	29.479.091
Deductible VAT on exports	45.873.418	24.685.935
Prepaid expenses	8.626.370	6.474.134
Income accruals	15.370.392	5.211.943
Prepaid taxes and funds	10.694.724	3.958.558
Work advances	962.044	1.592.324
Receivables related to construction contracts (Note 15)	13.683.782	1.785.892
Other	5.675.122	5.566.932
	183.077.867	**132.505.533**

Other non-current assets		
Prepaid expenses	27.344.865	19.393.181
Advances given for tangible and intangible assets	71.588.257	19.744.608
	98.933.122	**39.137.789**

Other current liabilities	31 December 2011	31 December 2010
Deferred revenue	39.379.106	27.936.705
Taxes and funds payables	24.769.230	26.916.915
Social security premiums payable	26.341.221	12.631.833
VAT and other payables	2.052.598	3.659.086
Expense accruals	3.098.165	2.975.149
Liabilities related with joint ventures	-	1.811.333
Payables related to construction contracts (Note 15)	-	9.330
Other	1.232.182	2.870.135
	96.872.502	**78.810.486**

Other non-current liabilities	31 December 2011	31 December 2010
Other liabilities	804.405	584.033

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

27. Equity

Equity components "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums", which is accounted as legal reserves in accordance with Article 466 of the Turkish Commercial Code ("TCC") are presented with their statutory figures in books of account. In this respect, differences (such as; differences due to application of inflation accounting) resulted from the application of re-evaluations or re-measurements in accordance with the CMB's financial reporting standards, which are not subject to profit distribution or capital increase as of the date of this report, are presented in the "inflation adjustment to share capital" financial statement line if they are related with paid in capital or in the "retained earnings" financial statement line if they are related with restricted reserves or premium in excess of par.

a) Capital/ Treasury Shares

The approved and paid-in share capital of the Company consists of 130.000.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each.

	31 December 2011	31 December 2010
Registered capital ceiling	2.000.000.000	2.000.000.000
Approved and paid-in capital	1.300.000.000	1.144.000.000

	31 December 2011		31 December 2010	
	Amount	Share	Amount	Share
Shareholders	**TL**	**(%)**	**TL**	**(%)**
T. İş Bankası A.Ş.	885.963.199	68,15	779.647.130	68,15
Efes Holding A.Ş.	50.297.701	3,87	43.945.178	3,84
Anadolu Hayat Emeklilik A.Ş.	650.323	0,05	572.284	0,05
Other	363.088.777	27,93	319.835.408	27,96
Paid-in share capital	**1.300.000.000**	**100,00**	**1.144.000.000**	**100,00**
Adjustment to share capital	241.425.784		241.425.784	
Total share capital	**1.541.425.784**		**1.385.425.784**	

b) Revaluation Funds

Revaluation Funds	31 December 2011	31 December 2011
Fixed assets revaluation fund	181.406.172	-
Financial asset revaluation fund	86.027	135.001
	181.492.199	**135.001**

Revaluation fund on financial assets

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

c) Restricted Reserves

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

Legal reserves consist of first and second legal reserves, 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; however, holding companies are not subject to this application.

Public held corporations carry out their dividend distributions within the framework of the basics set forth in the standards and notifications published by Capital Markets Board.

"Legal Reserves", "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the 466th Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of IFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

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

Restricted reserves attributable to equity holders of the Parent	31 December 2011	31 December 2010
Legal reserves	42.815.953	39.733.497

d) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TL1.683.880.239 (31 December 2010: TL1.477.632.823) is TL197.272.641 (31 December 2010: TL288.044.150).

Profit Distribution

Dividend is distributed according to Communiqué Serial: IV, No: 27 on "Principles Regarding Distribution of Interim Dividends for the quoted entities subjected to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by the Companies to market.

In addition, according to mentioned Board Decision, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué IX No: 29 providing the profits can be met by the sources in their statutory records.

Reserves subject to dividend distribution

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

	31 December 2011	31 December 2010
Net distributable profit for period	115.502.273	58.642.627
Extraordinary reserves	197.272.641	288.044.150
	312.774.914	**346.686.777**

e) Non controlling Interest

Shares attributable to third parties in the equity including the approved and paid-in capital of the consolidated subsidiaries and joint ventures which are not fully owned, are separately accounted for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components.

Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries and joint ventures, which are not fully owned, are separately accounted for as non-controlling interests in the distribution of period profit / (loss) section of the consolidated statement of income.

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

28. Sales and Cost of Sales

Sales	1 January - 31 December 2011	1 January - 31 December 2010
Sales	5.312.801.397	4.467.350.211
Other income	3.232.090	6.193.166
Sales returns	(20.557.635)	(15.331.327)
Sales discount	(244.570.678)	(203.291.277)
Other sales discounts	(72.222.359)	(48.684.470)
	4.978.682.815	**4.206.236.303**

Cost of sales		
Direct materials	(1.637.774.174)	(1.315.394.686)
Direct labor	(274.268.662)	(232.231.002)
Production overheads	(919.174.950)	(811.116.387)
Depreciation and amortization	(436.746.419)	(399.972.495)
Change in work-in-progress inventories	(6.114.928)	727.684
Change in finished goods inventories	173.667.079	(2.582.584)
Cost of goods sold	**(3.100.412.054)**	**(2.760.569.470)**
Cost of merchandises sold	(200.853.296)	(172.457.477)
Cost of services given (*)	(25.729.671)	(24.228.644)
Other costs	(13.447.528)	(13.945.685)
	(3.340.442.549)	**(2.971.201.276)**

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January – 31 December 2011 amounts to TL2.998.148 (1 January - 31 December 2010: TL2.103.218).

29. Research and Development Expenses, Marketing, Selling and Distribution Expenses, General Administrative Expenses

	1 January - 31 December 2011	1 January - 31 December 2010
Marketing, selling and distribution expenses	(436.859.479)	(301.577.441)
General administrative expenses	(410.011.738)	(368.536.336)
Research and development expenses	(34.842.208)	(32.651.405)
	(881.713.425)	**(702.765.182)**

30. Operating Expenses by Nature

	1 January - 31 December 2011	1 January - 31 December 2010
Indirect material costs	(16.431.022)	(11.645.147)
Personnel expenses	(240.973.514)	(217.995.306)
Outsourced services	(249.307.986)	(201.855.878)
Miscellaneous expenses	(325.854.927)	(223.110.829)
Depreciation and amortization	(49.145.976)	(48.158.022)
	(881.713.425)	**(702.765.182)**

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

31. Other Operating Income / (Expenses)

Other operating income	1 January - 31 December 2011	1 January - 31 December 2010
Profit on sales of tangible assets	37.413.925	61.924.563
Raw materials sales income	12.289.809	6.440.286
Provisions released	3.549.507	4.307.873
Insurance claims	2.634.495	3.617.252
Acquisition of subsidiary (negative goodwill)	3.869.162	-
Fair value difference related with business combination	1.489.710	-
Commission income	781.762	245.854
Other	29.853.518	21.283.952
	91.881.888	**97.819.780**

Other operating expenses	1 January - 31 December 2011	1 January - 31 December 2010
Provision expenses	(10.518.246)	(13.789.734)
Loss on sales of tangible assets	(11.205.041)	(10.339.191)
Raw materials sales expenses	(12.510.544)	(2.747.316)
Commission expense	(3.640.866)	(2.400.991)
Other	(32.469.840)	(34.937.199)
	(70.344.537)	**(64.214.431)**

32. Financial Income

	1 January - 31 December 2011	1 January - 31 December 2010
Foreign Exchange Income	1.162.182.732	624.663.929
Interest Income	63.778.598	45.224.852
Sale of subsidiary and available for sale financial asset	-	4.246.329
Dividend Income	63.551	2.129.309
Rediscount Income	1.949.820	1.498.484
	1.227.974.701	**677.762.903**

33. Financial Expense

	1 January - 31 December 2011	1 January - 31 December 2010
Foreign Exchange Expense	(1.043.863.511)	(568.319.683)
Interest Expense	(98.732.328)	(94.259.852)
Rediscount Expense	(3.449.294)	(1.984.579)
Marketable Securites Sales Expense	-	(28.979)
	(1.146.045.133)	**(664.593.093)**

34. Assets Held for Sale and Discontinued Operations

None.

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

35. Tax Assets and Liabilities

Deferred Tax Assets and Liabilities

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

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

	31 December 2011	31 December 2010
Deferred tax assets	66.999.834	43.218.182
Deferred tax liabilities (-)	(55.833.628)	(89.010.901)
Deferred tax liabilities (net)	**11.166.206**	**(45.792.719)**

Timing Differences		
Useful life and valuation differences on tangible and intangible assets	604.645.013	639.184.998
Valuation of investment property	200.114.617	-
Employment termination benefits	(193.357.430)	(171.031.514)
Carry forward tax losses (*)	(254.155.568)	(166.904.900)
Investment allowance utilized during the year	(218.353.311)	(49.999.454)
Revaluation of the inventories	(14.180.155)	(12.604.319)
Discounted corporate tax	(199.327.871)	-
Other	(45.529.541)	(24.076.810)
	(120.144.246)	**214.568.001**

Deferred Tax Assets/(Liabilities)		
Useful life and valuation differences on tangible and intangible assets	(119.118.565)	(125.478.058)
Valuation of investment property	(10.005.731)	-
Provision for employment termination benefits	38.647.818	34.141.894
Carry forward tax losses	48.914.209	32.067.583
Investment allowance utilized during the year	1.352.772	4.871.567
Revaluation of the inventories	2.888.545	2.362.868
Discounted corporate tax	39.865.574	-
Other	8.621.584	6.241.427
	11.166.206	**(45.792.719)**

Movements of deferred tax assets and liabilities are as follows

	2011	2010
1 January	(45.792.719)	(65.521.074)
Acquisition of subsidiary	1.961.403	-
Charged to the statement of income	60.839.402	18.987.278
Charged to the equity	(10.003.153)	741.077
Currency translation differences	4.161.273	-
31 December	**11.166.206**	**(45.792.719)**

(*) Carry forward tax losses which is not considered deferred tax calculation are TL8,666,771 (2010:TL16,264,589).

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

Corporate Tax

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

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

In Turkey, corporate tax rate applied in 2011 is 20% (2010: %20).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2011 is as follows:

Country	Tax rate
Bosnia Herzegovina	10,0
Bulgaria	10,0
Georgia	15,0
Russia	20,0
Ukraine	21,0

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income (2010: %20).

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.

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

Income Withholding Tax

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

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

Investment Allowance

Investment allowance has been cancelled to be valid from 1 January 2006. However, since the companies' taxable incomes are not sufficient, the amount of investment allowance that they cannot benefit as of 31 December 2005 can be transferred to the following years in order to be deducted from the taxable revenues of the following years.

New arrangements made with the Law No.6009 published in the official newspaper article dated 1 August 2010, made a general assessment regarding utilized investment incentives can be benefited without limitation in time period. 20% corporate tax will be calculated on earnings after investment incentives. The arrangements made with the Law No.6009 come into force in 1 August 2010 to be applied on income for the year 2010.

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

Discounted Corporate Tax Practice
In the scope of Decision No. 2009/15199 of the Government Subsidies for Investments, in the context of the regional implementation of investments and large-scale investments, discounted corporate tax support is taken, within the framework of 5520 Corporate Income Tax Law No. 32/A. Corporate tax incentives are used by deducting from the previous year's corporate tax amount until the deductible amount is reached the investment contribution amount that is calculated in accordance with the investment contribution rate specified in the investment incentive certificates. In the scope of the same decision, VAT and customs duty incentives are also applicable.

	31 December 2011	31 December 2010
Current tax provision	187.474.505	120.274.381
Prepaid taxes and funds (-)	(153.069.506)	(87.539.983)
Tax provision in the balance sheet	**34.404.999**	**32.734.398**

	1 January - 31 December 2011	1 January - 31 December 2010
Provision for Corporate Tax for current year	(187.474.505)	(120.274.381)
Currency translation differences	294.166	-
Deferred tax income	60.839.402	18.987.278
Tax provision in the statement of income	**(126.340.937)**	**(101.287.103)**

Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	866.904.841	585.600.859
Effective tax rate	%20	%20
Calculated tax	**(173.380.968)**	**(117.120.172)**

Tax reconciliation		
- Consolidation adjustments	(36.076.882)	(40.246.501)
- Non-deductible expenses	(13.950.830)	(12.228.876)
- Carry forward tax losses	3.500.598	(5.923.990)
- Profit share of investments accounted through equity method	(1.382.217)	(1.311.171)
- Dividends and other non-taxable income	53.194.280	62.287.593
- The effect of the foreign companies that have different tax rates	2.420.830	11.126.860
- Investment incentives	(531.322)	2.129.154
- Deductible corporate tax	39.865.574	-
Tax provision in the statement of income	**(126.340.937)**	**(101.287.103)**

36. Earnings per Share

Earnings per share	1 January - 31 December 2011	1 January - 31 December 2010
Average number of shares existing during the period (total value)	1.300.000.000	1.300.000.000
Net profit for the period attributable to equity holders of the parent	631.505.111	411.786.142
Earnings per share	**0,4858**	**0,3168**
Total comprehensive income attributable to equity holders of the parent	910.416.451	406.381.156
Earnings per share obtained from total comprehensive income	**0,7003**	**0,3126**

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

37. Related Party Disclosures

T. İş Bankası A.Ş. is the main shareholder of the Group and retains the control of the Group. All significant transactions and balances between the Group and its consolidated subsidiaries are eliminated in consolidation and not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

Deposits	31 December 2011	31 December 2010
Deposits at T. İş Bankası A.Ş.		
- Demand deposit	46.075.687	31.978.945
- Time deposits	1.186.567.752	1.074.755.621
	1.232.643.439	**1.106.734.566**
Deposits at İşbank GmbH		
- Demand deposit	5.228.634	11.317.081
- Time deposits	159.290.190	159.748.442
	164.518.824	**171.065.523**
	1.397.162.263	**1.277.800.089**

Borrowings received from related parties		
T. İş Bankası A.Ş.	265.576.405	271.951.722
İşbank GmbH	8.553.300	-
T. Sınai ve Kalkınma Bankası A.Ş.	11.720.289	13.875.159
	285.849.994	**285.826.881**

Due from related parties		
İş Merkezleri Yönetim ve İşletim A.Ş.	1.042.935	942.539
T.İş Bankası A.Ş.	387.942	396.884
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	324.786	262.758
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	187.556	-
Anadolu Anonim Türk Sigorta Şirketi	12.143	4.466
İş Net Elektronik Bilgi Üretim Dağ.Tic.ve İlet.Hiz.A.Ş.	24.083	18.611
Other	25.797	15.888
	2.005.242	**1.641.146**

Due from related parties		
Cromital S.P.A.	-	10.382.097
Sudel Invest S.A.R.L.	4.367	10.046.608
Saint Gobain Glass Egypt S.A.E	11.433.779	6.176.581
Sintan Kimya San. ve Tic. A.Ş.	5.218.687	1.722.331
Paşabahçe Yatırım ve Pazarlama A.Ş.	1.386.810	1.562.095
Solvay Şişecam Holding AG	-	849.623
Rudnika Krecnjaka Vijenac D.O.O. Lukavac	1.149.717	544.172
Şişecam Shangai Trade Co. Ltd.	1.402.999	514.045
Oxyvit Kimya San. Ve Tic.A.Ş.	678.710	429.294
OOO Form Mat	359.453	366.753
Balkum Ltd.	71.320	320.661
Fabrika Cementa Lukavac D.D.	154.104	-
Paşabahçe USA Inc.	18.889	169.915
Paşabahçe Spain SL	-	140.203
Paşabahçe Glass GmbH	156.418	90.173
Omco İstanbul Kalıp San.A.Ş.	161.969	89.115
Omco International N.V.	31.769	34.595
Mepa Merkezi Pazarlama A.Ş.	1.333	31.723
Paşabahçe Mağazaları B.V.	4.227	6.231
	22.234.551	**33.476.215**

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

Due to related parties	31 December 2011	31 December 2010
Solvay Şişecam Holding A.G	4.730.684	2.614.570
Anadolu Anonim Türk Sigorta Şirketi	4.056.149	3.274.976
İş Merkezleri Yönetim ve İşletim A.Ş.	154.510	29.299
Avea İletişim Hizmetleri A.Ş.	70.643	41.001
Kültür Yayınları İş-Türk Ltd.Şti.	58.071	17.910
Other	20.351	88
	9.090.408	**5.977.844**

Due to related parties		
Omco İstanbul Kalıp San.A.Ş.	6.188.480	1.994.587
Oxyvit Kimya San. ve Tic. A.Ş.	2.379.368	1.679.651
Sudel Invest S.A.R.L (*)	1.778.267	1.491.058
Fabrika Cementa Lukavac D.D.	1.124.550	541.132
Paşabahçe Glass GmbH	107.305	253.806
Balkum Ltd.	315.221	189.489
Rudnika Krecnjaka Vijenac D.O.O. Lukavac	312.175	-
Paşabahçe USA Inc	77.757	137.361
Paşabahçe Spain SL	118.976	116.804
Denizli Cam San. Vakfı	38.279	31.736
Other	1.244.255	861.878
	13.684.633	**7.297.502**

(*) Capital advance given to Balsand B.V

Transactions with related parties:

Interest income from related parties	1 January- 31 December 2011	1 January- 31 December 2010
T.İş Bankası A.Ş. and İşbank GmbH	26.468.741	18.668.616
Paşabahçe Mağazaları B.V.	-	168.442
Paşabahçe USA Inc.	-	51.998
Paşabahçe Spain SL	2.265	46.537
Sintan Kimya San. ve Tic. A.Ş.	69.195	34.666
Oxyvit Kimya San. ve Tic. A.Ş.	135.596	26.032
Paşabahçe Yatırım ve Pazarlama A.Ş.	12.574	9.468
Saint Gobain Glass Egypt S.A.E.	201.151	-
Yatırım Finansman Yatırım Ortaklığı A.Ş.	199.276	-
Rudnika Krecnjaka Vijenac D.O.O Lukavac	88.359	-
Other	6.046	1.792
	27.183.203	**19.007.551**

Interest expenses to related parties		
T.İş Bankası A.Ş. ve İşbank GmbH	1.799.751	4.158.333
T.Sınai ve Kalkınma Bankası A.Ş.	544.579	749.430
Paşabahçe USA Inc.	-	53.767
Paşabahçe Spain SL	-	33.699
IFC.	-	1.224.299
Fabrika Cementa Lukavac D.D.	139.038	145.753
	2.483.368	**6.365.281**

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

Other income from related parties	1 January-31 December 2011	1 January-31 December 2010
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	1.695	42.912.711
İş Merkezleri Yönetim ve İşletim A.Ş.	10.357.284	9.327.974
Solvay Şişecam Holding AG	1.475.743	2.490.046
Anadolu Anonim Türk Sigorta Şirketi	6.747.359	7.591.738
Bayek Tedavi Sağlık Hiz.ve İşlet. A.Ş.	3.005.410	1.498.692
Oxyvit Kimya San. Ve Tic. A.Ş.	1.580.192	902.455
Omco İstanbul Kalıp San.A.Ş.	458.146	294.971
Sintan Kimya Sanayi ve Tic. A.Ş.	907.979	677.106
Avea İletişim Hizmetleri A.Ş.	53.992	66.507
Paşabahçe Mağazaları BV	32.324	25.717
Saint Gobain Glass Egypt S.A.E.	396.762	-
Fabrika Cementa Lukavac D.D.	2.218.398	-
Other	710.013	647.447
	27.945.297	**66.435.364**

Other expenses to related parties		
Solvay Şişecam Holding AG	92.540.757	71.684.393
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	13.617.465	11.853.191
Anadolu Anonim Türk Sigorta Şirketi	2.798.634	1.761.035
Anadolu Hayat Emeklilik Sigorta A.Ş.	122.924	119.824
T. İş Bankası A.Ş. and İşbank GmbH	1.023.073	681.842
T. İş Bankası Mensupları Munzam Yard. Vakfı	798.002	822.428
İş Merkezleri Yönetim ve İşletim A.Ş.	5.878.611	5.293.054
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	218.912	132.313
Kültür Yayınları İş-Türk Ltd. Şti.	73.519	29.045
Avea İletişim Hizmetleri A.Ş.	3.705	1.791
Şişecam Shangai Trade Co. Ltd.	1.076.832	902.511
Camiş Menkul Değerler A.Ş.	86.149	86.746
Omco İstanbul Kalıp San. A.Ş.	28.241.570	15.947.106
Oxyvit Kimya San. Ve Tic. A.Ş.	259.329	231.604
Balkum Ltd.	2.563.657	2.533.252
OAO Form Mat	2.536.149	-
Fabrika Cementa Lukavac D.D.	2.102.882	-
Paşabahçe Glass GmbH	1.086.311	-
Other	560.479	1.532.707
	155.588.960	**113.612.842**

Key management compensation		
Parent (Holding)	10.592.628	8.075.912
Consolidated entities	15.761.834	15.687.942
	26.354.462	**23.763.854**

38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

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

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

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

As of 31 December 2011 and 31 December 2010, the Group's net debt / total equity ratios are as follows:

	31 December 2011	31 December 2010
Financial liabilities and trade payables	2.613.178.613	2.169.361.672
Less: Cash and cash equivalents	(1.599.923.097)	(1.471.875.644)
Net debt	**1.013.255.516**	**697.486.028**
Total equity	**5.156.320.891**	**4.146.782.728**
Net debt / total equity ratio	**%20**	**%17**

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

b) Financial Risk Factors

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

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

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

(b.1) Credit Risk Management

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

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

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

Finansal araç türleri itibarıyla maruz kalınan kredi riskleri	Receivables				
	Trade Receivables		Other Receivables		
31 December 2011	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Cash and cash equivalents**
Maximum credit risk exposed as of balance sheet date (*) (A +B+C+D+E)	**2.005.242**	**991.494.575**	**22.234.551**	**19.877.058**	**1.599.087.863**
- The part of maximum risk under guarantee with collaterals, etc	-	(389.625.338)	(4.066.685)	-	-
A. Net book value of financial assets that are neither past due nor impaired	2.005.242	819.331.602	1.304.208	19.877.058	1.599.087.863
- The part under guarantee with collaterals, etc.	-	(354.911.832)	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	172.162.973	20.930.343	-	-
- The part under guarantee with collaterals, etc.	-	(34.713.506)	(4.066.685)	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	21.916.278	-	6.744.360	-
- Impairment (-)	-	(21.916.278)	-	(6.744.360)	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	4.720.437	-	-	-
- Impairment (-)	-	(4.720.437)	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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

Credit risks exposed through types of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
31 December 2010	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Cash and cash equivalents**
Maximum credit risk exposed as of balance sheet date (*) (A +B+C+D+E)	**-**	**720.731.886**	**35.117.361**	**12.153.772**	**1.471.465.069**
- The part of maximum risk under guarantee with collaterals, etc	-	(311.948.193)	(3.963.417)	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	602.868.584	20.402.377	12.153.772	1.471.465.069
- The part under guarantee with collaterals, etc.	-	(277.670.180)	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	117.863.302	14.714.984	-	-
- The part under guarantee with collaterals, etc.	-	(34.278.013)	(3.963.417)	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	18.073.567	-	4.640.797	-
- Impairment (-)	-	(18.073.567)	-	(4.640.797)	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
- Not past due (gross carrying amount)	-	2.944.404	-	-	-
- Impairment (-)	-	(2.944.404)	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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

Guarantees received from the customers are as follows:

	31 December 2011	31 December 2010
Letters of guarantee	333.187.890	228.197.920
Security cheques and bonds	5.424.479	17.259.804
Mortgages	18.800.773	17.721.185
Cash	4.447.232	4.608.616
Other	27.764.964	44.160.668
	389.625.338	**311.948.193**

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

	31 December 2011	31 December 2010
1-30 days overdue	93.082.371	74.088.257
1-3 months overdue	54.432.527	25.867.348
3-12 months overdue	21.600.349	16.144.290
1-5 years overdue	3.047.726	1.763.407
Total overdue receivables	**172.162.973**	**117.863.302**
The part secured with guarantee, etc (-)	**(34.713.506)**	**(34.278.013)**

(b.2) Liquidity Risk Management

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

Liquidity risk tables

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

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

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

The following table details the Group’s expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the balance sheet.

	31 December 2011					
Maturities in accordance with contracts	**Carrying value**	**Total cash outflows in accordance with contracts (I+II+III+IV)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**	**More than 5 years (IV)**
Non derivative financial liabilities						
Bank loans	2.195.771.608	2.468.571.469	287.192.965	520.111.139	1.577.176.956	84.090.409
Trade payables	408.316.597	410.586.533	390.962.945	14.074.896	5.548.692	-
Due to related parties	22.775.041	22.775.041	22.775.041	-	-	-
Other financial liabilities	63.328.938	63.328.938	62.236.760	-	1.092.178	-
Total liabilities	**2.690.192.184**	**2.965.261.981**	**763.167.711**	**534.186.035**	**1.583.817.826**	**84.090.409**

	31 Aralık 2010					
Maturities in accordance with contracts	**Carrying value**	**Total cash outflows in accordance with contracts (I+II+III+IV)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**	**More than 5 years (IV)**
Non derivative financial liabilities						
Bank loans	1.897.040.307	2.078.235.982	226.477.418	395.252.407	1.416.055.866	40.450.291
Trade payables	266.343.521	267.588.370	250.140.615	17.427.339	20.416	-
Due to related parties	13.275.346	13.275.346	13.275.346	-	-	-
Other financial liabilities	48.808.111	48.808.111	48.467.376	-	340.735	-
Total liabilities	**2.225.467.285**	**2.407.907.809**	**538.360.755**	**412.679.746**	**1.416.417.017**	**40.450.291**

(b.3) Market risk management

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

(b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group’s foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

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

(b.3.1) Foreign currency risk management (Continued)

FOREIGN CURRENCY POSITION

	31 December 2011				31 December 2010			
	TL Equivalent	USD	EUR	Others	TL Equivalent	USD	EUR	Others
1. Trade receivables	323.877.389	90.442.570	57.621.181	12.225.776	241.872.742	75.838.855	49.194.410	23.821.607
2a. Monetary financial assets(cash and banks account included)	1.448.828.724	557.907.824	158.595.029	7.422.103	1.397.568.846	605.779.709	223.328.125	3.411.754
2b. Non monetary financial assets	-	-	-	-	-	-	-	-
3. Other	5.092.880	972.181	1.007.286	794.923	24.393.102	625.340	11.362.555	143.316
4. Current assets (1+2+3)	**1.777.798.993**	**649.322.575**	**217.223.496**	**20.442.802**	**1.663.834.690**	**682.243.904**	**283.885.090**	**27.376.677**
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-	-	-	-
7. Other	38.800	20.541	-	-	31.756	20.541	-	-
8. Non-current assets (5+6+7)	**38.800**	**20.541**	**-**	**-**	**31.756**	**20.541**	**-**	**-**
9. Total assets (4+8)	**1.777.837.793**	**649.343.116**	**217.223.496**	**20.442.802**	**1.663.866.446**	**682.264.445**	**283.885.090**	**27.376.677**
10. Trade payables	76.043.032	8.853.950	15.128.342	22.348.164	15.724.151	3.708.007	4.016.747	1.760.856
11. Financial liabilities	360.099.927	72.156.396	91.580.207	-	371.219.070	97.579.820	107.540.221	-
12a. Other monetary liabilities	20.199.187	2.692.886	4.453.290	4.229.645	8.554.376	2.114.820	2.404.232	358.354
12b. Other non monetary liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	**456.342.146**	**83.703.232**	**111.161.839**	**26.577.809**	**395.497.597**	**103.402.647**	**113.961.200**	**2.119.210**
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	956.989.909	245.149.426	202.114.395	-	1.111.978.075	356.253.437	273.881.344	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	**956.989.909**	**245.149.426**	**202.114.395**	**-**	**1.111.978.075**	**356.253.437**	**273.881.344**	**-**
18. Total liabilities (13+17)	**1.413.332.055**	**328.852.658**	**313.276.234**	**26.577.809**	**1.507.475.672**	**459.656.084**	**387.842.544**	**2.119.210**
19. Net assets of off balance sheet derivative items / (liability) position (19a - 19b)	-	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-	-
20. Net foreign assets / (liability) position(9-18+19)	**364.505.738**	**320.490.458**	**(96.052.738)**	**(6.135.007)**	**156.390.774**	**222.608.361**	**(103.957.454)**	**25.257.467**
21. Net foreign currency asset / (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	**359.374.057**	**319.497.736**	**(97.060.024)**	**(6.929.930)**	**131.965.916**	**221.962.480**	**(115.320.009)**	**25.114.151**
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-		-	-	-	
23. Export	1.470.831.581	454.540.011	270.348.057	83.019.944	1.194.000.925	419.449.874	227.185.873	113.453.774
24. Import	431.606.694	120.049.118	96.390.512	6.987.416	413.110.195	110.829.224	122.041.287	4.285.113

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

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

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

Foreign currency sensitivity

	31 December 2011			
	Profit / Loss		**Equity**	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TL by 10%				
1 - USD net assets / liabilities	48.429.954	(48.429.954)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1 + 2)	**48.429.954**	**(48.429.954)**	**-**	**-**
Change of EUR against TL by 10%				
4 - Euro net assets / liabilities	(18.778.694)	18.778.694	133.472.108	(133.472.108)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**(18.778.694)**	**18.778.694**	**133.472.108**	**(133.472.108)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets / liabilities	114.656	(114.656)	23.825.643	(23.825.643)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**114.656**	**(114.656)**	**23.825.643**	**(23.825.643)**
Total (3 + 6 + 9)	**29.765.915**	**(29.765.915)**	**157.297.751**	**(157.297.751)**

	31 December 2010			
	Profit / Loss		**Equity**	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluations
Change of USD against TL by 10%				
1 - USD net assets / liabilities	27.532.202	(27.532.202)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1 + 2)	**27.532.202**	**(27.532.202)**	**-**	**-**
Change of EUR against TL by 10%				
4 - EUR net assets / liabilities	(17.041.537)	17.041.537	99.294.794	(99.294.794)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4 + 5)	**(17.041.537)**	**17.041.537**	**99.294.794**	**(99.294.794)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets / liabilities	3	(3)	23.192.556	(23.192.556)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**3**	**(3)**	**23.192.556**	**(23.192.556)**
Total (3 + 6 + 9)	**10.490.668**	**(10.490.668)**	**122.487.350**	**(122.487.350)**

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

(b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the interest rates for TL and foreign currencies were increased / decreased by respectively, 1% and 0,25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and non-controlling interest would decrease / increase by TL4.516.929 as of 31 December 2011 (31 December 2010: TL4.265.173).

Interest rate sensitivity

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

	31 December 2011			
	Floating interest	Fixed Interest	Non-interest bearing	Total
Financial assets	**-**	**2.522.843.634**	**227.652.782**	**2.750.496.416**
Cash and cash equivalents	-	1.487.232.208	112.690.889	1.599.923.097
Available for sale financial assets	-	-	114.961.893	114.961.893
Trade receivables	-	991.494.575	-	991.494.575
Due from related parties	-	24.239.793	-	24.239.793
Other receivables	-	19.877.058	-	19.877.058
Financial liabilities	**1.870.738.898**	**819.422.517**	**30.769**	**2.690.192.184**
Bank borrowings	1.870.738.898	325.001.941	30.769	2.195.771.608
Trade payables	-	408.316.597	-	408.316.597
Due to related parties	-	22.775.041	-	22.775.041
Other payables	-	63.328.938	-	63.328.938

	31 Aralık 2010			
	Floating interest	Fixed Interest	Non-interest bearing	Total
Financial assets	**-**	**2.193.346.502**	**181.637.577**	**2.374.984.079**
Cash and cash equivalents	-	1.425.343.483	79.800.166	1.505.143.649
Available for sale financial assets	-	-	101.837.411	101.837.411
Trade receivables	-	720.731.886	-	720.731.886
Due from related parties	-	35.117.361	-	35.117.361
Other receivables	-	12.153.772	-	12.153.772
Financial liabilities	**1.720.182.813**	**494.947.792**	**10.336.680**	**2.225.467.285**
Bank borrowings	1.720.182.813	166.520.814	10.336.680	1.897.040.307
Trade payables	-	266.343.521	-	266.343.521
Due to related parties	-	13.275.346	-	13.275.346
Other payables	-	48.808.111	-	48.808.111

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

(b.3.3) Other price risks

Equity price sensitivity

Sensitivity analysis presented below is determined based on the equity share price risks as of the reporting date.

If the equity shares prices were increased / decreased by 10% with the assumption of keeping all other variables constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2011 to the extent that equity share investments classified as available for sale assets are not be disposed of or impaired.

- The other equity funds would increase/decrease by TL28.002 (2010: TL29.711 of increase/decrease). This change is resulted from the fair value change of equity share investments classified as available for sale.

Group's sensitivity to equity share price has not changed materially when compared to the prior year

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

Categories of Financial Instruments

31 December 2011	Assets and liabilities measured with effective interest method	Loans and receivables	Available for sale financial assets	Carrying Value	Note
Financial assets					
Cash and cash equivalents	1.599.923.097	-	-	1.599.923.097	6
Trade receivables	-	991.494.575	-	991.494.575	10
Due from related parties	-	24.239.793	-	24.239.793	37
Financial investments	-		114.961.893	114.961.893	7
Financial liabilities					
Financial liabilities	2.195.771.608	-	-	2.195.771.608	8
Trade payables	408.316.597	-	-	408.316.597	10
Due to related parties	22.775.041	-	-	22.775.041	37

31 December 2010	Assets and liabilities measured with effective interest method	Loans and receivables	Available for sale financial assets	Carrying Value	Note
Financial assets					
Cash and cash equivalents	1.471.875.644	-	-	1.471.875.644	6
Trade receivables	-	720.731.886	-	720.731.886	10
Due from related parties	-	35.117.361	-	35.117.361	37
Financial investments	33.268.005	-	101.837.411	135.105.416	7
Financial liabilities					
Financial liabilities	1.897.040.307	-	-	1.897.040.307	8
Trade payables	266.343.521	-	-	266.343.521	10
Due to related parties	13.275.346	-	-	13.275.346	37

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

Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as follows:

		31 December 2011		
Financial assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	114.961.893	294.757	-	114.667.136
Financial assets held to maturity	-	-	-	-
Total	**114.961.893**	**294.757**	**-**	**114.667.136**

		31 December 2010		
Financial assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	101.837.411	312.750	-	101.524.661
Financial assets held to maturity	33.268.005	-	-	33.268.005
Total	**135.105.416**	**312.750**	**-**	**134.792.666**

Valuation methods of the financial assets at fair value are determined below:

- Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.
- Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.
- Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

40. Events after the Balance Sheet Date

a) At the Extraordinary General Assembly Meeting held on 27 February 2012, it was resolved that the immovable properties in Beykoz (section No. 41, map No. 270, parcel Nos. 2, 16, 34, 42 and 43; section No. 41, map No. 271, parcel Nos. 2, 6 and 8; section No. 44, map No. 251, parcel No. 4; section No. 44, map No. 257, parcel No. 6; and section No. 45, map No. 294, parcel No. 29) that are assets of Paşabahçe Cam San. ve Tic. A.Ş., a subsidiary of the group, be taken over through a partial spin-off of Paşabahçe Cam San. ve Tic. A.Ş. in accordance with the provisions of the TCC and CMB and Articles 19 and 20 of the Corporate Tax Law. It was also resolved that this spin-off be performed by taking as a basis the fair values of the Company and the immovable properties in Beykoz, and that the share certificates issued in return for the increase of the Company's capital be transferred to Paşabahçe Cam San. ve Tic. A.Ş. on 29 February 2012.

b) At the Company's Board of Directors meeting held on 27 February 2012, it was resolved that the immovable properties in Beykoz (section no. 41, map no. 270, parcel nos. 2, 16, 34, 42 and 43; section no. 41, map no. 271, parcel nos. 2, 6 and 8; section no. 44, map no. 251, parcel no. 4; section no. 44, map no. 257, parcel no. 6; and section no. 45, map no. 294, parcel no. 29) that are assets of Paşabahçe Cam San. ve Tic. A.Ş., a subsidiary of the group, be taken over through a partial spin-off of Paşabahçe Cam San. ve Tic. A.Ş. in accordance with the provisions of the TCC and CMB and Articles 19 and 20 of the Corporate Tax Law. Due to this transaction, the Company's capital increased from TL1,300,000,000 to TL1,353,195,417, remaining within the Company's available capital ceiling of TL2,000,000,000. It was decided that the difference of TL53,195,417 would be paid to Paşabahçe Cam San. A.Ş.

c) At the Company's Board of Directors meeting held on 28 February 2012, it was resolved that the Company would not use its priority right to a capital increase as a result of the Extraordinary General Assembly Meeting of Avea İletişim Hizmetleri A.Ş., which is one a group associates, held on the same date. In the Extraordinary General Assembly Meeting, it was resolved that in accordance with the TCC a portion of the previous years' losses would be liquidated, and the Company's capital amounting to TL7,115,000,000 would be decreased by TL3,295,000,000 and become TL3,820,000,000. It was also decided that to replace this amount the Company's capital would be increased with a nominal price of TL3,295,000,000, and the premiums on capital stock amounted to TL1,081,000,000

d) On 23 February 2012, it was resolved that Soda Sanayi A.Ş., a group subsidiary and Mersin cogeneration enterprise, that is an asset of Camiş Elektrik Üretim A.Ş., another group subsidiary, would be taken over through a partial spin-off of Camiş Elektrik Üretim A.Ş. in accordance CMB's meeting No. 6/180. The details of the spin-off agreement will be presented to the Company's Extraordinary General Assembly on 28 March 2012.

41. Other Issues That Significantly Affect the Financial Statements or Other Issues Required For the Clear Understanding of Financial Statements

Approval of Financial Statements

The Group's consolidated financial statements as of 31 December 2011 audited by independent auditors and the annual report prepared in accordance with the Capital Markets Board's Communiqué Serial: XI, No: 29 are audited by considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company and the accompanying financial statements are authorized by the CFO, İbrahim Babayiğit, and the Holding Accounting Manager, Mükremin Şimşek and approved for the public announcement by the Board of Directors on 19 March 2012.

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Distribution of 2011 Profit

Dear Shareholders,

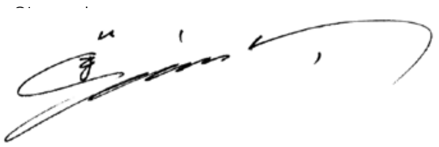
Our Company has ended the year 2011 fiscal period with a profit of TL 631.505.111.

Our net consolidated profit of TL 631.505.111 for the year 2011, as recorded in our 2011 consolidated balance sheet, prepared in compliance with the Communiqué Serial: XI- No: 29 “Principles Regarding Financial Reporting in Capital Markets” by the Capital Market Board (CMB) shall be segregated as follows according to Clause 29 of our Articles of Association and to the CMB regulations on profit distribution:

1.	Profit for the Period (Excluding Non-controlling Interest)	757.846.048
2.	Taxes Payable	(126.340.937)
3.	**Net Profit for the Period**	**631.505.111**
4.	Legal Reverve	(6.079.067)
5.	Special Reserve as Required by Article 5/1-e of Corporate Tax Act	(341.243)
6.	**Net Distributable Profit for the Period**	**625.084.801**
7.	Donations Made During the Fiscal Year	565.756
8.	**Net Distributable Profit for the First Dividends Including Donations**	**625.650.557**
9.	**First Dividend to Shareholders**	**(52.000.000)**
10.	**Extraordinary Reserves**	**573.084.801**

The gross dividend of TL 52.000.000, which equal 4% of the issued capital, will be distributed in cash as TL 0,040 (4.00%) per each share with TL 1,00 nominal value. As per the requirements of the relevant articles of communique Serial: IV No: 27 by the CMB, the 2011 dividend shall not be distributed to the shares totaling TL 53.195.417 issued for the partial take over of Paşabahçe Beykoz Estates and given to Paşabahçe Cam Sanayi ve Ticaret A.Ş. The gross dividend amount shall be distributed as the net amount to our shareholders, who are not subject to withholding tax deductions. Our shareholders, who are subject to withholding deductions, will be paid TL 0,034 (3.40%) as net dividend. The dividend payment shall be effected on 31 May 2012.

The abovementioned details are presented for your attention and approval.



H. Ersin Özince
Chairman of the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Report of the Auditing Board for 2011

To the General Assembly Meeting of Türkiye Şişe ve Cam Fabrikaları A.Ş.

Business Title	: Türkiye Şişe ve Cam Fabrikaları A.Ş.
Head Office	: İSTANBUL
Registered Capital	: TL 2.000.000.000
Issued Capital	: TL 1.300.000.000
Field of Activity	: To engage in industrial and commercial activities in the glass sector and in auxiliary, its complementary fields; to participate in the capital and management of all kind of industrial and commercial establishments.
Statutory auditors' names, surnames, terms of office and whether they have a shareholding interest in the company	: Velda Lafcıoğlu (15.04.2011-13.04.2012) Işıl Dadaylı (15.04.2011-13.04.2012) Statutory Auditors do not have a shareholding interest in the company, nor are they the employees of the company.
Number of Board of Directors Meetings Participated in and of Board of Auditors Meetings held	: Board of Directors meetings participated in: 9 Board of Auditors meetings held: 3
Scope, dates and conclusion of the examination made on the accounts, books and documents of the company	: Based on the examinations of the company's books and documents carried out on 25 February 2011, 23 August 2011 and 30 December 2011, it has been established that the books were kept in accordance with the applicable laws and generally accepted accounting principles.
Number and results of the cash counts held in the Company's pay desk pursuant to Article 353, paragraph 1, subparagraph 3 of the Turkish Commercial Code	: The pay desk of the company was checked and counted 5 times during and the findings thereof conform to the records.
Dates and results of the examinations made pursuant to Article 353, paragraph 1, subparagraph 4 of the Turkish Commercial Code	: As a result of the examinations carried out on 28 January 2011, 25 February 2011, 25 March 2011, 28 April 2011, 31 May 2011, 23 June 2011, 29 July 2011, 23 August 2011, 30 September 2011, 28 October 2011, 25 November 2011, 30 December 2011 and 30 January 2012, it has been ascertained that all types of valuable papers provided as pledge or guarantee, or entrusted to the company's pay desk for safekeeping are present and that the same conform to the records.
Complaints and irregularities received and the actions taken in relation thereto	: None were received.

We have examined the accounts and transactions of Turkiye Şişe ve Cam Fabrikaları Anonim Şirketi for the period 1 January 2011-31 December 2011 with respect to their compliance with the Turkish Commercial Code, the company's articles of association, and other applicable legislation, as well as generally accepted accounting principles and standards. In our opinion, the attached balance sheet drawn up on 31 December 2011, the contents of which we acknowledge, fairly and accurately presents the company's financial status on the date, and the income statement for the period 1 January 2011-31 December 2011 fairly and accurately presents the operating results for the period, and the dividend distribution proposal is in compliance with the laws and the company's articles of association.

We hereby submit the balance sheet and income statement for your approval and the acquittal of the Board of Directors for your voting.

Statutory Auditors

Velda Lafcıoğlu **Işıl Dadaylı**

Corporate Governance Principles Compliance Report

Statement of Compliance with Corporate Governance Principles

This report articulates, in the framework of the Corporate Governance Principles exacted by Capital Markets Board (CMB) Communiqué Serial: IV- No: 56 "Corporate Governance Principles and Practices Pertaining to the Determination" and Communiqué -Amending this Communiqué- Serial: IV- No: 57 "Determination and Implementation of Corporate Governance Principles", published in the Official Gazette dated 30 December 2011 numbered 28158, the manner in which relations with shareholders and stakeholders should be carried out, identification of the tasks and responsibilities of the Board of Directors, its managers and its committees, the following responsibilities of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi (Şişecam).

Established in 1935 by Türkiye İş Bankası A.Ş. with the directive of Atatürk, Şişecam first met the glass products demand of the country, then entered the global market forcefully in 1960's following the motto "Our market is the world", going on to diversify its activities to grow rapidly in the 70's and 80's.

Şişecam is an industrial group that produces glass and chemicals. Producing flat glass, glassware, glass packaging and glass fiber as well as soda and chromium chemicals, Şişecam is a powerful and leading manufacturer in its field.

Due to its claim to being a global corporate entity in its field of operations, Şişecam Group's management principles are; equality, transparency, accountability and responsibility. A clear evidence of these principles is the present position of Şişecam, with its size, specialization and its highly competitive place among the Europe's and the world's leading producers of its field.

Şişecam's strengths that have brought it to its position today, its modern management, industrialism, high level of institutionalization, its focus on the market and R&D, are also the guarantee of its bright future. Şişecam Group intends to reinforce its vision of leadership in its vital geography in its operational field, with the support of principles of corporate governance.

In the period that has ended on 31 December 2011, the Company has fully complied with its responsibilities towards its share and stakeholders in the framework of the principles of corporate governance. Regarding the extension of the right to information of the shareholders, a section on "Investor Relationships" is offered to the shareholders and stakeholders at the official website www.sisecam.com. Activities that have commenced regarding the harmonization with the corporate governance principles set forth by the CMB in Communiqué Serial: IV- No: 56 "Corporate Governance Principles and Practices Pertaining to the Determination" and in Communiqué -Amending this Communiqué- Serial: IV- No: 57 "Determination and Implementation of Corporate Governance Principles", published in the Official Gazette dated 30 December 2011 numbered 28158. The details of the relevant work done in this respect are presented in the report.

1 - SHAREHOLDERS

1.1 Facilitation of the Use of Rights for Shareholders

Our Group complies with the relevant legislations, Şişecam's Articles of Association (AoA) and other inter-corporate procedures with regard to the use of shareholder rights, takes the measures to ensure the use of these rights. It also treats all shareholders equally.

Our Group embraced a centralized approach to fulfill its liabilities imposed by the Capital Markets legislations and to continue its activities in a more efficient manner. Therefore, the Group employed a structuring process accordingly. All liabilities of Şişecam and its listed subsidiaries imposed by the Turkish commercial Law and Capital Markets Law is beng supervised, managed and coordinated by our "Shareholder Relations Unit", under Financial Affairs Group in compliance with the Corporate Governance Principles set forth by the CMB. In this context, the "Shareholder Relations Unit" is playing an active role in facilitating and preserving the use of shareholder rights, particularly the right to access and assess information.

All information and announcements, which may affect the use of shareholder rights are updated and disclosed on the Company's official website. Main activities during the period are as follows:

a) Shareholders' oral and written inquiries about the company-except for non-public material that are confidential- were replied
b) The annual general meetings of shareholders (AGM) were held according to legislation in force, AoA and other in-house regulations
c) Documents for the utilization of shareholders during the general assembly meeting were prepared
d) Voting results were recorded and a report of voting results was sent to the shareholders
e) All matters regarding public access to information including regulations and the firms policy on information access were complied with
f) A healthy, secure and up-to-date record of shareholders was kept
g) The meetings held at the Company Head Office and the meetings and conferences organized by various institutions in Turkey and abroad were attended; the investors were provided information
h) Analysts evaluating the Company were given information
i) The official website of the Company has been updated; shareholders were enabled to access information quickly and efficiently
j) All information and announcements, which may affect the use of shareholder rights were updated and disclosed on the Company's official website
k) With reference to CMB Communiqué Serial VIII- No:54, Special Circumstance Explanations were announced to the public via the Public Disclosure Platform (PDP)
l) The amendments of the regulations and the Capital Markets Law were closely followed and the relevant units took the necessary steps

List of officers of the Shareholder Relations Unit is given below:

Name and Surname	Position/Title	Telephone	e-mail
İbrahim Babayiğit	Chief Financial Officer	0212 350 38 85	ibabayigit@sisecam.com
Asuman Akman	Deputy CFO (Controlling and Accounting)	0212 350 39 95	aakman@sisecam.com
Aytaç Mutlugüller	Deputy CFO (Treasury and Procurement)	0212 350 34 80	amutluguller@sisecam.com
Mükremin Şimşek	Central Accounting Manager	0212 350 39 51	msimsek@sisecam.com
Başak Öğe	Corporate Finances and Investor Relations Manager	0212 350 32 62	boge@sisecam.com

Below is the summary of the activities carried out to convey detailed information to the investors about the Company's operations in 2011:

- In 2011, a total of 8 conferences (3 abroad -5 local) were attended.
- 130 different and large-scale investor institutions were met. 190 meetings were held, including the conference sessions
- Some large-scale investors were met more than once during the year
- Investor inquiries addressed to our Company were replied on the phone or via e-mail
- A total of 41 meetings were held with the analysts who prepare reports about our Company and its listed subsidiaries to be submitted to investors.

Moreover, on the official website of the Company, all investors inquiries received via the "Investor Relations Communication Form" accessible on the "Investor Relations- How May We Help You" page were replied immediately.

1.2 Right of Accessing and Assessing Information

In enabling the exercise of the shareholders' right of accessing and assessing information, the shareholders are treated equally. Each shareholder has the right to access and assess the information. Our Articles of Association (AoA) does not include any terms restricting the right to access information.

In the frame of the present regulations, with the aim of extending the shareholders' right access to information and enabling them exercise their rights in a healthy nature, the Company's official website is being benefited very effectively. In this scope, the Corporate website is providing the Corporate Governance Principles and the relevant information and data as required by the regulatory authorities.

With the aim of public disclosure and providing information, the corporate website includes: fields of activity, products, annual activity reports and interim period financial statements, corporate governance compliance report, Contract of Incorporation, trade registry info, special circumstances explanations, shareholding structure, agendas of general assembly meetings, minutes of general assembly meetings, list of attendees of general assembly meetings, voting by proxy form, written explanation and public offer circular, code of conduct, information policy, announcements for merging and division. Utmost attention is paid to keep the official website updated.

Moreover, with the purpose of extending the shareholders' right to access information, the interviews made by the Company executives published by the press and the press releases made at quarter- ends on the operation results are also offered to the attention of the shareholders on the Investor Relations pages of the website. According to the regulations, non-controlling shareholders are entitled to request the appointment by the General Assembly of a special auditor. Shareholder(s) of company representing at least 10% of the capital are entitled to demand the appointment of a special auditor with regard to specific matters. Our Company's Articles of Association does not include an article regarding the assignment of a special auditor. During the fiscal period, such a request has not been raised.

1.3 Right of Attending the General Assembly Meeting

In line with the legislation the announcement of the General Assembly Meeting date is made three weeks prior to the meeting via all communication media including e-mailing with the aim of reaching as many shareholders as possible.

On the corporate website the date of the General Assembly Meeting is announced along with the notifications and statements that have to be made according to the legislation. Moreover the following points are disclosed to the shareholders in an attention-drawing manner:

a) Total number of shares reflecting the Company's partnership structure and their voting rights, as of the date of announcement; if any, the details of preferential shares, and the total number of preferential shares representing each group, and their voting rights
b) Any changes in the management and actions of the Company, which may change the Company's operations and which are projected for the coming fiscal period or which have been executed in the past fiscal period of the Company or of the main subsidiaries
c) If any on the General Assembly Meeting Agenda, information on the dismissal, replacement and selection of Board of Directors members, the reasons of dismissal or replacement, information on the new candidates of board membership.
d) The requests by shareholders, CMB and/or the other public authorities and institutions the Company is engaged with of including topics in the meeting agenda
e) In case there is an amendment in the Articles of Association on the agenda, the relevant Board of Directors resolution and the old and new versions of the amended clause of the Articles of Association.

Regarding the execution of the liability mentioned in Clause (c), the résumés of the candidates of membership for the Board of Directors, the positions they took through the past decade, the reasons for their resignations, the importance and details of their relations with the Company and Company-related parties, whether they are independent members or not, and information on the similar issues which may interfere with the Company's operations should these people be selected as Board of Directors members, are all disclosed to the public by the Company within one week following the announcement of the General Assembly Meeting date.

In preparing the General Assembly Meeting agenda, utmost attention is paid to state each request under a separate topic. The agenda is itemized clearly to avoid any ambiguity. Special attention is shown to avoid using words like “Other” or “Miscellaneous” on the agenda.

Regarding the execution of the liability mentioned in Clause (c), the résumés of the candidates of membership for the Board of Directors, the positions they took through the past decade, the reasons for their resignations, the importance and details of their relations with the Company and Company-related parties, whether they are independent members or not, and information on the similar issues which may interfere with the Company’s operations should these people be selected as Board of Directors members, are all disclosed to the public by the Company within one week following the announcement of the General Assembly Meeting date. In preparing the General Assembly Meeting agenda, utmost attention is paid to state each request under a separate topic. The agenda is itemized clearly to avoid any ambiguity. Special attention is shown to avoid using words like “Other” or “Miscellaneous” on the agenda.

In preparing the agenda, the issues shareholders have sent to the Shareholder Relations Unit in writing and requested to have them included in the agenda, are taken into attention by the Board of Directors. During this term, no such requests have been received. Utmost attention is paid to organize the General Assembly Meetings to enable highest attendance putting the least financial burden on the shareholder and to avoid any unfair treatment to any shareholder. Therefore, various factors, such as traffic, transportation etc., are into account in setting the timing of the General Assembly Meetings.

The agenda of a General Assembly Meeting is itemized clearly, objectively and in detail. Shareholders are offered equal opportunities to express their views and ask any questions they may have in mind. All questions asked by the shareholders during the General Assembly Meetings - except for non-public material that are commercially confidential- are replied during the General Assembly Meeting. In case the question is irrelevant to the agenda or too extensive to be replied immediately, it is answered by the Shareholder Relations Unit in writing within 30 days maximum.

If any, any operation, executed by the members of the Board of Directors based on the authorization they have taken at the previous General Assembly Meeting to engage in activities that are considered as Company operations as set forth in Articles 334 and 335 of Turkish Commercial Code, is reported to the General Assembly Meeting.

Board of Directors members, who are responsible for the areas related to the agenda topics, other relevant executives, all authorized managers and auditors who have participated in the preparation of the financial statements attend the General Assembly Meeting to provide information and answer questions. A public statement is released on the day of the resolution by the Board of Directors via the Public Disclosure Platform (PDP), announcing the date of the General Assembly Meeting. Moreover, with the aim of informing the local and foreign shareholders about the General Assembly Meeting announcements and agenda items, the General Assembly documents are published on the official website. As required by the CMB legislation, financial statements have to be disclosed within 14 weeks following the end of the fiscal period. Our Company targets to finalize and disclose its financial statements as quickly as possible in order to inform its shareholders in a timely manner. Based in this principle, the financial statements of 2011 have been disclosed within almost 10 weeks.

In case there is a significant change in the Company’s management and operational organization, the details of such change is disclosed to the public as required by the legislation.

Moreover, in compliance with the Corporate Governance Principles set forth by the CMB and as required by the principle regarding significant activities, prior to the Ordinary General Assembly Meeting to be held on 25 May 2012, the necessary authorizations have been received to make amendments on the Articles of Association. In this frame, the real estates (located in Beykoz) of Paşabahçe Cam San. ve Tic A.Ş., one of our subsidiaries, have been transferred to our Company due to the partial division of Paşabahçe Cam San ve Tic A.Ş. In line with the CMB Communiqué on Principles Regarding Mergers- Serial I - No: 31 and with the Corporate Tax Law Articles 19 and 20, this takeover has been approved by the CMB on 20 January 2012. This matter has been also approved during the Shareholders Extraordinary General Assembly Meeting held on 27 February 2012.

Moreover, the Cogeneration Power Plant among the assets of Camiş Elektrik Üretim A.Ş., one of our subsidiaries, has been transferred to Soda Sanayii A.Ş., another group subsidiary, in the scope of the “Partial Division” executed in compliance with the Article 19(3) of Corporate Tax Law, CMB, TCC Articles 303-396 and with the Joint Communiqué of the Ministry of Finance and Ministry of Industry and Trade On the Partial Division of Companies Limited by Share and Companies with Limited Liability. This transaction has been approved by the Capital Markets Board on 23 February 2012.

On a separate agenda topic, information is given to the General Assembly Meeting on the donations and charities given to associations and foundations with social aid purpose. The General Assembly Meetings are open to the public, including the press members and beneficiaries without the right to speak. The minutes of the General Assembly meetings published on the official website are kept open to the examination of the shareholders at the Company Head Office.

Within the period, Ordinary General Assembly Meeting for the year 2010 was held on 15 April 2011 with a quorum of 74.43% and the Extraordinary General Assembly Meeting was held on 28 February 2012 with a quorum of 74.65%.

In the announcements and statements of the General Assembly Meetings the following points have been noted:

- The agenda, place, date and time of the General Assembly Meeting; the proxy form for those who wish to be represented by a proxy and the instructions for filling in the proxy form
- …that all the financial statements including the annual report, Independent External Auditing Reports, profit distribution suggestion of the Board of Directors, if any, the new and old versions of the amended article of the Articles of Association shall be presented for the examination of the shareholders on the company website and at the Head Office, at least 3 weeks prior to the General Assembly Meeting

- … that the shareholders who shall not personally attend the meeting may access a copy of the proxy form on the company website and that they need to submit their notarized letter of proxy in compliance with the details set forth in the CMB Communiqué Serial IV- No:8
- …that shareholders keeping their shares at the investor accounts under Intermediary Institutions under the Central Registry Agency shall be required to act pursuant to the provisions setting forth the "General Assembly Blockage" transactions as to the CRA Business and Transaction Rules of Central Registry Agency (CRA) and should register themselves in the "General Assembly Blockage List" and that it is legally impossible for the shareholders which are not registered themselves in the "Blockage List" by CRA to participate in the meeting
- … that it is not possible for the rights-owner investors to exercise their shareholding rights by attending General Assembly Meetings unless they register their share certificates, that applications with unregistered certificates shall only be regarded following the registry; that shareholders, who physically keep hold of their share certificates, should get in contact with Camis Menkul Degerler A.S. which performs the registry transactions on behalf of our Company.

1.4 Right to Vote

Our Company averts from all practices impeding the exercise of the right to vote during the General Assembly Meetings. Each shareholder, including those abroad, is offered the opportunity to exercise the right to vote in the easiest and most convenient manner.

The Articles of Association does not include privileges of right to vote. Pursuant to our Articles of Association, each share grants one right to vote. In case the mutual shareholding relation concurs a relationship of dominance, the companies having a mutual shareholding relation, do not vote in each other's General Assembly Meetings, unless there are requisites like forming a quorum.

Our shareholders may personally exercise their rights to vote at the General Meetings as well as through a third party who is or is not a shareholder. Each real person shareholder is represented by only one person at the General Meeting. In case that the legal person shareholders are represented by more than one person, only one of these persons may vote. Authority to vote is specified in the certificate of authorization.

1.5 Non-controlling Rights

Non-controlling shares are not represented in the management. Cumulative vote method is not included in our Articles of Association and in 2011 no complaints or criticisms have been directed to our Company regarding this issue.

1.6 Right for Dividend

In compliance with its Corporate Governance Principles, in the distributing of its profit, our Company embraces a consistent policy, maintaining balance between the shareholders and Company's interests. The policy statement prepared on this matter has been disclosed to the public on 22 March 2007. According to this statement:

The principle of distributing first dividend at the rate and amount established by the Capital Markets Board over the distributable profit is adopted in our Company's Articles of Association.

Profit distribution proposals, submitted by our Board of Directors for the approval of our General Assembly, are prepared within the context of a profit distribution policy that considers:
a) Maintaining the delicate balance between our shareholders' expectations and our company's necessity to grow,
b) Profitability of our company.

Our Board of Directors have adopted a policy for profit distribution based on the proposal of our General Assembly for distributing distributable profit at least at the minimum profit distribution ratio determined by the Capital Markets Board as bonus share and/or in cash, also considering the principle decisions of the Capital Markets Board.

There are no preference shares in respect of receiving shares from the profit. Enforcement for paying profit share with founder dividend shares to the Members of our Board of Directors and to our employees is not contained in our Articles of Association.

Extreme attention is paid to the payment of profit share within legal time limits and if it is decided to distribute all profit shares in cash in this context, profit share distribution is completed by the end of the fifth month following the accounting period and if it is decided to distribute profit share as bonus share, then it is completed by the end of sixth month following the accounting period.

There are no regulations setting out the distribution of profit share advance in our Articles of Association. The Profit Distribution Policy is included in the Annual Report and also announced to the public on the Company's official website.

The profit distribution suggestion of the Board of Directors, which is submitted to the General Assembly for approval, is disclosed to the public via the PDP at least three weeks prior to the General Assembly. Additionally, the shareholders are given information on the Company's official website. In case the Board of Directors suggests the General Assembly that no profit distribution should be made, the reasons of this suggestion and the details of the undistributed profit is presented to the shareholders during the General Assembly meeting.

1.7 Transfer of Shares

There are no provisions restricting the transfer of shares in our Articles of Association.

2 - PUBLIC DISCLOSURE and TRANSPARENCY

2.1 Information Policy

The CMB Communiqué on "Guidelines for Disclosure of Special Conditions to Public"- Serial: VIII, No: 54, published on the Official Gazette dated 6 February 2009 and numbered 27133 imposes the obligation on the partnerships, shares of which are traded at the exchange for creating an information policy aimed at public enlightenment and announcing such policy to the public via the website of the partnership.

The "Information Policy", created in this context and approved at the Meeting of our Board of Directors dated 2 April 2012 and numbered 34, has been announced to the public in the section "Investor Relations" on our company's website.

The Information Policy outlines the following topics: the information - apart from those detailed in the legislation- shall be disclosed, how frequently and through which ways shall the information be shared with the public, how frequently should the members of the Board of Directors or other executives make statements to the press, how frequently should meetings to inform the public be held, how should the questions addressed to the Company be replied, etc.

Information to be disclosed is published on the official website and via the Public Disclosure Platform (www.kap.gov.tr), in a way to help those who will refer to the information in their decision-making. The information provided is clear, coherent, extensive and accessible. In case projected information is disclosed, the assumptions and data the assumptions are based on are also stated. Disclosed information does not include baseless, exaggerated or misleading anticipations.

In case the assumptions the disclosed projected information do not materialize or in case it is understood that the assumptions shall not materialize, the updated information is disclosed immediately along with their justifications. Basics of disclosing the projected information are documented on the Information Policy.

Currently, the personnel authorized to provide the communication and coordination of information with the Stock Exchange are: Chief Financial Officer, İbrahim Babayiğit; Deputy CFO (Controlling and Accounting) Asuman Akman; Mükremin Şimşek, Central Accounting Manager; Necat Koç, Holding Accounting and Legislation Deputy Manager; and, Murat Yalçın, CMB Reporting Deputy Manager.

2.2 Company Website and Content

As required by the Corporate Governance Principles set forth by the CMB, our Company is actively using its official website to maintain an efficient and strong relation with its shareholders and to have a continuous contact with its stakeholders. Information published on the website is regularly updates by the Shareholder Relations Unit. Including statements made in the frame of legislative requirements, the information on the website does not have any contradictory and incomplete data.

In addition to the data, the disclosure of which is required by regulations, the corporate website includes: trade registry info, updated shareholding structure and organizational pattern, whether there are preferential shares, the dates and numbers of the trade registry gazette issues the amendments are published on, final version of the Articles of Association, special circumstances explanations, financial statements, annual activity reports, explanation notes and public offering circulars, the agendas of the General Assembly Meetings, the list of attendants to the General Assembly Meetings, minutes of the General Assembly Meetings, proxy vote forms, Profit Distribution Policy, Information Policy, Code of Conduct and answers to the FAQ. In this context, the Company's official website includes information of the past 5 years minimum. Important and special information published on the website are also provided in English to enable the international investors benefit from the data.

Shareholding structure of our company is as follows and there is no real person ultimate controlling shareholder among our shareholders.

Shareholder	TL	%
T. İş Bankası A.Ş.	885.963.199,45	65,47
Efes Holding A.Ş.	50.297.700,75	3,72
Paşabahçe Cam Sanayii ve Ticaret A.Ş.	53.195.417,00	3,93
T. İş Bankası Mensupları Munzam Sosyal Güvenlik Vakfı	3.445.106,00	0,25
Anadolu Hayat Emeklilik A.Ş.	650.322,80	0,05
Diğer	359.643.671,00	26,58
	1.353.195.417,00	**100,00**

Note: The issued capital amount, which was TL. 1.300.000.000 as of 31 December 2011, has been increased to TL 1.353.195.417 on 22 March 2012.

2.3 Annual Report

The Board of Directors Annual Report is prepared in detail to enable the public access accurate and complete information on the Company's operations.

In addition to the data, the disclosure of which is required by regulations and the relevant clauses of the Corporate Governance Principles, the annual report includes:

a) Information on the other positions the members of the Board of Directors are holding (in their résumés)
b) Members of the Board of Directors committees, frequency of their meetings, the activities carried out by these committees
c) The number of Board of Directors meetings held during the year, the attendance of the Board of Directors members to these meetings
d) If any, explanations for the administrative sanctions and penalties imposed on the Company or members of the Board of Directors due to any violation of regulations
e) Information on the regulation amendments, which may significantly affect the company operations
f) Information on the significant lawsuits brought against the company and on their possible outcomes
g) Information on the social rights of the company personnel, their professional trainings and information on the corporate social responsibility activities, which may have social and environmental consequences.

The CMB Communiqué on "Guidelines for Disclosure of Special Conditions to Public", Serial: VIII, No: 54, published on the Official Gazette dated 6 February 2009 and numbered 27133, imposes the obligation on companies or real or legal persons acting on behalf of companies for preparing a list of the people, who work for them under employment contract or otherwise and have regular access to the internal information and keeping this list updated within the company. In this regard, a "List of Persons with Access to Internal Information" is prepared within our Company with the effect on 1 May 2009. Besides, for the purpose of keeping these people aware of the sanctions relating to the acceptance of the obligations set out by the law and respective regulations as to this information and the misuse and improper distribution thereof, the persons to be on the list have been informed in writing. The criteria used in determining people with administrative responsibilities are the positions of these people are holding within the organization and the contents of the information these people are authorized to access.

In this scope, along with the members of the Board of Directors and Auditory Board, CEO, Group Heads, Executive Vice Presidents, Chiefs, who have detailed information on the Company's present state and projections, people, who have regular access to internal information, such as Şişecam's financial affairs department managers have been included in this list. Having access to financial statements, strategic targets these people are authorized to take administrative decisions, which may affect the operations on a macro-scale. Based on this rationale, managers and other personnel, who do not have access to information, which may affect the value of the capital markets instruments and the decisions of the investors and who have limited information on the Company as a whole or who have information on only a part of the Company, are not viewed as persons with administrative responsibilities and as persons with access to internal information.

In compliance with the Central Registry Agency's (SRA) general letter dated 9 June 2011, numbered 556, titled "New Practices Regarding CMB Regulations" the List of Persons with Access to Internal Information have been electronically submitted to the Central Depository System (CDS) as of 6 October 2011. Any changes on the lists are updated on the day of enactment. As of the date of report, there are 47 persons in the List of Persons with Access to Internal Information, and the names & titles of the Members of the Board of Directors and our Company's senior managers included in the list are specified below:

Name & Surname	Title
H. Ersin Özince	Chairman of the Board of Directors
Prof. Dr. Ahmet Kırman	Vice Chairman - Managing Director
Alev Yaraman	Board of Directors Member
Kadir Akgöz	Board of Directors Member
Rıza İhsan Kutlusoy	Board of Directors Member
Aydın Süha Önder	Board of Directors Member
Murat Bilgiç	Board of Directors Member
Zeynep Hansu Uçar	Board of Directors Member
Dr. Tevfik Ateş Kut	Board of Directors Member
Velda Lafcıoğlu	Auditing Board Member
Işıl Dadaylı	Auditing Board Member
Teoman Yenigün	Executive Vice President, Flat Glass Business
Azmi Taner Uz	Executive Vice President, Glassware Business
Ekrem Barlas	Executive Vice President, Glass Packing Business
Sabahattin Günceler	Executive Vice President, Chemicals Business
İbrahim Babayiğit	Chief Financial Officer
Prof. Dr. Şener Oktik	Chief Officer for Research & Technology Development
Ali Nafiz Konuk	Vice President
Dr. Atila Gültekin	Vice President - Information Technologies
Gizep Sayın	Vice President - Strategic Planning
Özgün Çınar	Chief Risk and Internal Audit Officer

3 - BENEFICIARIES

3.1 Company Policy Regarding Beneficiaries

Beneficiaries are legal entities, real persons, institutions or interest groups, such as non-governmental organizations, worker unions, suppliers, customers, creditors, workers, who benefit from the Company's operations and pursuit of its goals and targets. In its activities and operations, the Company ensures the beneficiaries' rights, which are defined with mutual contracts and under relevant regulations. In cases, where the beneficiary right are not ensures with the regulations and mutual contracts, the interests of the beneficiaries are protected with utmost good will and at the maximum extend.

Beneficiaries are provided information on the Company policies and procedures regarding the protection of their rights. The Company has established the necessary mechanisms to notify the Auditory Committee about the unethical or illegal transactions or actions by the beneficiaries. In case of a conflict of interest among beneficiaries or in case a beneficiary falls into more than one interest group, a well-balanced policy is pursued to protect the rights. The ultimate target is to protect both interests independently.

3.2 Supporting the Beneficiaries' Participation in Management

Support is given to the beneficiaries, particularly the Company workers, to participate in the Company management, in ways not interrupting the Company's operations. The views of the beneficiaries are asked on important decisions which have consequences with regard to the interests of the beneficiaries.

3.3 Company's Human Resources Policy

Within the context of human resources, procedures and basics of recruitment, working conditions, rating systems, management of wages, financial and social rights, evaluation of performance, career management and termination of contract of employment have been formed. Relations with employees are carried out by the department of human resources without any problems.

In setting the recruitment policies and making the career planning, the principle of "equal opportunity to equal candidates" has been embraced. During the period, no complaints on any discrimination or favoritism has been addressed the Company executives.

The workers are treated equally with regard to their rights. Various training programs are designed to improve their knowledge, skills and work experience.

The HR department is organizing meetings with the personnel to inform them on matters such as Company's financial state, wage policy, training programs, or health-related topics.

Decisions taken on the personnel or any developments affecting the workers are notified either directly to them or through their representatives. The views of the relevant worker union are asked when such decisions are to be made.

The job descriptions and distribution and the criteria of performance and rewarding are explained to the workers. In determining the wage and other benefits of the workers, efficiency is taken into consideration.

The workers are not discriminated based on their race, religion, language or gender. Precautions are taken to avoid any mobbing within the Company.

3.4 Relations with Customers and Suppliers

In the frame of its unalterable values of "human centricity" and "trustworthiness", Şişecam Group is continuing to be a reliable institution, which creates and adds value for its partners, workers, customers, suppliers and the society. In this context, with the purpose of maintaining customer satisfaction in the marketing and sales of products and services, the requests of our clients and consumers are met with utmost sensitivity and accountability. Moreover, legal amendments and important events and developments, which concern our customers and suppliers, are shared with them immediately through the fastest communication channels. Special attention is paid to keep the customer and supplier information confidential within the scope of trade secrets.

3.5 Codes of Conduct and Social Responsibility

3.5.1 Social Responsibility

Being aware of its responsibility for the laws and environmental values, Şişecam Group believes in the requisite of leaving a habitable word to the future generations. In every stage of its activities, the Group takes this approach into consideration, which it perceives as one of the main elements of strategic management. Our aim is the execution of the environmental protection work carried out in our Group with an understanding of environmental management system and maintaining a sustainable improvement with the support of all employees.

3.5.2 Code of Conduct

Şişecam Group's Code of Conduct, arranged under the general principles of honesty, transparency, confidentiality, impartiality and obeying the laws with the resolution dated 20.07.2010 No.49 of the Board of Directors of our Company have been put into effect and arrangements bearing the characteristics of a guidance that would lead the relationships of all Group employees with the customers, suppliers, shareholders and other stakeholders have been realized.

General outline of the Code of Conduct are stated below:

1. General Principles

- In Şişecam Group, truthfulness and honesty constitute the basis of acts in relationship to employees, customers, suppliers, shareholders and all stakeholders.
- Şişecam Group is transparent and open with all its stakeholders.
- In Şişecam Group, no distinction among stakeholders is made due to reasons such as religion, language, race, gender, state of health, marital status and political view. Everybody is treated equally and prejudiced behaviors are avoided.
- In Şişecam Group, utmost attention is paid to protecting the private information of employees, customers and suppliers and sharing such information with third parties is not allowed.
- Şişecam Group runs all its operations in line with the laws. The Group follows laws and regulations closely and takes the necessary precautions required to ensure compliance with the laws.

2. Responsibilities

Board of Directors and the Auditing Committee are responsible at top level for applying the Code of Conduct of Şişecam Group throughout the entire Group. All members of Group personnel are obliged to act in accordance with the Code of Conduct of Şişecam Group.

3. Applications

- In Şişecam Group, utmost attention is always paid to efficient and productive use of Group resources and the principle of economizing is taken into consideration. Group personnel use and protect the Group resources only for the good of the Group.
- Utmost attention is paid to protect of all kinds of non-public information. Regulations and procedures related to the security of information belonging to the Group are keenly applied and required precautions to carefully keep and archive this information and for non-disclosure thereof are adopted.
- In Şişecam Group, the personnel consider Group interests within the framework of legal and in-Group regulations and pay attention to keep away from conflicts of interest, in the tasks they perform.
- In Şişecam Group, gifts exceeding a reasonable extent from customers, suppliers and other institutions are not accepted. However, gifts having a symbolic value such as plaquets and shields, granted at the meetings or seminars attended to represent the Group can be accepted.
- In case business relationships with family members, close relatives and friends are required to be established by the Şişecam Group personnel, occurrence of conflict of interests is not allowed.
- In Şişecam Group, in relationships with customers and suppliers, rules of respect, equality, courtesy and justice are regarded and laws and code of conduct are followed at utmost level. No misleading and dishonest manners are adopted towards customers and consumers.
- In Şişecam Group, rules of the honesty and sincerity in competitiveness are always closely followed in all the countries where activities are carried out.
- The relations of Şişecam Group with official bodies are always transparent and explicit. Any kind of information and document requested by the official bodies are provided correctly, fully and on time. Any act to deceive or mislead the official bodies are never tolerated or allowed.

4. Compliance with the Şişecam Group Code of Conduct

Employees of the Group show utmost care to comply with the Şişecam Group Code of Conduct. Compliance with Code of Conduct throughout Group Activities is monitored by effective communication.

4 - BOARD of DIRECTORS

4.1 Function of the Board of Directors

With the strategic decisions it makes, the Board of Directors manages and represents the Company and maintains the Company's risk, growth and income balance at the optimum level. With its rationalistic and prudent risk management, the Board looks out for the long-term interests of the Company.

The Board of Directors defines the Company's strategic targets; determines the human and financial resources it shall need; supervises the performance of the management; and, controls the compliance of the Company operations with the regulations, Articles of Association, internal rules and Company policies.

4.2 Basics of the Activities of the Board of Directors

The Board of Directors carries out its activities in a transparent, accountable, fair and responsible manner. The Chairman and Vice-Chairman are elected by the Board members. In addition, the committee chairpersons and members of the Board of Directors committees are elected.

After receiving the views of its relevant committees, the Board of Directors carefully designs the internal control systems -including the information and risk management systems and procedures-, to minimize the effects of the risks that may affect the interests of the Company beneficiaries, particularly the shareholders. The Board of Directors revises the efficacy of the risk management and internal control systems at least once a year. Information on the presence, functioning and efficacy of internal controls and auditing is provided in the annual report.

The Company's risk management and internal control activities are coordinated by the Risk Management and Internal Audit Units functioning under the Directorate of Risk Management and Internal Audit, reporting directly to the Board of Directors. Directorate of Risk Management aims to define, prioritize and measure the current and potential risks taken during the operations of the Group, and to take relevant measures and formulate effective control mechanisms concerning these risks.

With the aim of enabling risk management on Group basis, "Şişecam Group Risk Management Regulation" and "Risk Policies" were put into effect in 2007, and in line with these regulations and policies, the risks in the Risk Catalogue were prioritized according to their effects and degrees and detailed analysis studies for the prioritized risks were completed. Activities regarding risk management and control are continued without a pause. The conformity of our company's and its affiliates' activities with laws, Articles of Associations, internal regulations and procedures is periodically checked by the audit personnel of the Internal Audit Directorate and the findings are reported to the Board of Directors.

The authority and responsibility of the members of the Board of Directors are clearly stated in the Articles of Association. The authority limits are detailed in the list of authorized signatures. These documents have been registered and announced as required by law. The Board of Directors play an active role in maintaining an effective communication between the Company and shareholders and in reliving and solving any conflicts that may arise. With this purpose, the Board of Directors works in close cooperation with the Shareholder Relations Unit.

4.3 Structure &Composition of the Board of Directors

Pursuant to the provisions of applicable regulations, the Turkish Commercial Code and Articles of Association, the Company is managed by a Board of Directors consisting maximum 9 members, elected among partners. The Board of Directors does not house a member meeting the independence criteria set forth in the CMB Corporate Governance Guidelines. In the Ordinary General Assembly Meeting to be held on 25 May 2012, the Articles of Association shall be amended accordingly and an independent member meeting the criteria set forth in the CMB Corporate Governance Guidelines shall be elected. Since the present Board of Directors does not have a "Nomination Committee", the candidates for independent membership has been selected by the "Auditory Committee" in line with the rules set forth in the CMB Corporate Governance Guidelines. The list of independent member candidates approved by the Board of Directors has been submitted to the Capital Markets Board for approval. In addition, with the amendment to be made on the Articles of Association to be made in the Ordinary General Assembly Meeting on 25 May 2012, the obligation of forming the Board of Directors comprised of at least 5 members at any event will be imposed.

The Board of Directors is formulated in a way to enable its members work productively and constructively, take fast and rational decisions and effectively organize the committee activities. The Board of Directors includes both executive and non-executive members. A non-executive member of the Board of Directors is a member who does not have an administrative position in the Company other than his/her membership to the Board of Directors and who does not interfere with the daily business flow and regular operations of the Company. The majority of the Board of Directors is comprised of non-executive members. The Managing Director, Prof. Dr. Ahmet Kırman, is the executive member of the Board of Directors. Following the General Assembly Meetings, when the Board of Directors members are elected, the Chairman and the Vice-Chairman of the Board of Directors are elected upon a resolution for the division of tasks. The Company's Board of Directors is comprised of the following 9 members, -one executive and 8 non-executive-:

Name and Surname	Title
Hakkı Ersin Özince	Chairman
Prof. Dr. Ahmet Kırman	Vice Chairman- Managing Director
Alev Yaraman	Member
Kadir Akgöz	Member
Murat Bilgiç	Member
Rıza İhsan Kutlusoy	Member
Aydın Süha Önder	Member
Zeynep Hansu Uçar	Member
Dr. Tevfik Ateş Kut	Member

According to the Articles 334 and 335 of the Turkish Commercial Code the Board members have to receive the approval of the general Assembly to conduct businesses personally or on behalf of third parties that fall under the Company's area of operations or to become partners with companies engaged in such businesses.

In 2011 the members of the Board of Directors have been elected as representatives of certain shareholders. The Board members can freely express their ideas, without being affected by any external pressures.

Even though it is not obligatory according to the Corporate Governance Principles, our Company's Board of Directors includes two women members: Alev Yaraman and Zeynep Hansu Uçar.

4.4 Procedures of the Board of Directors Meetings

As stated in the Articles of Association, the Board of Directors meetings are held as and when required by the company businesses and operations. However, a meeting must be held at least once a month.

In the absence of Chairman, the Board of Directors is chaired by the Vice Chairman. If the Vice Chairman is not present either, a temporary Chairman, elected among its own body for that meeting, chairs the Board. The date and agenda of the Board is determined by the Chairman. In the absence of Chairman, these duties are performed by the Vice Chairman. However, the meeting date may also be determined by the Board decision.

The information and documents related to the topics of the Board of Directors meeting are submitted to the board members with equal flow of information and allowing a reasonable time for their examination. Prior to the meeting the members of the Board of Directors may suggest amendments to the agenda to the chairman. The views of an absent member, who had submitted his/her opinions on a topic in writing to the Board of Directors, are shared with the fellow members. Each member of the Board of Directors has a single vote.

The duties of the secretary of the Board of Directors are being flawlessly carried out by Company workers assigned in compliance with the Principles of Corporate Governance.

The topics on the agenda of the Board of Directors are being discussed thoroughly and openly during the board meetings. The Chairman of the Board of Directors spends effort to encourage the non-executive members to participate in the meetings effectively. Regarding the topics, the members of the Board of Directors are opposing to, the reasons for their opposition and negative votes are noted down on the resolution record in detail. The detailed explanation of the dissenting votes is disclosed to the public. However, since there has not been any opposition to the decisions taken in the Board of Directors meetings held in 2011, no such disclosure has been made for this year.

The Board of Directors meetings are held at the Company Head Office. Significant decisions of the Board of Directors are disclosed via the PDP. The text disclosed to the public is also published on the Company website.

For the regulation regarding the related party transactions and the collateral, mortgage, pledge transactions in favor of third parties on Article 4.4.7 of the Corporate Governance Principles of the Capital Markets Board, the amendment to the Articles of Association shall be submitted to the General Assembly for approval on the ordinary meeting to be held on 25 May 2012.

The Company has affiliates and subsidiaries. As it is considered that having Board of Directors members take part in the management of these companies would be in the best interest of the Company, no restriction is set for undertaking these tasks outside the parent Company.

The amendment to the Articles of Association regarding the recording of Board of Directors meeting and resolution quorum in the main contract shall be submitted to the General Assembly for approval on the ordinary meeting to be held on 25 May 2012.

4.5 Board of Directors Committees

The “Audit Committee” has been formed to help the Board of Directors carry out tasks and fulfill responsibilities in a healthier atmosphere. For 2011, the following Board members were elected as the members of the Audit Committee: Hakkı Ersin Özince (Chairman), Prof. Dr. Ahmet Kırman, Rıza İhsan Kutlusoy and Zeynep Hansu Uçar.

The Audit Committee carries out its activities on a regular basis and in compliance with the Corporate Governance Principles and the Capital markets legislation. The members of the mentioned committee are not independent members of the Board. Since there is not a “Nomination Committee” functioning under the Board of Directors, the nomination of the independent member candidates for the Board of Directors, required by Article 4.3.8 of Corporate Governance Principles has been carried out by the Audit Committee formed in the frame of the CMB Communiqué Regarding Independent Auditing Standards in Capital Markets, Serial: X, No:22.

The committees to be established following the Ordinary General Assembly meeting to be held on 25 May 2012, shall put into effect the obligatory principles set forth in Article 4.5 of Corporate Governance Principles.

4.6 Financial Rights Granted to the Members of the Board of Directors

All rights, benefits, and salaries granted to the Board Members are annually determined by the General Assembly as specified in the Articles of Association. In the 2010 Ordinary General Assembly held on 15 April 2011, the amounts to be paid to the board members have been determined and publicly disclosed.

The Company’s Managing Director, CFO and Senior Managers are not granted any payments, which may technically be viewed as premiums, directly indexed to the turnover or other basic indicators. In addition to their payments made in cash, such as the monthly salary, bonus and social aids, the Managing Director, CFO and other Senior Managers are offered a gratification payment once a year. The amount paid may be increased or kept unchanged, depending on the prevailing circumstances and the criteria taken into consideration including inflation rate, general salary increases and the Company’s profitability. The amounts to be paid ate determined taking several factors into account: Company’s operation volume, the quality and risk level of the operations, the size of the managed structure, the sector of activity etc. In addition, the senior managers of the Company are allocated a company vehicle. In this scope, in 2011, 9 members of the Board of Directors were paid TL 390.200 and 15 Senior Managers were paid TL 10.202.428. The total amount paid to the top management is TL 10.592.628 (=390.200 + 10.202.428).

No loans or credits are provided to the Board Members and executives; they are not allowed to use credit under the name of personal credits through a third person or no warrants are given like bails in favor of them.

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Capital Increase, Amendments to the Articles of Association and Profit Distribution During the Year

It was decided to increase our Company's issued capital, which is TL 1.144.000.000 within available registered capital upper limit of TL 2.000.000.000, to TL 1.300.000.000;

It was also decided that of 156.000.000 TL increased;

a) The part of TL 100.000.000,00 to be covered through the extraordinary reserves,
b) The part of TL 52.421.824,88 to be covered through the retained earnings arising from the differences of inflation adjustments and inflation adjustments concerning the equity capital items included in our balance sheet due to the acquisition of Cam Pazarlama A.Ş.,
c) And the remaining amount, TL 3.578.175,12 to be covered through the real estate and participation share sales returns within the scope of Article 5.1 of the Corporate Tax Law,

Legal procedures regarding the capital increase process have been completed and registered on 15 June 2011. Shares corresponding to 13,636 % of the available issued capital have been distributed to the shareholders on 20 June 2011, in proportion to their shares.

In compliance with the decision taken at the Ordinary General Assembly Meeting dated 15 April 2011, the gross dividend at the amount of TL 45.760.000 covered from the 2010 profit was paid to shareholders in cash on 31 May 2011. The gross dividend at the amount of TL 44.000.000 covered from the 2009 profit was distributed to shareholders as bonus shares. No profit distribution was made from the 2008 profit.

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