TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

Power of 75-year-long experience shapes the future

2010 Annual Report

ŞİŞECAM 75.YIL

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 2010 marked the 75th 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 eighth 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 embodies leadership in its field of operation within its neighbouring countries. 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 17,850 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 Istanbul Stock Exchange. Over time, the Group intends to undertake public offerings of all its main business branches and expand its capital base.

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Power of 75-year-long experience shapes the future

Having celebrated its 75th anniversary in 2010 during a period of recession, seldom experienced at the global level, Şişecam successfully carried through without changing its priorities and took confident steps in the direction of its future. Owing to this attitude, Şişecam rapidly pulled its financial performance along with its physical assets through the recessive effects of the financial crisis and carried them to historic records in 2010.

The sales revenues reached TL 4,2 billion, increasing by 15% and exceeding the pre-crisis levels. Driving forces of this achievement of Şişecam, who has been aware of the fact that the global recessive effects were temporary and exceptional, are its inner qualities such as its expertise in its field, determined corporate management, employment of appropriate industrial policies, valuable and productive man power, ability to make long-term projections, also and more importantly its brisk and flexible structure.

With its capabilities and decisive manner, the profitability of the Group quadrupled in 2010. Two factors that played key roles in the generation of a net income of TL 484 million for this period are: evaluating the market potentials with the aim of increasing the sales revenue, and its persistence in cost cutting and control. In addition to these short-term gains, the Group is prioritizing its projects to secure its long-term presence.

Şişecam Group will continue to focus on effective cost management, aiming at high added value, rationalization, efficient use of the resources and maximizing productivity. In addition to these sustained qualities, its vision of “being the leading glass producer in its region” are the safeguards of its repeating success and exceeding the achievements of 2010.

OPERATIONS IN BRIEF

Regional Production, Global Presence

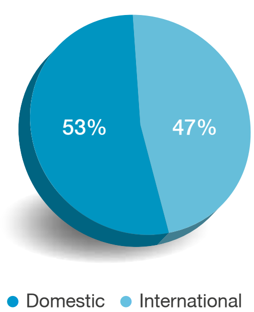
Şişecam is projecting its long-term future as an industry corporation, leader in its region and active throughout the world. With this objective in mind, the Group is successfully following and assessing all the opportunities in its area of activity.

Thereby, "sustainable development", which sets the warranty of its presence, is maintained, while a crucial flexibility minimizing the risks is assured. The cost/productivity advantages of economies of scale are translated to revenue.

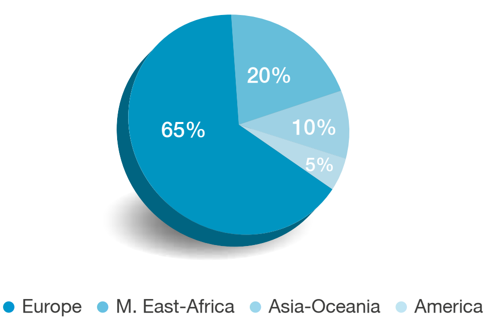
Currently the Group is manufacturing in 8 countries with 101 plants. 35% of the glass production is realized abroad.

The share of the production abroad within the international sales volume is expanding. In 2010, this rate increased by 15% and reached TL 2,0 billion, making up 47% of the total sales. Bearing in mind the importance of internationalization, Şişecam is planning to expand its growth both locally and abroad. Its competitive approach, viewing the "entire world" as its market, helped the Group reach 140 countries in exports.

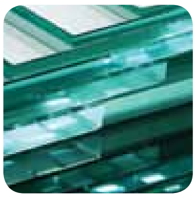
Sales by Destination



International Sales by Region



FLAT GLASS BUSINESS



Trakya Cam has responded to the expansion in its traditional markets, which had formerly contracted parallel to the global crisis, with full capacity production and has further strengthened its position in the sector with new investments, products, promotion, R&D and joint venture activities.

The expansion in both local and international markets, mainly in construction and automotive, has been met by full capacity production. Within the context of environmental awareness and cost saving, rationalization of energy utilization and increased productivity provided important cost advantages. The investments of Trakya 1st Float Line cold repair, Mersin Energy Glass plant, Bulgaria Automotive Glass plant and Egypt flat glass plant have been finalized and inaugurated. In accordance with the joint venture with Saint-Gobain, the ground-breaking of flat glass, mirror and coated glass plants in Russia has been realized and a Memorandum of Understanding for automotive glass investment has been signed. The Group pursues its ambition based on high added value creation and wider geographical domination through appropriate projects.

GLASSWARE BUSINESS

Utilizing its entire production capacity, Paşabahçe Cam rapidly adapted itself to the post-crisis expansion. It has improved its position in the markets while maintaining its traditional attitude towards productivity and cost optimization without compromises.

The glassware demand expansion particularly in the middle-low income group and in the developing economies enabled Paşabahçe Cam improve its local and foreign sales volumes sizably and significantly. In parallel with the developments in the domestic and foreign markets, the capacities stopped during the crisis have been reactivated. The performance was supported with the projects concerning demand revival, high capacity utilization and increased productivity. With the effective management of the working capital, successful results have been obtained without generating a need for additional resources. Besides the projects regarding increased financial performance, the investments in new product and information technologies and logistics contributed considerably to the sustained positive results of the Group. Activities in Packaging, Handcraft and Store Management are providing support for the main activity area.

GLASS PACKAGING BUSINESS

Anadolu Cam benefited from the positive effects of the recovery in Turkey and Russia in the glass packaging demand by ending its measures to limit production and utilizing full capacity output. In the meantime, via its growth projects, it has successfully met the requirements of being the "regional leader as a glass packaging producer".

The Business continued to be the region's largest glass packaging producer and remained as a world leader. The positive effects of the post-crisis recovery were enjoyed successfully. In addition to furnace cold line repairs and modernizations, the regional leadership was sustained with new product designs, improved productivity, cost savings and environmental investments. With the incorporation of a glass plant in Ukraine in early 2011, the Business raised its capacity to 2 million tons, manufacturing at 10 plants in four different countries. Thereby, while continuing to be the glass packaging leader in Turkey and Russia, the Business has become stronger in the international arena with its growth projects for 2011 and beyond.

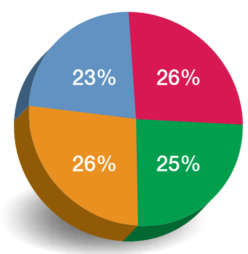
CHEMICALS BUSINESS

Soda Sanayii has seized the opportunities offered by the economic recovery with increased production capacity both in soda products and chromium chemicals, new products, full capacity utilization and marketing activities and obtained desirable results.

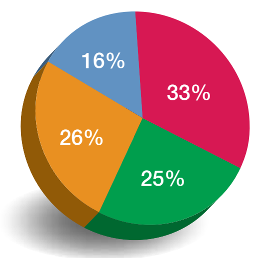
Using the increased capacities in the plants in Mersin and Bulgaria, the targeted sales volume in the soda markets, which grew beyond expectations, were achieved. In the meantime, activities in developing markets have been increased. Having added Trivalent Chromium products in its portfolio, Kromsan Chromium Chemicals plant has sustained its position as world leader. The R&D activities, the key element of success for both product groups, continued intensely. Cam Elyaf reactivated its second furnace, which was stopped during the crisis. With its automation/in-line chopped strands investments, Cam Elyaf improved its productivity and cost base. The financial performance of the company is rapidly improving. With the aim of supporting the regional growth target, the mining companies have stretched their activities to a wider area. Camiş Elektrik, one of the most important electricity producers of Turkey, is focusing its attention on new opportunities in the electricity market, while sustaining its advantages in current facilities.

Results by Businesses

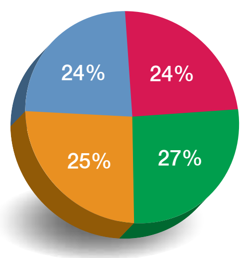
Sales Revenue
TL 4,2 billion



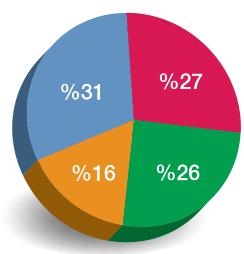
International Sales*
TL 2,0 billion



Investments
TL 381 million

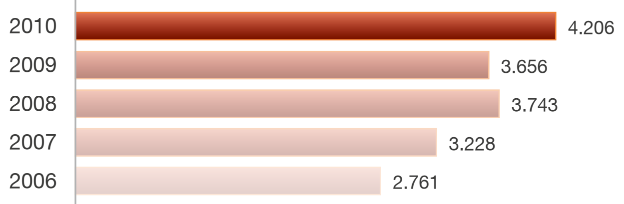


EBITDA**
TL 1,0 billion

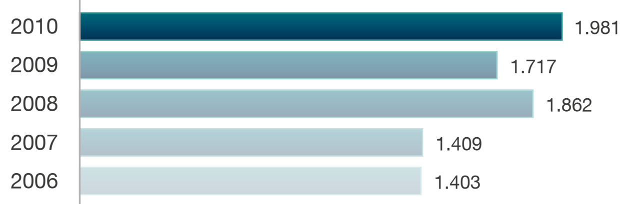


* Includes exports and sales from production abroad.   ** Earnings Before Interest, Taxes, Depreciation and Amortization.

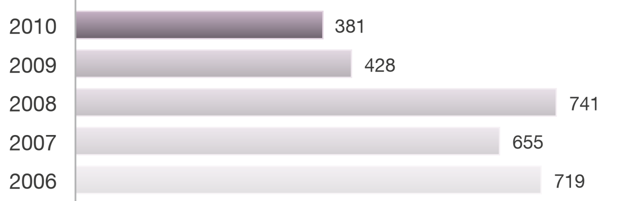
Sales Revenue (TL m)



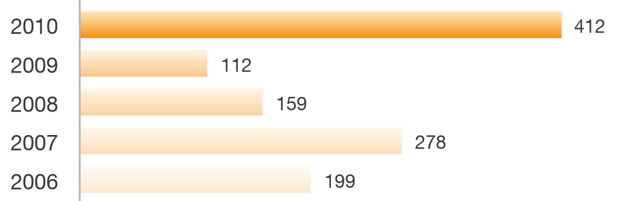
International Sales (TL m)



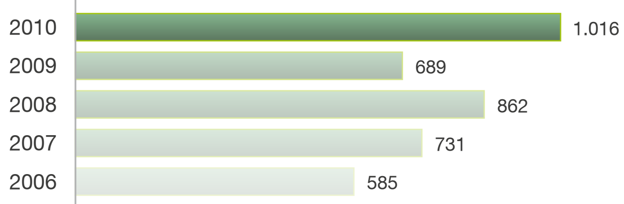
Investments (TL m)



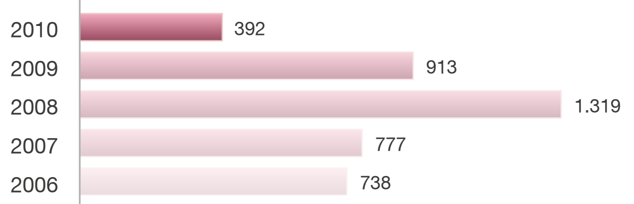
Parent Company Profit/(Loss) (TL m)



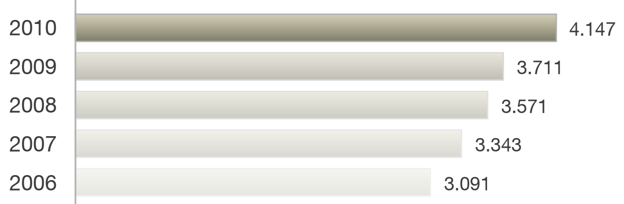
EBITDA (TL m)



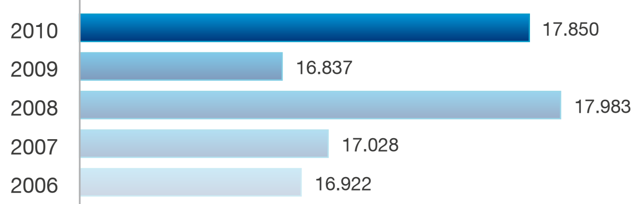
Net Financial Debt (TL m)



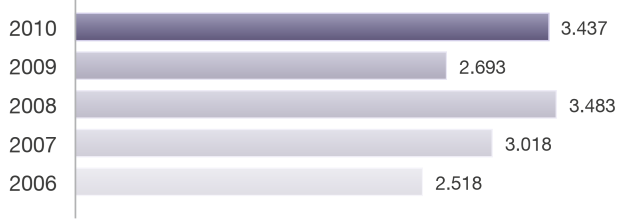
Equity (TL m)



Number of Employees



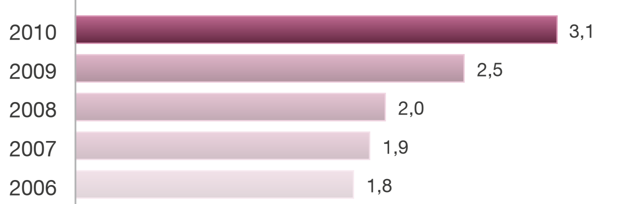
Glass Production (000 Ton)



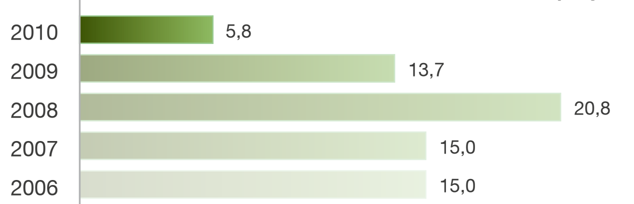
Chemicals Production (000 Ton)

Financial Ratios (%)

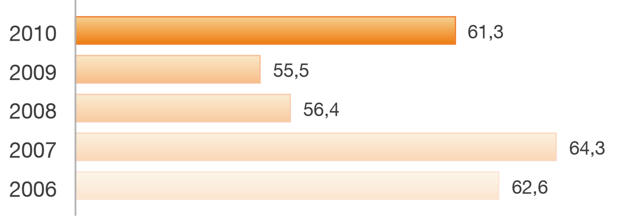
Current Assets/Current Liabilities



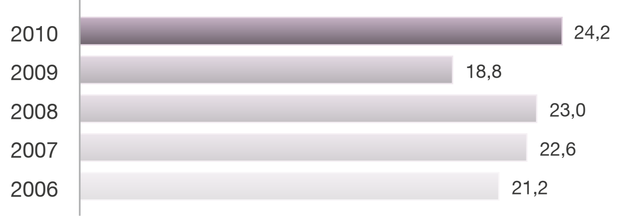
Net Financial Debt/Total Liabilities and Equity



Equity/Total Liabilities and Equity



EBITDA/Sales Revenue



FINANCIAL INDICATORS

Summarized Consolidated Balance Sheets	2010		2009		2008	
	TL m	USD m	TL m	USD m	TL m	USD m
Current Assets	3.157	2.402	2.914	1.935	2.526	1.670
Non-current Assets	3.613	2.337	3.774	2.507	3.809	2.519
Total Assets	6.770	4.379	6.688	4.442	6.335	4.189
Current Liabilities	1.026	664	1.174	780	1.254	829
Non-current Liabilities	1.597	1.033	1.803	1.197	1.510	999
Equity	4.147	2.682	3.711	2.465	3.571	2.361
Equity Holders of the Parent	3.338	2.159	2.858	1.898	2.740	1.812
Non-controlling Interests	809	523	853	567	831	549
Total Liabilities and Equity	6.770	4.379	6.688	4.442	6.335	4.189

Summarized Consolidated Statements of Income	2010		2009		2008	
	TL m	USD m	TL m	USD m	TL m	USD m
Sales Revenue	4.206	2.806	3.656	2.364	3.742	2.885
Cost of Sales	(2.971)	(1.982)	(2.764)	(1.787)	(2.642)	(2.037)
Gross Profit	1.235	824	892	577	1.101	848
Operating Expenses	(669)	(446)	(646)	(418)	(649)	(500)
Operating Profit	566	378	246	159	452	348
Income/(Loss) from Associates	7	4	1	1	4	3
Financial Income/(Expenses)	13	9	(92)	(60)	(199)	(153)
Profit/(Loss) Before Tax	56	391	155	100	257	198
Tax Benefit/(Charge)	(102)	(68)	(36)	(23)	(68)	(52)
Current Tax Benefit/(Charge)	(120)	(80)	(67)	(43)	(83)	(64)
Deferred Tax Benefit/(Charge)	18	12	31	20	15	12
Profit/(Loss) for the Period	484	323	119	77	189	146
Attributable to:						
Non-controlling Interests	72	48	7	5	30	23
Equity Holders of the Parent	412	275	112	72	159	123
Earnings Before Interest and Taxes (EBIT)*	566	378	246	159	452	348
Depreciation	450	300	443	287	410	316
Earnings Before Interest. Taxes. Depreciation and Amortization (EBITDA)*	1.016	678	689	446	862	664
Net Cash Provided from Operating Activities	506	338	773	500	248	191
Net Financial Debt	392	254	913	606	1.319	872

Financial Ratios (%)	2010	2009	2008
Current Assets/Current Liabilities	3,1	2,5	2,0
Equity/Total Liabilities and Equity	61,3	55,5	56,4
Total Liabilities/Equity	63,3	80,2	77,4
Net Financial Debt/Total Liabilities and Equity	5,8	13,7	20,8
Net Financial Debt/Equity	9,5	24,6	36,9
Gross Profit/Sales Revenue	29,4	24,4	29,4
EBITDA*/Sales Revenue	24,2	18,8	23,0
EBIT*/Sales Revenue	13,5	6,7	12,1
Net Financial Debt/EBITDA*	0,4	1,3	1,5

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

TO OUR SHAREHOLDERS

Through its 75-year-long history our Group has gained valuable experience and relevant accumulations. Our Group has raised its activities to the level of economies of scale, adopted global principles in this globalizing environment and mastering in technology, reached the highest standards in every area.

Dear Shareholders,

We are very pleased to be with you once again for the Ordinary General Meeting with our exciting results of the 75th operating year of Şişecam Group. As the members of the Şişecam family, we are greeting you with our sincerest respect.

The 75th operating year of our Group, one of the most important institutions of the Republic reflects the strong corporate culture and the qualities of straightforward industrialism, identified with Şişecam by our business partners. Moreover, having left an important anniversary behind, this term presents other exceptional highlights such as, regaining the uptrend after a global crisis and setting financial records at a time rapidly and with strong determination, when the prevailing circumstances were not very promising.

The progress our Company has made since 1935 when the foundation of our Company was first laid to date, can be recorded as a thousand times of its initial value. This can be attributed as the proof of realization of a continuous growth. More important are the "qualitative" nature of the development and our philosophy of embracing this principle as a motive. Never confining itself to its present position and always targeting higher values, Şişecam is rewarded for this visionary attitude with becoming a leading glass corporate in the world and a main market-player in its region. All that have been achieved in the past 75 years prove that this attitude stems from a strong corporate structure than individual skills. Additionally, it is evident that higher targets can be aimed at in the future. Our experience and your support play key roles in increasing our expectations for our fourth quarter of a century and our projections for a Şişecam which not only markets but also manufactures its products in a wider geography. Furthermore, as proud as we are for the achievements of the past, we are viewing our potential success as a matter of honor. We are thrilled with the unbearable lightness of being a producer of glass, the product of the future at all times.

Before we move on to the evaluation of our activities, we would like to draw a brief outline of the economic environment we are in and of the evolution of the prevailing circumstances. The 2000s began as an era of economic growth, expansion and welfare. Due to the global mechanisms, almost every economy welfared during the first decade. However, this created certain imbalances especially in the asset prices and financial markets. Finally, in the fall of 2008, the global economic crisis crystallized. With the aim of offering a remedy for the "demand shrinkage", the most typical indicator of the crisis, the public authorities employed loose budgetary and monetary policies. Instead of price stability, focus was on growth. The most severe damage was observed in employment. Unemployment grew seriously, while the expectations worsened. In the meantime, economies got delinked. The locomotive role was handed over to developing countries with respect to global growth. In certain areas, where our production and sales activities are concentrated, the contraction deepened to restrictive levels.

In 2010, when the discussions on the need for an international coordination in managing the crisis took place, new strategies for recovery were designed. The format of the crisis was assessed. No reconciliation among economies could be reached. On the other hand, no extraordinary growth or shrinkage was observed during 2010. In that respect, 2010 has been a year, during which the world economies did not fully recover and no sustainable growth was achieved. During this year, certain vulnerabilities such as high financial indebtedness, debt roll-over and unemployment, continued to effect the economies in a negative manner with post-crisis policies formulated but kept on hold.

During this time of the crisis, the Turkish economy held an advantageous position, thanks to the financial uplift, macroeconomic and financial stability, the disciplined stance of the public finance and the benefits of the positive conjuncture with regard to international fund flows. The economic measures taken against the sharp falls observed in the export markets, postponed consumption and investment appetite due to worsening expectations and the initial shrinkage created by the negative sentiment increasing as a result of the contracting foreign capital sources and low domestic savings, had positive impacts on the expectations and improved the economic indicators. As the Şişecam group we are happy to observe this recovery both in the Turkish economy and in the countries we are operating. Our Group has been able to perform at much higher levels than those of the economic environments surrounding us.

Dear Shareholders,

In the 75th anniversary of our Group the best results of all times were achieved.

Our sales revenue growing by 15% reached TL 4,2 billion. The international sales, one of our major strengths, have comprised 47% of the total volume.

Our glass production increased by 28% and exceeded 3,4 million tons, 35% of which was realized abroad. Our soda production capacity increased to 1,7 million tons, while our mine production (sand, limestone and feldspar) reached 2,8 million tons.

In parallel to our international operations, our employment was enlarged particularly abroad. The total number of our employees approached 18.000.

Of our investments planned for 2010, the obligatory and strategically important ones have been completed. Including the mergers and joint ventures, a total investment of TL 381 million was realized. At the beginning of the year, some of the investments on our agenda were postponed, partially due to the need to clarifying the projects and partially due to considerations of the ongoing crisis-related conditions and market expectations.

Our net financial debt, TL 392 million, decreased by 57%. With the aim of seizing the crisis' opportunities and being able to take quick actions under exceptional circumstances, our liquid assets reached TL 1,5 billion.

Our net assets, reached TL 4,1 billion, increasing by 12%. This rapid growth of our net assets is mainly due to the net profit of TL 484 million for the year, which presents 307% increase compared to the previous year. Our earnings before interest, taxes and amortization, another important milestone, has reached TL 1,0 billion. Our net profit of the parent company has reached to TL 412 million. With prudent management of balancing the working capital need arising due to the increased production and sales volumes, TL 506 million of net cash obtained from operating activities has made a great contribution.

Dear Shareholders,

For the last couple of terms, we had to discuss the crisis in detail. The steps needed to be taken to handle the economic crisis, overshadowed the remaining issues. Then again, we benefited from our experiences and the measures taken to minimize the effects of the crisis during this period. Now we have formulated our plans about the future. Despite the unfavorable conditions, we took the necessary precautions. Sustaining a satisfactory performance level, we preserved and strengthened our presence. More important than this evident fact are our efforts in generating the requirements of a post-crisis boost, during this period.

The positive results of our operations, that we are sharing with you today with pride, will be sustained and continued with growth. During its 75-year-long history our Group has gained valuable experience and had relevant accumulations. Above all, our Group has generated a corporate culture to nourish achievements of all types continuously. Thanks to this culture, our Group is positioned at the right place and at the right time. Our Group has expanded its operations to the level of economies of scale and adopted global principles in the globalizing world, including the mastering of technology, highest standards in every area were aimed at. Instead of operating only in its domestic market, our Group has targeted the international area, as a natural consequence of its potential. The requirements of long-term strategies were met with determination.

Despite our contentment, we do not believe that our present position is sufficient. We believe that, with its experiences, skills and corporate presence and particularly with its shareholders and employees, the potential of the Şişecam Group is capable of creating much higher values. This belief motivates us to work eagerly for projects to create higher satisfaction in the future. Our aim is to pursue every opportunity in the most possible productive way in order to grow our Group and increase its success.

Doubtless, in the creation of these positive results we are sharing today, the selfless, disciplined and endless efforts of the Şişecam team members play the key role. Şişecam's strength is based on these characteristics of its staff members, who courageously embrace the future, while growing and improving. We are taking this opportunity to express our gratitude to all our employees and once more underline the fact that we believe their presence and ambitious work are the keys to the realization of our targets.

In this important anniversary of our Group, we hereby express our contentment we feel due to the positive results we collectively achieved. We are repeating our belief in brighter results in shaping our future with the strength we gained in the past 75 years. We sincerely thank our shareholders for their confidence and support, our productive employees for their extraordinary dynamism and devotion, our partners, who accompany us towards our dreams and greet all with deep love and respect.

Prof. Dr. Ahmet Kırman
Chairman and Managing Director

BOARD OF DIRECTORS

Prof. Dr. Ahmet Kırman *
Chairman and Managing Director

(52) Born in Ankara, Prof. Dr. Ahmet Kırman graduated from AU Faculty of Law. He started his career at İşbank in 1982, where he served in the areas of banking, insurance, and industrial operations. He served as a chairman and board member in many companies, foremost among them being İşbank, Milli Reasürans T.A.Ş., and Petrol Ofisi A.Ş. In addition to holding a master's degree in EU competition law and a doctorate in commercial law, he became Associate Professor and Professor later on, in financial law. He served as a member of the Ankara University Faculty of Political Sciences as well as a head of department, chairman and the director of Institute. He also participated 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, The Association of the Insurance and Reinsurance Companies of Turkey, Tax Council, and Turkish Shooting and Hunting Federation. In addition to serving as a trustee of TEPAV and a chairman and a member of BTHE and of IAV, Prof. Kırman has many published books.

Alev Yaraman
Vice Chairman

(63) Alev Yaraman is a graduate of Middle East Technical University (Department 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 from 1998-2007 and was elected Vice Chairman of the Board of Directors on 25 April 2008.

Köksal Burkan
Member

(60) Köksal Burkan is a graduate of Erzurum Institute of Education and served as a teacher between 1973-1980. He joined İşbank in 1980 as a clerk and subsequently held various management positions in different departments of the bank. Mr. Burkan was a member of the İşbank Board of Directors from 2005 to 2008.

Kadir Akgöz *
Member

(60) Kadir Akgöz is a graduate of Middle East Technical University (Department of Chemistry). He started his career at İşbank as the Assistant Specialist at Organizations Department in 1978. He then became Assistant Manager of the same department in 1986. He was appointed as the Group Manager of IT Department in 1988. In 1990, he was appointed as a Director and served as an Assistant General Manager during 2002-2010.

Yılmaz Ertürk **
Member

(46) Yılmaz Ertürk is a graduate of İstanbul University (Faculty of Economics, Department of Economics). He began his career as a Trainee Assistant Economics Specialist in the Economic Research and Planning Department of İşbank in 1987. He completed a master's degree in economics at Istanbul University (Institute of Social Sciences) in 1988. In 1990, he was appointed Assistant Treasury Specialist in the bank's Treasury Department. After serving in a number of management positions in the same department, he was appointed to the role of Economic Research and Planning Manager in 2003 and International Relations Manager in 2006. Mr. Ertürk has been serving as the Division Manager of the International Banking Division since 2008.

Murat Bilgiç *
Member

(42) After graduating from Department of International Relations, Middle East Technical University in 1990, he started his career in the Audit Committee of İşbank as a Trainee Assistant Inspector. He obtained a master's degree in 'Money, Banking, and Finance' at the Birmingham University in 2007. He was appointed as Assistant Manager of the İşbank Corporate Loans Underwriting Division in 1999. He served as a Regional Manager of Corporate Loans Division between 2002-2008. Mr. Bilgiç has been serving as the Division Head of the İşbank Corporate Loans Underwriting Division since 30 April 2008.

Z. Hansu Uçar
Member

(39) Z. Hansu Uçar is a graduate of Middle East Technical University (Faculty of Economics - Department of Business Administration). She joined the Group as an Assistant Specialist in investments at the Department of Subsidiaries of İşbank in 1994. After holding several positions within the same department, Ms. Uçar is currently serving as the Unit manager of the Subsidiaries Department since 2007.

* Audit Committee Member
** Left the office on 16 February 2011. Dr. Ateş Kut was assigned to this position.

The members of Board of Directors are appointed for the period 27 April 2010 - 27 April 2013, and their authorities are defined in accordance with the Commercial Code and the Articles of Association of Şişecam.

MANAGEMENT

Prof. Dr. Ahmet Kırman
Chairman and Managing Director

(52) Born in Ankara, Prof Dr Ahmet Kırman graduated from AU Faculty of Law. He started his career at İşbank in 1982, where he served in the areas of banking, insurance, and industrial operations. He served as a chairman and board member in many companies, foremost among them being İşbank, Milli Reasürans T.A.Ş., and Petrol Ofisi A.Ş. In addition to holding a master's degree in EU competition Law and a doctorate in commercial law, he became Associate Professor and Professor later on, in financial law. He served as a member of the Ankara University Faculty of Political Sciences as well as a head of department, chairman and the director of Institute. He also participated 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, The Association of the Insurance and Reinsurance Companies of Turkey, Tax Council, and Turkish Shooting and Hunting Federation. In addition to serving as a trustee of TEPAV and a chairman and a member of BTHE and of IAV, Prof. Kırman has many published books.

Gülsüm Azeri *
Executive Vice President - Flat Glass

(59) Gülsüm Azeri is a graduate of Boğaziçi University - Department of Chemical Engineering and holds a master's degree in industrial engineering from the same institution. She began her career in 1978 at Çukurova Holding. She joined the Şişecam Group in 1981 and has since then served in a variety of management positions, including Executive Vice President - Glassware from 1998 to 2007. Ms. Azeri has been the Executive Vice President - Flat Glass between September 2007-February 2011.

A. Taner Uz
Executive Vice President - Glassware

(57) A. Taner Uz is a graduate of Middle East Technical University (Department of Mechanical Engineering) and holds a master's degree in the same discipline from the same university. He began his career at Ankara Erg İnş. Tic. ve San. A.Ş. in 1976. He joined the Şişecam Group in 1980 and served in various management positions. Mr. Uz has been the Executive Vice President - Glassware since September 2007.

Teoman Yenigün **
Executive Vice President - Glass Packaging

(58) Teoman Yenigün is a graduate of Boğaziçi University (Department of Mechanical Engineering). He joined the Şişecam Group in 1975 and served in a variety of management positions. Mr. Yenigün was the Executive Vice President - Glass Packaging from 1998 until February 2011.

Dr. Ateş Kut ***
Executive Vice President - Chemicals

(61) Ateş Kut is a graduate of Ankara University (Department 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 served as the Executive Vice President - Chemicals 1998 until his retirement in February 2011.

İbrahim Babayiğit
Chief Financial Officer (CFO)

(51) İbrahim Babayiğit is a graduate of Middle East Technical University (Department of Business Administration). He served as an Auditor at İşbank from 1984 to 1991 and held various managerial roles at the headquarters of the bank during 1992-2000. During 2001-2005, he was the Accounting Manager and Sultanhamam Branch Manager from 2005 to 2007at İşbank. Mr. Babayiğit joined the Şişecam Group in July 2007 and is the Chief Financial Officer, since then.

Mehmet Kara **
Vice President - Strategic Planning

(60) Mehmet Kara is a graduate of Boğaziçi University (Department of Economics) and holds a master's degree from Cleveland State University in the United States. He joined the Şişecam Group in 1976 as a planner and has served in a variety of management positions. Mr. Kara served as the Vice President - Strategic Planning from 1994 until his retirement in August 2010.

Dr. Yıldırım Teoman
Vice President - Research and Technology

(56) Yıldırım Teoman is a graduate of İstanbul Technical University (Department 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 İstanbul Technical University. He joined the Şişecam Group in 1983 and served in a variety of management positions. Dr. Teoman has been the Vice President - Research and Technology since 1999.

Ali Nafiz Konuk
Vice President - Human Resources

(63) Ali Nafiz Konuk is a graduate of İstanbul University (Faculty of Law). After practicing law (1973-1976), he joined the Textile Industry Employers Union in the latter years as a Legal Advisor and held that position until 1991. He joined the Şişecam Group in 1991 as the Industrial Relations Manager and was appointed as the Secretary General of Şişecam in July 2007. Mr. Konuk has been the Vice President - Human Resources since December 2007 and was appointed as a Vice President in November 2010.

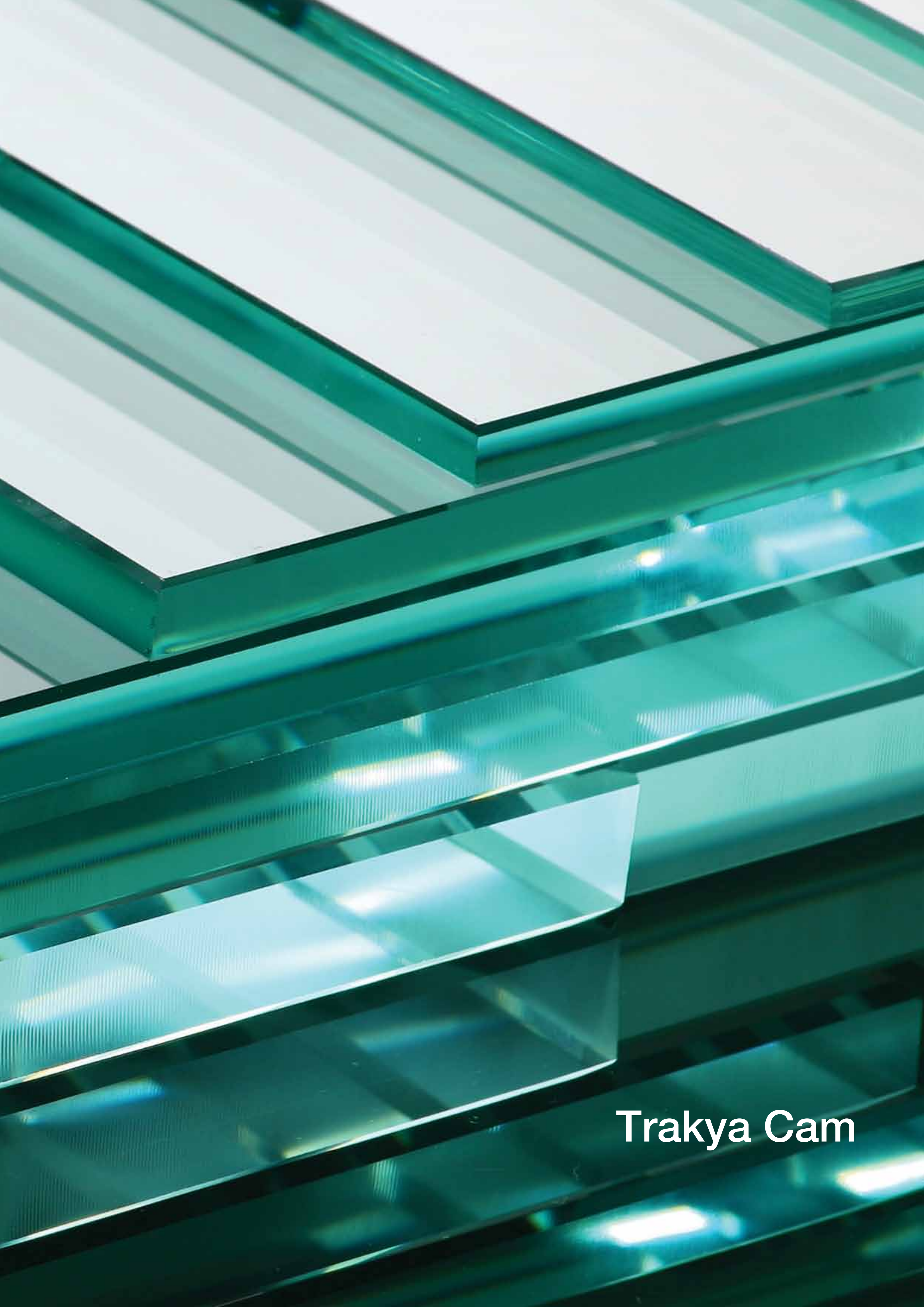
Dr. Atilla Gültekin
Vice President - Information Technologies

(45) After having graduated from Department of Electronics & Communications Engineering at İstanbul Technical University, Gültekin received his master's degree at the same faculty. He continued his studies and received his PhD from the Department of Control and Computer Engineering where he also gave lectures. His career continued at the following companies in various managerial capacities: Siemens Nixdorf - System Software Engineer; Yapı Kredi Bank - System and Network Manager, Group Leader, Project Manager, Group Director and Department Head; TradeSoft - Assistant General Manager in charge of Technology. Dr. Gültekin served the Group as Project Coordinator and Chief Consultant at İşbank A.Ş. in February 2009-July 2010. In August 2010, he joined the Şişecam Group as the Vice President for IT.

Özgün Çınar
Chief Risk and Internal Audit Officer

(41) Özgün Çınar graduated from Department of Management, AU Faculty of Political Science, and obtained his MA degree on International Banking and Finance from the University of Southampton. He began his career in the Subsidiaries Department of İşbank in 1990 as an Assistant Investment Specialist, then took up various management positions at the same department along with serving in companies of İşbank Group. Mr. Çınar served as the Unit Manager of İşbank's Subsidiaries Division and during 2006-July 2010 period he has been a member of the Board of Directors. Since July 2010 Çınar is serving as the Chief Risk and Internal Audit Officer.

* Appointed as the General Manager Consultant on 16 February 2011.
** Appointed as the Vice President of Flat Glass on 15 February 2011 and Ekrem Barlas was appointed to this position (Vice President - Glass Packaging).
*** Retired on 15 February 2011. Elected as the member of Şişecam Board of Directors on 16 February 2011 - Sabahattin Günceler was appointed to this position (Vice President - Chemicals).
**** Retired on 27 August 2010 - on 1 February 2011 Gizep Sayın was appointed to this position (Vice President - Strategic Planning).


Trakya Cam

FLAT GLASS BUSINESS

Trakya Cam, as the pioneer of the flat glass market in the region through its production of flat glass, mirror, laminated glass, coated glass, patterned glass, automotive glass, energy glass and home appliance glass products in its plants in three different locations in Turkey and a plant in Bulgaria, has increased its sales revenue by 17% in 2010.

MARKET OUTLOOK & SALES

Flat glass demand, which had contracted due to the global economic crisis in 2008-2009, presented an uptrend, especially in developing countries, as of 2010 in parallel with the economic and sector-related recovery. Consequently, in the regions and countries that are the main markets of Trakya Cam, the sectors supplied have generally expanded through 2010.

Construction sector

Following a total contraction reaching 23% in 2008 and 2009, the Turkish construction sector grew by 17,1% in 2010. This striking boost of the construction sector, which holds the largest share of flat glass consumption, was reflected on the glass demand, predominantly on the replacement market. Trakya Cam responded the competition in the rising market with its regional operations and high service quality and increased its sales in all product groups.

Construction activities and consequently flat glass demand have shown significant growth in the Middle East and Russia, which are among the regions where Trakya Cam is active. While the flat glass market remained stable in Central Europe, the market regressed due to the economic contraction in the Balkans and Eastern Europe.

Throughout 2010, Trakya Cam continued its penetration efforts in international markets that it intensified in 2009, and widened its customer portfolio. Sales in all regions and market share in Bulgaria, where Trakya Cam is a local manufacturer, and in the neighboring markets, were increased. As a result of these efforts, the total flat glass sales volume in the international markets grew by 27% compared to the previous year.

Low-E coated glasses which are incorporated in insulating glass units to contribute to energy efficiency in buildings, are one of the product groups, the demand of which increased sharply in both Turkey and international markets.

Duracam®
Lameks®
Toflex®
Toglas®

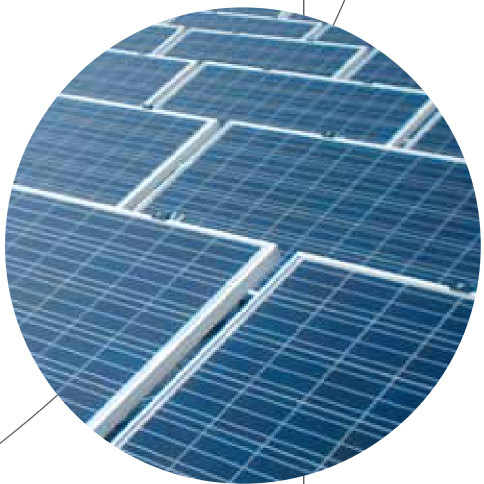
Automotive sector
While the automotive production showed a boost of 26% in Turkey in 2010, European automotive production also recovered, recording a growth of 14%.

Parallel to the market growth in 2010, Trakya Cam's automotive glass sales increased around 20%. Additionally, contracts were made to take part in the future projects of Renault, Dacia, Ford, Daimler and Honda.

Energy sector
In the area of solar energy, the electricity producing solar cell (photovoltaic-PV) installations have significantly increased in Europe compared to 2009. However, this increase in installation figures was not proportionately reflected on PV production in Europe, due to the market share increase of Far East originated products and the consumption of stocks from the previous year. As for the Turkish market, since the amendment of the Renewable Energy Law could be put into effect at the end of 2010, the projected PV module investments were not realized this year. In the area of solar collectors, which convert solar energy to hot water, the market contracted 5% both in Turkey and Europe. Due to these impacts, the energy glass sales of Trakya Cam partially regressed.

The area of renewable solar energy, which has great importance within the context of sustainability, is a very promising field for the near future. Therefore, Trakya Cam will continue to develop and diversify its glass products which contribute to the efficiency of solar energy systems.

Home appliances sector
In 2010, home appliances production in Europe remained in 2009 levels, while in Turkey the production increased 14% compared to 2009 in the refrigerator and oven segments, which Trakya Cam gives input. The Company achieved to expand its home appliances glass sales beyond the actual growth in the market, by over 30% compared to the previous year.



Trakya Cam Consolidated Highlights*

TL m	2010	2009	2008
Sales Revenue	1.047	892	968
International Sales	323	277	301
Gross Profit	327	193	316
Operating Profit	182	74	185
Parent Company Profit/(Loss)	211	62	121
EBITDA	306	191	304
Net Financial Debt	(190)	86	235
Equity	1.550	1.367	1.279
Total Assets	2.047	1.942	1.799
Investments	88	66	133
Number of Employees	2.701	2.688	2.886

* Includes Trakya Cam, Trakya Cam Investment, Trakya Glass Bulgaria, Trakya Yenişehir, Trakya Polatlı Cam, Trakya Glass Kuban, Trakya Glass Logistics and Trakya Investment

PRODUCTION & INVESTMENTS

Full capacity production
In 2010, Trakya Cam used its production capacity at the maximum level due to the increase in domestic demand and the expanded sales volumes in the international markets.

Cost saving
In parallel with the realization of Company's cost reduction and development projects and productivity increase, significant cost savings have been attained in all operational fields in 2010. In the context of environmental awareness and cost saving, Trakya Cam attaches great importance on the realization of glass production with lower energy utilization. The Company is aiming to sustain and improve its success in this context and carry these achievements to the future.

Domestic investments
Trakya Cam has put certain important investment projects into effect in 2010. TR 1 Float Line cold repair investment has been completed and was activated in October. With the startup of the renewed line, it is possible to produce any type of colored glass addressing to construction and automotive sectors with high efficiency.

The Energy Glass plant that was gradually brought into operation in Mersin has been completed in July 2010. In this plant, high performance glasses used in solar energy systems are being processed. With the objective of meeting the patterned glass demand of the construction and energy sectors, a two-lined patterned glass investment is currently being realized in Mersin. The plant will be gradually put into operation in 2011.

In addition to the automotive glass plant in Lüleburgaz, Trakya Cam has inaugurated its second plant in July 2010. Located in Bulgaria, the new plant is projected to meet the demand of the Balkans and Europe.

Investments in Russia and Egypt
Within the framework of the decision of Şişecam and Saint-Gobain to jointly develop flat glass activities in Egypt and Russia, intensive works have been performed and a series of steps were taken in 2010.

Within this context, the ground-breaking of the flat glass, mirror and coated glass plants was realized in a ceremony with the participation of the President of the Republic of Tatarstan Rustam Minnikhanov on May 4, 2010. Additionally, a joint venture agreement was signed for the realization of the above mentioned investments by 70% Trakya Cam and 30% Saint-Gobain partnership.

A memorandum of understanding was signed between the two groups on 26 April 2010 to set up a 50-50 joint-venture specialized in production and sales of automotive glass in Russia and the parties work on concluding the joint venture agreement.

Saint-Gobain Glass Egypt Plant, where Trakya Cam has 14,87% stake, was opened in Egypt in july.

TRC **Ecotherm**
TRC **Ecosol**
TRC **Helio clear**
TRC **Helio extra clear**
TRC **Helio**®
TRC **Tentesol**®
TRC **Tentesol T**®
TRC **Aura Reflekta**
TRC **Lameks**®
TRC **Acoustic Lameks**
TRC **Duracam**®
TRC **Elit Glass**
TRC **Deco classic**
TRC **Deco wired**
TRC **Flotal**®
TRC **Flotal S**®
TRC **Rainbow**
TRC **Durasolar**® **P+**
TRC **Solar P+**


Tatarstan


Egypt

DEVELOPMENT & IMPROVEMENT ACTIVITIES

R&D for sustainability

Trakya Cam has been providing significant progress and successful results in its R&D studies towards its products that have importance within the context of sustainability. In 2010, Trakya Cam put emphasis on research that focused on products in renewable energy area and multi-functional glass systems which decrease energy consumption and are environmentally friendly. Within this framework, the Company conducted research projects and developed new multi-functional and toughenable products for architectural applications and achieved successful production trials for some of these products. Two projects received the support of foreign R&D centers and two other projects were supported by TUBITAK-TEYDEB's (The Scientific and Technological Research Council of Turkey - Center of Technology and Innovation Funding) Industrial R&D Projects Support Program.

Since incentives in the European automotive industry are mostly provided to environmentally friendly technologies, some applications have rapidly gained importance, such as reducing CO_2 emissions as well as reducing the weight of vehicles, lowering the energy usage required for cooling, saving fuel and using lead-free materials for this purpose. In line with this objective, Trakya Cam carried out various research and development projects in the field of automotive glasses in 2010. An original heat-reflecting car wind shield was developed and its initial trial productions were completed successfully.

Efforts of increasing the efficiency of supply chain

With the objectives of making its operations and systems more customer-oriented, rapidly adapting to altering market conditions and increasing its competitive strength through cost optimization, Trakya Cam has initiated and worked on the Enterprise Research Planning (ERP) Project, which was planned to be put into practice in the second quarter of 2011.

Several new projects aiming to increase the efficiency of the supply chain are planned. In this context, in line with the size and growth vision of the Company, Advanced Planning and Optimization project was decided to be initiated for the supply chain. The target of the project is to increase the competitive strength through cost optimization. Moreover, the existing system for Production Planning/Sales/Stock was renewed in 2010 and studies on improving the system will be continued in 2011.

For supporting the sales targets within an environment of increasing competition, the Company focused on creating logistics alternatives at optimal costs in 2010. In this scope, regional depots were utilized in the local market, whereas intermodal transportation trials were performed in the export markets.

PROMOTIONAL ACTIVITIES & SECTOR-RELATED EVENTS

In 2010, Trakya Cam participated in various trade fairs held in the Middle East, the Balkans, Western Europe, Russia and Turkey. In these fairs, the Company's products addressing to construction, automotive, home appliances and energy sectors were exhibited and introduced mainly to sector professionals. Trakya Cam strengthened its reputation and developed new business contacts in these exhibitions. Apart from the fairs, certain trainings and seminars were organized to introduce the products to the customers, sub-customers, and other sectoral related people.

In the Balkans, which stands as one of the main markets of Trakya Cam, special emphasis was given for promoting the coated glass products, which contribute to energy efficiency. The marketing efforts were reinforced with magazine advertisements and website banners.

Branding activities
With the aim of differentiating its products in the growing competitive environment, increasing the awareness towards its brands and widening their utilization, Trakya Cam completed its branding studies covering its entire product range to be employed commonly in all markets.

Lobbying activities
In order to introduce the contribution of its products to energy saving and economy, Trakya Cam has been an active member of the following associations and took part in several organizations in 2010: Europe's Manufacturers of Building, Automotive and Transport Glass (Glass for Europe), Association of Turkish Building Material Producers (IMSAD) and Association of Thermal Insulation, Waterproofing, Sound Insulation and Fireproofing Material Producers, Suppliers and Applicators (IZODER).

Obligation of using laminated glass
Trakya Cam has been cooperating with Turkish Standards Institution (TSE) and the Ministry of Public Works and Settlement since 2009 with the aim of making it obligatory to use security glass in buildings and areas requiring security. These works have been completed in 2010 and the standard titled "TS 13433 - Glazing for Buildings - Code of Practice for Safety Related to Human Impact" has been published and put into practice in August 2010.

Further studies are being conducted together with the Ministry of Public Works and Settlement and the Association of Turkish Building Material Producers, with the objective of having the Construction Materials Regulation revised and referred to the newly prepared security glass standard. Once the regulation refers to the TS 13433 standard, the use of laminated glass will become obligatory in areas requiring security.

EXPECTATIONS & GROWTH TARGETS

Trakya Cam ranks among the top four flat glass companies in Europe and top seven companies in the world. Operating in a region with high growth potential and increasing competition, Trakya Cam continues its investments within the scope of its vision of being the leading producer in its region.

Regarding the joint venture that will be realized in Russia-Republic of Tatarstan, studies are ongoing with Saint-Gobain. The flat glass, mirror, coated glass and automotive glass investments, planned to be put into operation progressively starting from the second half of 2012, reflect Trakya Cam's aspiration to attain a significant market share in the growing Russian market through local manufacturing and sales.

In addition to its plants in Bulgaria, Trakya Cam is considering to invest in another production complex in the region of the Balkans and Cenral Europe with the aim to expand and penetrate the markets in the region, mainly with its value added products.

The Middle East region, where Trakya Cam recorded a significant growth in the last three years, is considered as a part of the Company's growth plans mainly for its development potential in the construction area.

Upon the acceleration of sector-based developments, Trakya Cam is planning to realize new investment projects in the short term in its largest market, Turkey.

With the new products it is planning to add to its product range, its local production/sales organization structure and technical marketing activities, Trakya Cam is targeting to offer highest quality products and effective service to its customers, improve its competitive strength mainly in high value added products and continue its cost reduction and development projects with determination and thus to increase its profitability.


Paşabahçe
Paşabahçe Cam

GLASSWARE BUSINESS

In 2010, the recovery observed after the recession in the global economy echoed in every operation field of the Glassware Business. Therefore, 2010 has been a year, through which all Paşabahçe Cam's profitability performance indicators presented an uptrend.

GENERAL OUTLOOK

Glassware market worldwide

Following the sharp contraction observed in 2009, a significant recovery was recorded in 2010 in the glassware market, in general, and in the daily use products, in particular. Compared to the first half of 2009, when the recession's impact was most evident, the world market grew in terms of both value and volume in the first half of 2010. As a result of increase in demand, the levels of 2008 were approached and even exceeded in certain markets.

It is clearly seen that the recovery in glassware market is stronger in the mid- and low-income groups and higher in the developing markets compared to those of in Europe and the USA. In 2010, the recovery in Europe was mainly owed to the exchange rate effect and stock renewal demands. Therefore, it is estimated that the growth in the market demand will slow down in 2011. Meanwhile, the glassware market in the USA has presented a strong recovery in product demand. This strong recovery occurring despite the weakness of consumer expenditures is strengthening the expectation of a moderate yet stable growth.

Russia, the Middle East, Asia and other developing markets, where the market demand has not yet been saturated, still have a strong growth potential in an environment of stable global economy.

Glassware market in Turkey

In line with the economic recovery worldwide, the glassware market in Turkey grew through 2010. In this year, the glassware consumption raised 13%. Meanwhile, the imports, which had shrunk in 2009 due to the deepening crisis risks, boosted sharply and exceeded the total imports volume of 2008. In January-August 2010, the imports doubled in comparison to the same period of 2009. The countries of origin of imports were mainly China and Indonesia.

With a sharp growth observed in the second quarter of 2010, the Turkish economy has reached its pre-crisis level. The shrinkage continued for four successive quarters, while the recovery was observed in 5 quarters in a row.

The following were the key elements:

- Consumption-based recovery
- Recovered investments with phase difference
- Inventory variation

PAŞABAHÇE IN 2010

Paşabahçe Cam has accomplished significant increase in local and foreign sales. Handling its production activities in its plants in Kırklareli, Eskişehir and Mersin in Turkey and in Bulgaria and Russia in abroad, Paşabahçe Cam has managed to increase its international sales volumes by 7% compared to 2009, despite the negative effect of the exchange rates. The main engines of this increase were CIS, European markets, excluding Eastern Europe and promotion segment.

In 2010, central projects were initiated with Walmart and Metro, two leading retail chains of the world. Paşabahçe Cam has become a preferential supplier for both companies. Moreover, with continued approach through the year, our position as a supplier with our B2B customers such as McDonald's, Kraft and Ferrero, was strengthened.

Paşabahçe Cam continues the uptrend

Improving its local sales by 20% in 2010, Paşabahçe Cam has reinforced its leadership. The growth in the local market was mainly supported by the positive performance of the automatic and f&d product groups. Targets were met with regard to product-price mixture. A value 6,5% above the price mixture of 2009 was achieved.

With the aim of improving the market and reviving the consumer demand the following steps were taken in 2010:

- The product portfolio was enriched with new products including: Aqua cup set, Diamond and Linea glass series, footed and non-footed service plates like Splash, Paella and Patisserie, the Habitat series, which meets all tableware needs along with Lock&Store locked and covered storing containers and Borcam plastic covered casseroles, both of which facilitate food storing.
- In order to meet with the sector professionals and final consumers, we attended 17 trade fairs, 14 abroad and 3 local; with our Paşabahçe, Borcam, Denizli and f&d brands.
- The design and content of our website www.pasabahce.com was completely renewed. In addition, info@pasabahce.com.tr mail address was formed to enable the wholesalers, retailers, along with our professional customers like restaurant owners and the final users directly contact Paşabahçe and receive immediate answers to their questions. Moreover, in social networking sites like Facebook fan pages were designed for our brands like Borcam and Paşabahçe. 1.800 registered followers were reached in a short time.

LEAD-FREE
CRYSTAL GLASS

Glassware Business Combined Highlights*

TL m	2010	2009	2008
Sales Revenue	1.147	1.029	920
International Sales	670	621	568
Gross Profit	415	300	312
Profit/(Loss) for the Period	168	54	60
Current Profit/(Loss)	137	24	(11)
EBITDA	269	154	141
Net Financial Debt	124	278	317
Equity	1.143	1.022	988
Total Assets	1.528	1.569	1.949
Investments	89	87	172
Number of Employees	6.043	5.744	5.874

* Includes Paşabahçe Cam, Denizli Cam, Camiş Ambalaj and Paşabahçe Mağazaları.

Increased production

Due to the growth in orders and rapidly depleting stocks, in 2010 previously closed production lines, and a closed furnace (as of August) were put back into service, at dates much earlier than planned. These steps provided approximately 20% increase in production. In line with this rise, capacity utilization ratios and line productivities were re-escalated in 2010. Despite the increase in production and sales, the duration of stock sufficiency remained unchanged.

Financial performance

Special emphasis was put on the efforts towards improving the financial performance of the Company. These efforts were continued uninterruptedly through 2010. In this frame the following steps were taken:

- Various measures concerning cost saving and capacity utilization efficiency were taken and continued through the entire process.
- Projects on quality control and packaging were concentrated on.
- Decoration-oriented investments were realized with the aim of enriching the added-value product supply. Collaborations with various artists and designers were handled in the scope of relevant projects.
- Progress was achieved with regard to packaging management.
- With the improvements realized, our logistics performance was improved.

Investments

In 2010, distribution storehouse investments were realized at Kırklareli (Turkey) and Posuda (Russia) plants. In the meantime, washing machine window glass test line was put into service at Eskişehir plant, while a food container line was founded at Mersin plant in order to widen the B2B market share.

Through the year, in all operations the following points were focused on in parallel with the cost saving targets: packaging systems, energy saving, customer- and environment-oriented development and modernization investments, process improvement (SAP-ERP) and efficient stock management.

In 2011…

It is estimated that the growth in glassware demand will continue in 2011, depending especially on the consumer demand.

On the other hand, once the recovery process in economies is completed and the stability becomes permanent, the governments are expected to re-tighten the loosened financial policies. This fact brings along the risk of a slowdown in the demand after the second half of 2011.

Paşabahçe Cam Consolidated Highlights*

TL m	2010	2009	2008
Sales Revenue	984	884	784
International Sales	637	595	534
Gross Profit	331	243	239
Operating Profit	148	61	58
Parent Company Profit/(Loss)	108	27	(11)
EBITDA	236	149	128
Net Financial Debt	126	297	361
Equity	719	600	571
Total Assets	1.248	1.294	1.436
Investments	80	79	155
Number of Employees	4.331	4.176	4.386

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



Based on these assumptions, a moderate increase in the world's glassware demand is expected for 2011. It is estimated that the increase rates will vary both in local/regional bases and in different socioeconomic groups.

In 2011 price competition will continue in high demand products. Plus, the share of pricy, design-based, differentiating, added-value products within the total sales volume will be increased. Attention will be given to markets, where sufficient market share has not yet been obtained.

Other targets for 2011 can be summarized as:
- Setting brand image and establishing brand awareness
- Formulization of corporate identification and putting the relevant principles into practice
- Building continuous communication with the final user
- Using the sales points as a promotion media
- Increasing the market shares of "Table Top" and "Kitchenware" product groups.

DENİZLİ CAM

The global crisis, which left its mark on 2009, mainly affected the demand for luxury consumption goods. As a result, in the glassware sector, handcrafted and crystal products segments were severely hit by the crisis. Despite this negative view, in early 2010 Denizli Cam has re-opened its second furnace it had closed in 2009 in line with the recovery signals received from the market and has completed the year with great success. In 2010, local sales increased 17%, while the international sales boomed (36%) and exceeded the pre-crisis level and 2008 volumes.

The most significant increase in the local market was recorded in the sales of product mix, especially those increasing the average price and retail ends. In international sales, however, strategies towards widening the market and customer portfolio were pursued. In addition to the current key markets, emerging market countries were focused on. In international sales, important progress was made in high contribution products and products targeting high-class retail and catering sectors.

With regard to production, the Company concentrated on new product designs suitable for market demands and trends in 2010. Through the year, projects especially covering batch and fuel efficiency and increasing the chemical resistance of glass were carried out. In addition, continuous restoration of shaping quality and skill has improved the productivity and cost control efficiency.

Paşabahçe Mağazaları

PAŞABAHÇE MAĞAZALARI (PAŞABAHÇE STORES)

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

In 2010 Paşabahçe Mağazaları, has outperformed its sales and operation targets. During this year, through which product development works were given special attention, the Kubad-Abad Collection (Crystalline Tiles), designed in the scope of History-Culture-Art theme, were offered to the customers. In addition, the lighting product group was enriched with new designs and series.

Through the year four new stores (Capitol, Capacity, Suadiye in Istanbul and Forum in Denizli) were opened, while four stores at inconvenient locations were closed.

With its new stores to support its corporate brand and image, Paşabahçe Mağazaları, will continue to be the sector's leader retailer in Turkey.

With its new stores to support its corporate brand and image, Paşabahçe Mağazaları, will continue to be the sector's leader retailer in Turkey.

CAMİŞ AMBALAJ

Camiş Ambalaj meets Şişecam Group's needs for high quality paper-carton packaging, and shares its expertise on design, production, after sales services and packaging engineering with the group companies and also with other leading companies of the Turkish manufacturing industry, especially those in food and beverage sectors.

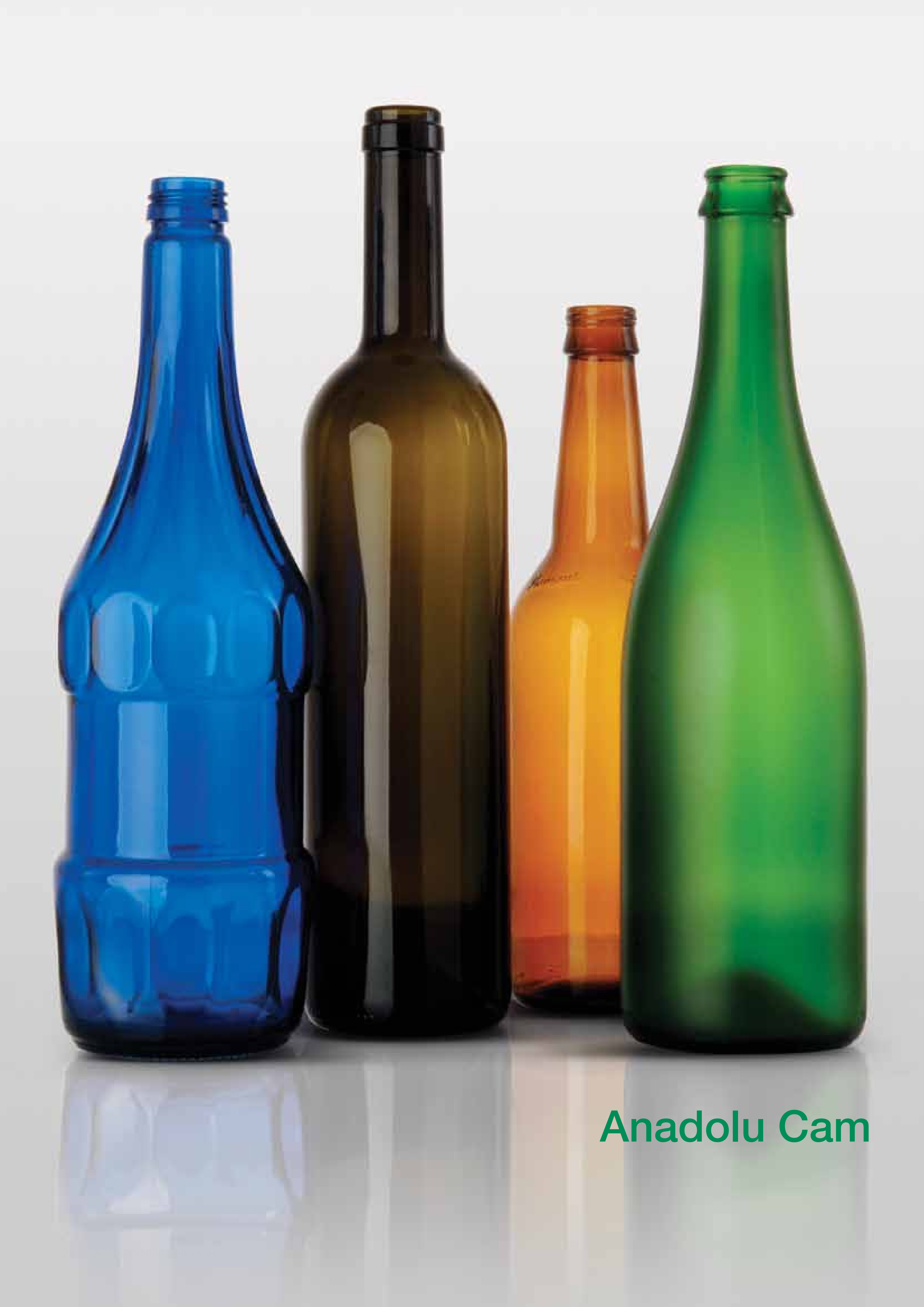
Camiş Ambalaj manufactures offset-printed cardboard and laminated consumer packaging, high-quality flexo-printed corrugated consumer and transport packaging, trays and multi-packaging for automatic filling lines and displayers for exhibition purposes.

In 2010, the company;
• Continued to raise its market share in fresh vegetable and fruit sector in Turkey with its flexo-printed products
• Started to produce laminating adhesives following the completion of its investments in this field. Besides, the outsourcing of box folding business was ended and cost advantage was achieved via low-weight paper use.

Due to the rapid recovery of Turkish manufacturing industry and the increased packaging demand by Paşabahçe, the corrugated packaging sales of Camiş Ambalaj raise by 20% in 2010. Similarly, the corrugated packaging sales outside the Group increased 24%. As a result of the loss recorded due to the flood and of a one-month-long pause of operations, the sales of offset packaging remained unchanged.

The increase in the packaging demand -in relation with the growth in the Turkish manufacturing sector- is expected to continue in 2011. Thereby, for 2011, Camiş Ambalaj is targeting a 3,5% increase in its total sales.

Camiş Ambalaj took part in the 23rd Golden Package Competition organized by TSE with three designs. Winning two prizes among 57 designs, Camiş Ambalaj was entitled to enter the International Package Competition held by World Packaging Organization-WPO, with its two designs, namely Efes Pilsen Dark 4 pc Cans Packaging with Handle and Efes Pilsen 5 Bottles + 1 Glass, and won the first prize with the former.


Anadolu Cam

With the objective of being the leader glass packaging supplier of the region it is active in, Anadolu Cam is continuing its operations in Turkey, Russia, Georgia and Ukraine and sustaining its stable growth with its new investments.

GLASS PACKAGING BUSINESS

GENERAL OUTLOOK

Anadolu Cam's growth strategy was shaped around its principle target; 'to continuously grow in order to secure its future and to become a leader' in its region. Today, Anadolu Cam is carrying out its production in three different centers outside Turkey and keeps on fortifying its regional presence. Besides its investments in Turkey, Anadolu Cam took its first steps towards international expansion with its glass packaging investment in Georgia in 1998, in line with the Company's growth strategy. The Company has continued with its strategy of international growth, investing in plants in the Russian Federation since 2002. Recently, the Company acquired a glass packaging plant located in Ukraine.

With a total production capacity of 2 million tons/year, Anadolu Cam is the 5th biggest manufacturer of the world and 4th in Europe. The Company is providing direct employment to approximately 5.000 people working in its plants in Turkey and abroad.

LOOKING AT 2010

The glass packaging market grew continuously during 2000-08. Yet, starting from the last quarter of 2008, this market underwent a severe recession as a result of the global crisis. In 2010, when the unfavorable conditions were substantially fended off, a growth trend was re-entered. The recovery maintained in Turkey and Russia through the year was positively reflected on the demand. With the aim of meeting the rapidly growing demand, as of the second quarter of the year, all the plants in Turkey and Russia started to operate with full capacity.

Thereby, in 2010, the annual turnover of Anadolu Cam has reached to TL 1,1 billion, presenting a growth of 22%. Approximately 44% of the sales revenue of the Company was obtained from its international operations.

PRODUCTION, NEW INVESTMENTS AND DEVELOPMENT ACTIVITIES

Anadolu Cam is carrying out its production in 4 different countries. The total annual production capacity of the Company has reached 2 million tons with the breakdown as follows:

- 800.000 tons per year at 3 plants in Turkey,
- 1,1 million tons per year at 5 plants in the Russian Federation,
- 30.000 tons per year at 1 plant in Georgia,
- 85.000 tons per year at 1 plant in Ukraine.

In 2010, in addition to the ongoing growth investments in Turkey and Russia, the modernization and improvement projects were continued. The total investment realized in Turkey, Russia and other regions reached TL 102 million.

Turkey

The Glass Packaging Business carries out its domestic activities under the name “Anadolu Cam”, via 9 furnaces at 3 plants located in İstanbul, Mersin, Bursa-Yenişehir. In order to meet the increasing demand of high quality glass packaging, the investment made in Bursa-Yenişehir continued through 2010. Yenişehir plant operates with a production capacity of 360.000 tons/year in total with 3 furnaces each with a capacity of 120.000 tons/year. Moreover, when the 4th furnace with the same capacity starts operation by the end of 2011, the total capacity of the plant will reach 480.000 tons/year.

At the Mersin Plant, Furnaces No 10 and 20 have both completed their economical life time, were cold repaired during the year and taken into operation.

In 2010, one of the primary concerns of Anadolu Cam was intensifying the efforts towards improving the competitive strength of glass products. With this objective in mind new projects on the following issues were commenced during the year: light weighting products, enhancing product strength, reducing the inputs and outputs of production process, utilization of renewable energy and maximization of glass recycling. Various development and cost saving activities, especially those related to energy saving, were accelerated at all plants. In 2010, TL 14 million was saved in Russian operations, whereas Turkish operations’ cost saving has been TL 11 million.

The SAP-ERP system, which integrates the entire production process from the raw material admission to product transportation, was taken into operation in November 2009 in Turkey. The system was successfully applied at all plants through 2010.

Anadolu Cam Consolidated Highlights*

TL m	2010	2009	2008
Sales Revenue	1.117	915	1.054
International Sales	495	405	563
Gross Profit	280	192	281
Operating Profit	128	36	130
Parent Company Profit/(Loss)	102	16	11
EBITDA	263	186	263
Net Financial Debt	402	506	671
Equity	899	737	693
Total Assets	1.744	1.585	1.633
Investments	102	88	293
Number of Employees	5.208	4.815	5.365

* Includes Anadolu Cam, Anadolu Cam Yenişehir, JSC Mina, Ruscam Gorokhovets, Ruscam Pokrovsky, Ruscam Ufa, Ruscam Kirishi, Ruscam Kuban, Ruscam Sibir, Anadolu Cam Investment, Balsand, Omco-Istanbul, Balkum, FormMat, AC Glass Investment and Brewery Pivdenna.




In order to increase the common mould usage among the production facilities, Verti Flow cooling system studies were completed and taken into practice in 2010.

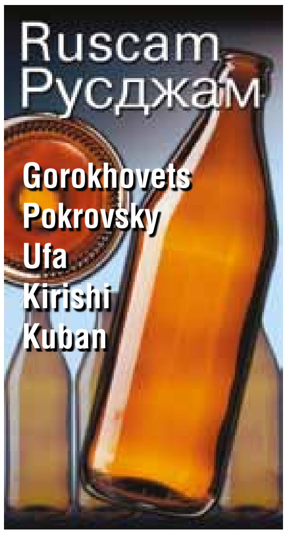
Russian Federation
Based on its growth strategy shaped around ‘to permanently raise its scale and to be the leading manufacturer in the region”, Anadolu Cam is carrying out its growth movement initiated in the Russian Federation, under the name “Ruscam”, since 2002.

The first investment of Anadolu Cam in Russia was Ruscam Gorokhovets plant located in Vladimir region. Ruscam Pokrovsky plant in Vologda region was purchased in 2004, followed by Ruscam Ufa plant, Anadolu Cam’s growth investment in the Ural region. Ruscam Kirishi plant in the Leningradskaya region was purchased at the beginning of 2008. In order to reach the growing glass packaging demand in the region, the second furnace with a capacity of 100.000 ton/year is envisaged to be taken into operation by 2011. The construction of this furnace started in September 2010. Finally, the Ruscam Kuban plant with 120.000 tons/year capacity, to meet high-quality glass packaging needs of the wine and champagne markets in the Krasnodar Region, as well as the beer manufacturers in neighboring regions became operational in May 2009.

Ruscam Company, which is the number one supplier of beer bottles in the Russian Federation with a total production capacity of 1,1 million tons per year at 5 plants, covers 42% of the bottle demand of the beer market. Ruscam expanded its product diversity through new capacities and began to serve the spirit, wine, champagne, beverage and food sectors. Aiming to strengthen its position in the other sectors which it has recently entered, mainly the spirits market, Ruscam is concentrated on developing its printing and decoration abilities.

Efforts for implementing the SAP-ERP system, which integrates the entire production process, have been carried out in Russia, in parallel with Turkey. The system started to be used at Kirishi and Kuban plants in early August and at Ufa, Pokrovsky and Gorokhovets plants in December. In addition, with the investments realized in 2010, all the plants now have the capability to produce lightweight bottles with the NNPB process. The modernization of the Furnace A at Kirishi Plant was completed and taken into operation in the first quarter.

In line with its growing glass packaging capacity in Russia, Anadolu Cam takes quality and economic sand supply as its primary concern. The Group is a partner in a sand plant which has a total capacity of 800.000 tons/year, 350.000 tons of which is of glass packaging sand.



Georgia
Purchased through the privatization in Georgia, the Mina plant, Anadolu Cam’s first investment abroad, continues production with one furnace with a capacity of 30.000 tons/year.

Ukraine
In line with its growth strategy shaped around ‘growing its international activities and becoming the leader manufacturer in its region’, Anadolu Cam concluded an agreement to purchase a glass packaging plant in Ukraine in 2010. This new plant is incorporated in early 2011. With its modern and well-equipped furnace, the Merefa Glass Packaging plant located in Merefa city, northeast of Ukraine, has an annual capacity of 85.000 tons/year.

Omco-Istanbul
OMCO-Istanbul is a joint venture, established in 2001 between Anadolu Cam and OMCO International NV (Belgium), each having a 50% stake. The Company manufactures high-quality glass packaging and glassware moulds at competitive prices for the international market. Having recorded TL 37 million of sales in 2010 OMCO-Istanbul achieved its budget targets. Growing in the market with its product and service quality and being highly-demanded in the international arena, Omco-Istanbul will focus on expanding its export volume in the coming period.

PRODUCT-BASED ACTIVITIES

Designing new products
Anadolu Cam aims at meeting the customers' demand for differentiating their products with flexible and innovative designs. The Company is continuously maintaining its efforts in this area. In 2010, mould designs were prepared for 405 products for the plants in Turkey, Russia and Georgia. Among them, a total of 167 moulds (84 in Turkey, 83 in Russia and Georgia) were approved and manufactured.

In addition, the production of baby food jars, which was initiated in 2009, was improved. The studies in this field have been completed in 2010.

Product light weighting
As a result of the ultra light (NFS) bottle project being carried out within the scope of product light weighting efforts, the following achievements were recorded: The beverage and juice, milk and wine bottles were light weighted by 10%, 20% and 20-25%, respectively.

PROMOTIONAL ACTIVITIES

International Packaging Industry Fair
Anadolu Cam participated at the International Packaging Industry Fair, held for the 16th time in 2010, and drew significant attention. The booth theme was "Glass Package … Numerous Advantages". During the organization, activities emphasizing the glass packaging-health/environment relations, were realized.

Promotional Activities for Mineral Water Consumption and Awareness
Consumer awareness activities were continued in 2010 to position mineral water as a "lifestyle beverage". Through promotional activities centered around the theme "healthy packaging of the natural beverage" increasing awareness and consciousness was aimed.

23rd Golden Package Competition
Once again this year Anadolu Cam won a prize in the Golden Package Competition, held for the 23rd time, by İzmir Regional Directorate of Turkish Standards Institution, with its Found Organic juice bottle. With the same product, among approximately 300 contestants, the Anadolu Cam has been one of the 10 Turkish companies to receive a WorldStar award in the WorldStar International Packaging Competition.

AN ENVIRONMENT-FRIENDLY COMPANY

Environment-friendly glass package

Being a responsible and environmentally friendly manufacturer of packaging materials, Anadolu Cam has been carrying out necessary environmental investments at all its plants within the framework of the respective legislation, which aims at preventing the damage to the environment by waste.

As well as improving the waste management of its plants, the Company also carries out activities aimed at raising the usage of cullet, which contributes invaluably to reducing costs through reduced consumption of raw materials and energy. Within this framework, Anadolu Cam has been carrying out joint activities with ÇEVKO (Environmental Protection and Packaging Waste Recovery and Recycling Foundation) aimed at increasing the efficiency of recycling plants which operate in the market. In 2010, Anadolu Cam realized the recycling of 70.000 tons of glass via its domestic activities.

Compliance with international standards

Anadolu Cam handles its production in all of its plants in Turkey and abroad in compliance with international quality standards. In this frame, as a result of the studies conducted in 2010, the Company received the OHSAS 18001 Occupational Health and Safety and ISO 22000 Food Safety Certificates in its Pokrovsky and Kuban plants in Russia.

FUTURE EXPECTATIONS

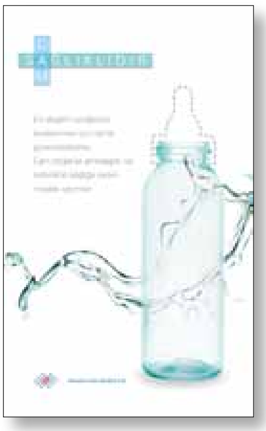
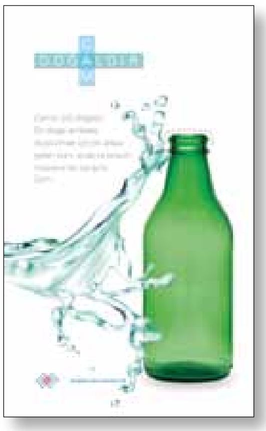
Future sustained with qualified man power

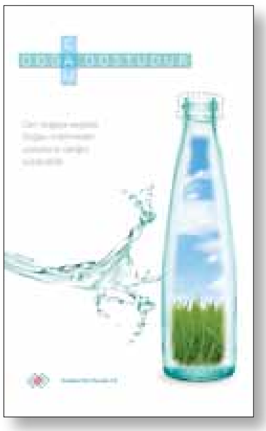
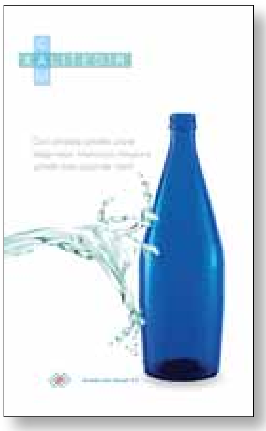
With its assets like being innovational, creative and having qualified labor, Glass Packaging Business is adding strength to its capacity size -reached in the region- and its technological stance. Offering quality products and services suitable for the changing market conditions, Anadolu Cam looks at the future with confidence. Supporting its profound knowledge about glass packaging with modern technology, approaches and practices, Anadolu Cam aims at continuing its stable growth, which enabled it become one of the leading glass package manufacturers of Europe.

Growing in developing markets

Having defined its growth strategy in the Russian market as “to penetrate every segment of the glass packaging market, to obtain 30% market share of the total glass packaging market, to increase sales also in sectors other than beer and to become the leading glass packaging supplier following optimum cost, maximum service quality principle”, Anadolu Cam aims to create capacities in developing markets via direct investment and purchases and keeps on spending efforts for this aim.

As the leading company of the Turkish and Russian glass packaging markets Anadolu Cam is planning to strengthen its international position within the frame of its growth plans for 2011 and beyond. In line with this target and with the Company strategy of growing on the international scale, the projects conducted in regions of its operation as well as in the areas it is interested in, will be continued without pause.

Soda Sanayii

CHEMICALS BUSINESS

The Chemicals Business, manufacturing the chemicals that serve as the main input in more than 100 industries including glass, detergent, chemistry, leather, pharmaceuticals and composites, has left behind a productive year in 2010 in parallel with the recovery in the economic landscape and has increased its revenues by expanding both its product range and markets.

A GENERAL OVERVIEW OF THE YEAR

The Chemicals Business represents one of the four main business units in Şişecam Group, with production and sales of soda products, chromium chemicals, glass fiber, industrial raw materials, electricity, steam, Vitamin K3 and derivatives, sodium metabisulfite, syntan products and heavy-duty machinery. Currently operating in 7 countries with more than 20 facilities, the Business stands out as one of the leading organizations of the sector in the global scale.

The Chemicals Business completed 2010 with a stable and productive outcome in line with the global economic developments. It has expanded further with new product launches and capacity increase in existing facilities, and boosted its activities with increased performance in North Africa, Gulf Region, Middle East and Far East markets in relevant product groups.

ACTIVITIES ON BUSINESS UNIT BASIS

Soda Ash

The soda ash markets, which had shrunk throughout the world after 2008 following the global crisis, embarked upon a quick recovery process with an economic growth that surpassed expectations in 2010. As a result of the positive trend, the stocks of world soda ash manufacturers declined during the year while a general increase in capacity use has been observed.

The Chemicals Group Soda Products Business achieved its export and domestic market targets and attained a high level of utilization. The activities of the Business in emerging markets such as North Africa, Middle East and Arabian Peninsula have significantly gone up following the efforts in 2010.

In sodium carbonate and sodium bicarbonate, a production of 1,7 million tons has been realized in facilities located in 3 different countries. In Mersin Soda Ash plant a 200.000 tons capacity increase investment has been finalized and put into effect within


Soda Sanayii, Mersin

the year in addition to investments with regard to modernization of the Bosnia and Herzegovina Şişecam Soda Lukavac (SSL) plant which was acquired in 2006.

Another investment that was put into effect in Bulgaria, enabled an increase of production in the Sodi plant, which is the Business' production partner.

Chromium Chemicals

Launched 25 years ago, the Kromsan Chromium Chemicals plant has been exhibiting major progress throughout the years, securing a strong position in the sector thanks to its capacity, technology and product range. Kromsan, which boasts a prestigious position in terms of product quality, production technology and environmental standards, is the largest basic chromium sulphate producer in the world.

Following the recovery of the leather and metal plating industries that were hit hard by the global crisis, the Kromsan Chromium Chemicals that provides input for these sectors has been able to perform at full capacity throughout 2010. In line with the developments, the manufacturing facility has attained maximum productivity and increased production.

Since the significance of trivalent chromium products grow each day particularly in the metal plating industry, the inclusion of those products in the portfolio in the recent term made Kromsan progress tremendously in this product group and helped strengthen its market position.

The Business joined several chromium chemicals exhibitions both in Turkey and abroad, including All China Leather Fair/Shanghai-China; Shoes & Leather Exhibition/Guangzhou-China; Vietnam Shoe & Leather Exhibition/HCMC-Vietnam; SF China/Shanghai-China/FIMEC Leather Fair/Brazil, and Istanbul Leather Fair.

Chemicals Business Combined Highlights*

TL m	2010	2009	2008
Sales Revenue	1.187	1.114	1.109
International Sales	521	450	419
Gross Profit	202	202	192
Operating Profit	77	87	72
Profit/(Loss) for the Period	106	54	43
EBITDA	162	160	141
Net Financial Debt	90	250	260
Equity	1.058	966	872
Total Assets	1.554	1.563	1.504
Investments	95	185	140
Number of Employees	3.322	3.123	3.390

* Includes Soda Sanayii, Cam Elyaf, Camiş Madencilik, Madencilik San., Camiş Egypt, Camiş Elektrik and Cam-Ser.

R&D ACTIVITIES

With an aim to enhancing productivity and reducing costs in soda products and chromium chemicals, achieving competitive edge, devising technologies & processes and expanding product variety and developing environment-friendly practices, R&D activities continued nonstop in 2010. During the year, almost all of the soda ash process has been transferred to a model setting through a simulation program, enabling significant progress in augmenting productivity and design accuracy in soda ash process as well as in innovation in timing. Furthermore, in order to create various areas for use of soda products, product development, incentives for use and cooperation activities continued intensively.

Diversification of trivalent chromium products, a recent addition in the chromium chemicals portfolio, has taken up an important portion in R&D work. Within this framework new trivalent chromium products were added to the range in 2010 and product validation activities were completed successfully. New product development activities for leather tanning sector have also continued.

Moreover, the R&D Lab which has acquired the certificate of compliance for "ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories" carried on efforts to expand its scope throughout the year, followed the developments pertaining to international legislation about products and processes closely, and made use of various R&D incentives.

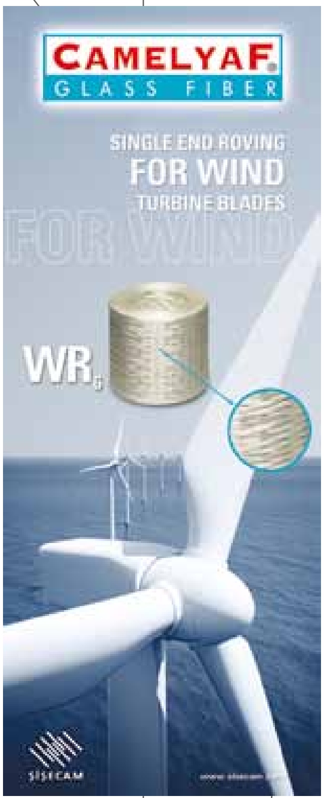
Cam Elyaf

Another company in the Chemicals Business, Cam Elyaf, operates in production and sales of glass fiber, which constitute the main input for composite industry. Composite materials which offer countless advantages in comparison to traditional materials are utilized in a multitude of areas - primarily wind energy, infrastructure, automotive, construction, marine, industrial products and urban furniture. Glass fiber is the major reinforcement material used in such applications.

Soda Sanayii Consolidated Highlights*

TL m	2010	2009	2008
Sales Revenue	660	624	647
International Sales	448	385	374
Gross Profit	153	145	130
Operating Profit	85	75	63
Parent Company Profit/(Loss)	69	46	46
EBITDA	132	118	102
Net Financial Debt	56	120	183
Equity	615	541	496
Total Assets	945	913	864
Investments	63	62	73
Number of Employees	1.854	1.872	1.957

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



Composite sector, hit heavily by the global crisis, has seen a significant price increase in 2010 following the hike in global demand.

Because of the economic crisis and dumped imports, the second furnace in the Cam Elyaf plant had been disabled in 2009; yet due to the developments in 2010 it was put back into use on a gradual basis. Additionally, thanks to the automation and, the new in-line chopped strands production technology put into effect during the year, there has been cost reductions and productivity increase.

Cam Elyaf boosted its sales in the rapid-growing and high-revenue-generating segments in 2010 and kicked off the sales of roving used in technical textile production. Within this context, Germanischer Lloyd's international compliance certificate has been acquired for the use of the roving product in wind turbine blades. Furthermore, the sales of chopped strands, which is used in pp heat-resistant piping systems, has enjoyed a rapid growth of sales since its launch. The activities geared for expanding customers and product range in 2011 are expected to bring about important developments in the coming term.

Camiş Madencilik

Mining Companies operating within the Chemicals Business have extended operations outside Turkey and Egypt in 2010 in order to meet the industrial raw material demand growing in parallel with Şişecam Group's overseas investments. Bosnia-Herzegovina and Russian Federation have been included in the scope of the Business' operations through establishing new companies.

Within the framework of the bid by Kanton Privatization Authority, Camiş Madencilik bought 50% share of Vijenac Company which is an important limestone manufacturer supplying raw material for Şişecam Soda Lukavac plant in Bosnia and Herzegovina and set up a new company named Camiş Rus ZAO to invest in the production of glass raw materials in Tatarstan which is a part of Russian Federation. The feldspar facilities put into operation in Aydın/Çine district in April 2010 by Cam-Ser Madencilik initiated feldspar sales to glass manufacturers within Şişecam Group as well as to other customers in the market in 2010.

Camiş Egypt which operates in Egypt has renewed its work license in 2010 and continued its operations in consistency with its targets.

Camiş Elektrik

One of the first private companies in energy sector in Turkey, Camiş Elektrik has been operating in the energy sector for more than 14 years. The Lüleburgaz and Mersin facilities of the company hold a 2,2 billion kWh/year electricity and 4 million-ton/year steam production capacity.

Trakya Power Plant situated in Lüleburgaz supplies power and steam mainly to the glass facilities operating in the region. The cogeneration plant in Mersin, which generates steam as well as electricity, sells electricity to the independent consumers in the Turkish electricity market, which is undergoing a liberalization process.

Oxyvit

Established in 1999 under the partnership of Şişecam Group and Italian Cromital SPA, Oxyvit engages in the production and marketing of Vitamin K3 derivatives (and the new product Metabisulphide since 2007), which play an important role in feed industry.

Vitamin K3 market that had shrunk considerably in 2009 because of the global crisis, has revived in 2010 with sales figures that mark growth compared to one year ago. New sales opportunities were created during the year within the scope of market building activities and the efforts for enhancing market diversification shall continue in the coming periods. The modernization project, which aims at production growth and cost savings in the Vitamin K3 production facilities is planned to come to completion in 2011.


Cogeneration Plant, Mersin

We are committed to environment, human health and safety.

Sodium Metabisulphite, 80% of which is exported, is the second product group of the company. It is used widely in textile, food and leather industries. In 2010, in the aftermath of market building activities, new sales channels have opened up and the markets have been diversified. The sales have been realized mostly in Europe, North America and North Africa respectively.

Asmaş

Manufacturer of heavy-duty industrial machinery and equipment, Asmaş is one of the noteworthy companies in the region with its knowhow, expert technical staff and quality conciousness. 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, transportation equipment and defense industries are among the major sectors that Asmaş caters to.

In conjunction with the global economic crisis, Asmaş exhibited a lower performance in part of 2009 and 2010, however with the recent recovery in economy it has reentered a vivid phase. Demands from various companies and sectors from both Turkey and abroad grow rapidly.

Sintan

Sintan, a company that manufactures and markets syntan products for leather industry continued expanding its product range in 2010 and launched four new products, namely TURTAN P400, X400, E400 and ES400. The ongoing development and R&D activities for three more new products are planned to be completed in the first months of 2011.

China, Italy, Turkey and neighboring countries constitute the priority target markets for the company. As of January 1, 2010, following the work initiated in Shanghai Trading Co., activities in China have gained speed. The distribution channel in Turkey has been renewed during the year in addition to concentrated efforts for setting up a localized sales network in China and Italy.

RESEARCH – TECHNOLOGY

In 2010, the total R&D spending for the Group companies was realized as TL 42 million.

R&D Activities

In a globally competitive environment where market elements constantly change and products get outdated rapidly, Şişecam Group continued its quest for innovation in products and production processes throughout 2010 through intensive R&D activities focused on better quality, higher added value and lower cost.

After 2009 during which cost savings had been the main theme, R&D activities have focused on increasing energy efficiency, environmental issues and production performance in furnaces of all sectors, increasing product diversity through innovations in color and glass compositions, extending the life of newly designed furnaces, development of high value-added coating and decoration materials with new and advanced features in order to meet the increased production expectations in 2010.

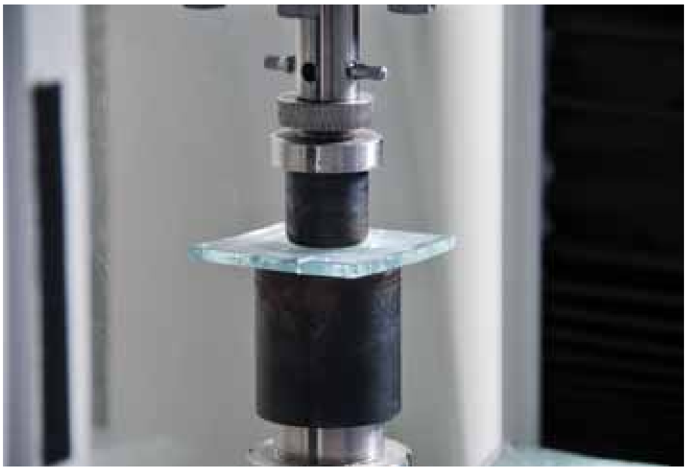
Color diversity and new functions in products to gain upper hand in the market

There is a growing production of functional and decorative colored glass in all sectors. In order to meet the increased glass demand in a productive manner, efforts have been made to shorten color transition periods in flat glass production, which enabled a lower waste rate. To serve that end, the Business has realized production of coloring agents for forehearth coloring, a method used frequently in hollowware production generating cost savings and color diversity.

Furthermore, basing on f&d product range that was launched by the end of 2007 and secured a high position in the market as a dishwasher-resistant, high quality glassware, a composition design project was performed and put into effect to enhance the dishwasher resistance of hand-made crystal glass. Therefore a "first" was achieved in long term use of glass products in dishwashers without loss of quality, while incurring considerable cost advantages by lowered energy costs in production and enhanced melting performance.

Efforts for adding new functions to basic flat glass products

In accordance with the requirements of CARB (California Air Resources Board) Regulation 2012, multifunctional, bendable coating suitable for production of windshields was developed. Within the scope of development of solar low-e product portfolio, development of 64/34 and 50/28 performance coating as well as temperable solar low-e glass products have been completed and the mechanical resistance has been improved in coated glass products.



Technology award

An evidence of the efficacy of the R&D work, our "Lead-free Crystal Glassware with High Dishwasher Resistance, Brightness and Quality" product has been awarded the "Large-Scale Company Process Award" in the 9th Technology Awards Program by The Scientific and Technological Research Council of Turkey (TÜBİTAK), Technology Development Foundation of Turkey (TTGV), and Turkish Industrialists and Businessmen Association (TÜSİAD) in 2010.

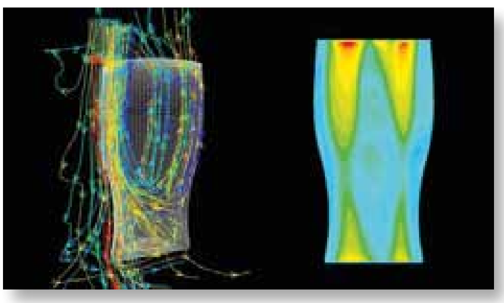
Renewable energy

The topic of renewable energy gains more priority as a result of global warming and rapid consumption of natural energy resources. The issue has become even more important for Turkey with the Law No 6094 on "Change of Law for Utilizing Renewable Energy Resources for Power Generation". Glass is an integral part of systems that transform solar energy into usable energy. In developing high value-added anti-reflective coating to increase the energy recovery efficiency of glass products used in the system, investments are underway for two different techniques.

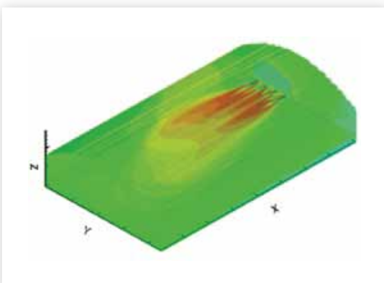
R&D Center

Glass Research Center has attained the status of "R&D Center" in 2009 within the framework of Law No 5746. The Center has successfully completed periodic and document renewal audits, and acquired the right for using for four more years the accreditation marks of Turkish Accreditation Agency (TURKAK), Testing (AB-0076-T) and Calibration (AB-0033-K). Moreover in Yenişehir Regional Research Laboratory, Chapters 2, Chapter 3, Chapter 4 and Chapter 6 tests of the TS EN 1279 standard that is a determining factor in terms of the quality of insulation glass has been taken within the scope of accreditation (AB-0397-T).

In 2010, excluding the cost of testing on the production line in Group companies, the R&D spending has totaled up to TL 42 million including the capitalization required by Law No 5746. The share of research and development activities spared from the sales budget is realized around 1% in parallel with the world glass industry average.



Modelling of cooling air streams and resulting heat transfer coefficients on the outer surface of a tumbler in development work for tempering.



Distribution of heat in a glass furnace with rear ignition.

HUMAN RESOURCES

Human Resources Management was reorganized in line with modern business dynamics in 2010 while the restructuring of HR systems also began.

Human Resources Policy

As a global player in the sector, Şişecam Group considers human capital as the most significant factor in sustaining and improving its critical role and aims to carry it to a new dimension that will "create smiles with its achievements, create more glass and more ideas, create value by valuing, and develop a business climate that will be OURS by respecting our diversity".

In parallel with Şişecam's focus on human-beings, projects for restructuring Human Resources Management began in June 2010 that cover the whole Group and respond to the business dynamics of the new era in a holistic fashion. In November, the new Human Resources organization has been approved and the Office of Chief HR Officer has been set up. Under the Group Human Resources Systems Directorate that is part of this structure, activities with regard to Recruitment, Evaluation and Compensation, Performance and Career, Expat and Education Managerials continues. The restructuring process of HR Systems will be finalized in 2011.

HR Policy of Şişecam

The main tenets of the human resources policy are

- Selecting employees in line with the work dynamics of the new era,
- Setting targets that correspond to those of the company,
- Ensuring that right people work at the right positions,
- Measuring performance and determining compensation on performance basis,
- Improving competencies and setting national and international career opportunities in line with the competencies.

Education and development activities in Şişecam in 2010

Education activities, that have a long history in Şişecam, resumed intensively in 2010 in order to improve the development and efficiency of human resources.

In 2010, all the employees of the Group who work on monthly and hourly pay basis have been offered training opportunities both inside and outside the company around on the topics of organizational development, management, professional and individual development. In addition to the annually planned training activities, the "Şişecam Leadership Academy Project" which have been initiated within the framework of Manager Development Training continues.

The results of 2010 where training activities carried on at full speed may be summarized as follows: • Group Training Directorate organized 208 trainings for 2.516 employees and applied 35.382 man.hour of training. • Group companies deliver training both inside and outside the company every year, mainly focusing on “on-the-job training.” • With the participation of the same person more than once, 45.054 people have received 74.079 man.hour of training this year in the companies.

Consequently, the entirety of educational activities offered by the Group in 2010 has been realized as 109.461 man.hour with the participation of a total of 47.570 people.

Industrial relations
Throughout 2008 and 2009, the consequences of the economic crisis affected the world. As the last months of 2009 were marked by a general improvement in economic growth and employment rates, crisis measures were terminated to a great extent in Turkey in 2010 leaving room for strategies that target an increase in growth. Within the Group, practices such as using annual paid leave earlier, use of unpaid leaves and shorter working hours and such economic crisis measures continued for a brief period in certain workplaces in the beginning of 2010, yet these measures for economic crisis were abandoned later in the year.

Collective agreements
In 2010 the Glass Group Collective Agreement which is of chief importance for the Group as well as several other companies’ collective agreements for workplaces and enterprises have been negotiated successfully. Particularly during the negotiations for Group Collective Agreement, a deal was reached before Kristal-İş Union took a decision for strike, which stood out as a considerable achievement during a period where the economic crisis had lost its impact.

In 2010, the collective agreement negotiations in line with the Group interests were concluded without a strike, with an aim to reach a deal based on mutual understanding without disturbing work peace and workflow. To serve that end, in 2010 • 22nd Term Group Collective Agreement negotiations with Kristal-İş Union covering the period of 01.01.2010-31.12.2011 was concluded on 14.05.2010 for 8 workplaces affiliated with Şişecam Group • In Denizli Cam 14th Term Collective Agreement negotiations with Çimse-İş Union covering the period of 01.01.2010-31.12.2011 was concluded on 29.05.2010 • In Soda Sanayii Collective Agreement negotiations with Petrol-İş Union covering the period of 01.01.2010-31.12.2011 was concluded on 06.07.2010 • In Paşabahçe Eskişehir, the 4th Term Collective Agreement negotiations with Çimse-İş Union covering the period of 01.04.2010-31.03.2012 was concluded on 21.09.2010 • In Trakya Yenişehir plant, the 2nd Term Collective Agreement negotiations with Kristal-İş Union covering the period of 01.07.2010-31.12.2012 was concluded on 08.11.2010 and closed with signing of a deal.

On 13.11.2010, Asmaş Ağır Sanayi Makineleri Joint Stock Company of the Group has signed a Collective Agreement with Turkish Employers’ Association of Metal Industries (MESS) and Metal-İş Union covering the period of 01.09.2010-30.08.2012.

The expired collective agreements in the Group’s workplaces located abroad have been renewed as a result of negotiations taking into account the characteristics of the country in question and the interests of the Group. In 2010 • Trakya Glass Bulgaria EAD Collective Agreement negotiatons with Podkrepa Union covering the period of 01.07.2010-30.06.2011 was concluded on 29.06.2010 • Posuda Ltd. Plant Collective Agreement negotiations with Proofkom Union covering the period of 01.01.2010-31.12.2010 was concluded on 19.10.2010. At the end of all negotiations, a conclusive agreement has been reached by the parties involved.

Tuzla and Eskişehir plants of Camiş Ambalaj Sanayii Joint Stock Company started negotiations for the 12th Term Collective Agreement with Selüloz-İş Union on 22.09.2010, and reached an agreement on 23.02.2011.

OCCUPATIONAL HEALTH & SAFETY

Industrial plants within the Group are continuously controlled with respect to occupational health and safety practices and their compliance with the national and international standards. The Companies are spending efforts to update their practices as needed.

Occupational Health and Safety Policy

As a result of the importance it places on and the respect it pays to humanly working and living right, Şişecam projects formation of a mentally and physically healthy community and workforce through realizing all its activities in healthy and safe working environments, and believes that this is the surety of its future. Setting out from this belief which is a fundamental and indispensable item of its management understanding, Şişecam, through implementing the legal legislation, standards and contemporary management systems, targets to continuously improve the working environment and conditions in line with the technological changes and developments, to inform its employees and all parties it is in relation with, and so to contribute to establishment of a real 'health and safety culture' in all segments of the community.

Occupational health and safety practices
In 2010 the Group continued to coordinate, monitor, measure and analyze the studies conducted regarding the occupational health and safety practices in the industrial workplaces within its organization. In order to overcome the unfavorable circumstances, detailed reports were prepared after the monitoring, measurements and analyses were submitted to the relevant workplaces. Thereby, the employees, who are the key factor of the production process, were enabled to work in a healthy and safe environment and the risks involved were minimized or eliminated.

Information on the occupational accidents taking place at the workplaces was analyzed by the experts of the fields. The Businesses were briefed on the subject matters. All factors affecting the occupational accidents were examined. In 2010 semi-annual and annual Occupational Accidents Assessment Report was prepared and distributed to the relevant departments.

Statistical data on the regular check-ups made at the workplaces are continuously studied. The analysis of the data continued through 2010. Data received from workplaces were meticulously examined and the conclusions were shared with them.

Until today 22 out of 24 workplaces received the OHSAS certificates, within the scope of the project conducted for the certifying of the workplaces without the OHSAS 18001 Occupational Health and Safety Management System. The procedures and the preliminary studies for the certification of the remaining two workplaces have been completed. The certification of these workplaces is expected to be finalized after the examination to be held in 2011.

Occupational health and safety trainings
A total of 432 employees from 6 workplaces were educated through courses (1.296 man.hour) on occupational health and safety. The following topics were covered in the courses: workplace risks, occupational diseases, preventive healthcare system, the importance and use of protection-related materials, definition of occupational safety, unsafe behavior, unsafe conditions, safety precautions to be taken, occupational health and safety legislation, the terms of collective bargaining contracts, the employee's responsibilities in taking occupational safety precautions and following the relevant rules.

ENVIRONMENT

In 2010, TL14 million was spent on activities related to environmental protection.

Environmental Policy

As an organization aware of its responsibility to the environment, Şişecam is acutely aware of the need to ensure a world fit for future generations. This approach is considered one of the pillars of Şişecam's strategic management and is integrated in every phase of its processes. Our aim is to carry out all the environmental protection activities within a framework of Environmental Management System and continuously improve the system with the support of all our employees.

Şişecam Group views the Environmental Management System as a key tool in increasing its environment-related performance. The Group continues in its efforts for ISO 14001 certification. It is aimed to manage each business related topic with a view on environmental issues.

First priority is preventing pollution at source
Based on the sustainable development principle, the main guideline of the Group Companies is to prevent the pollution at source. In addition to focusing on manufacturing techniques with lesser environmental effects, utmost attention is paid to the following topics: efficient use of energy, evaluation of fuel and raw material alternatives and saving natural resources. Among the other measures taken are: using natural gas where available, switching to "$LoNO_x$ burners" in all newly designed glass furnaces, developing furnace designs to reduce NO_x emissions, replacing designs, processes, raw materials or secondary materials involving environmental risks.

Energy saving measures
Clean fuel use and energy saving are the two basic principles of the studies conducted to reduce the environmental effects of our energy-intensive operations. At every plant, the Energy Committees and certified Energy Directors are continuously managing improvement projects on energy efficiency. In addition to the technological improvements like the insulation of glass furnaces, recovering of the waste energy, reduction of melting temperature, other topics including maximum utility of daylight, utilization of illumination systems and equipments with low power consumption are always kept on the agenda.

Treatment and waste management
Where measures for abating the pollution at source are insufficient, secondary treatment-based methods in compliance with the international standards with respect to technology and environmental performance are employed. In 2010, the secondary treatment system and monitoring investments realized at our plants in Turkey and abroad reached TL 19 million. Moreover, during 2010 an amount of 14 million TL was spent on activities of environmental protection. Before its disposal, it is to recycle the waste. A significant percentage of the waste generated as a result of various operations is recyclable. Via recycling plants, they are reused in the production phase again. In this frame, 867 tons of plastic packages and 5.076 tons of paper/cardboard packages have been recycled in 2010. Other wastes are being disposed at licensed companies.

Since glass is an infinitely recyclable material, cullet is an important parameter for energy saving as it is a valuable glass raw material and melts with lower energy compared to glass batch. Therefore, it is aimed to maximize the use of recycled cullet. This subject is followed closely through the projects conducted by researchers employed or out-sourced. Cullet use, reducing the use of raw materials containing carbonate and fossil fuel, has significant impacts to decrease the CO_2 emission rates.

Reducing the greenhouse emissions
Studies on energy saving and cullet recycling are also reducing the greenhouse emissions generated during the production directly. In parallel with the regulations regarding greenhouse emissions, projects are designed to make an inventory of the annual greenhouse emissions created by Şişecam Group's main production operations in the country. Additionally, it is aimed to reduce the amount of greenhouse emissions through an extensive risk analysis.

IT AND COMMUNICATION

The main components of Information Technologies Policy comprise solutions and services of international standards and quality; integrated solutions and practices; secure and reliable structures; and a customer and process-oriented approach.

The IT activities of the Group continued in 2010 in line with the targets of upcoming high quality and productive solutions in parallel with strategies and plans; supporting decision-making and control processes of top management through creation of mutually interactive systems; institutionalizing and standardizing information technology services and solutions; creating solutions at international standards and enabling operation of those settings; adopting customer- and process-oriented approaches to offer services that meet expectations, that have measurable performance levels and that are constantly improved; reducing the complexity of information technology systems to create settings that work in compatibility and provide data and service integrity; generating updated and fast solutions to needs, develop and improve current solutions through close monitoring of technological developments; ensuring the security of corporate date, systems and communication settings; supplying the IT needs of the Group centrally to incur cost advantages; and develop and backup IT human resources.

Restructuring the IT organization
The staff position of Assistant General Manager of Information Technologies was created in August 2010 centralizing the IT employees in the headquarters and in the Businesses, and enabling a more effective and productive use of resources in information technologies through a centralized structure.

Establishment of a virtual server setting
Through the virtual server that provides more productive and flexible use of resources, physically separate servers were brought together. This practice not only allowed major ease of communication but also fast and easy installation through copying and multiplying, faster response time in case of a problem, and sharing of resources, hence higher efficiencies of use.

Use of smart mobile phones
After setting up mobile communication and device standards for the executive managers of the Group, a solution that enables the use of Şişecam electronic communication environment through the mobile phones has been put into use.

Launching of the new Şişecam website
The Group’s window that opens up to the outside world, Şişecam corporate website has been renewed entirely and launched in 2010 with its new design and enriched content in both Turkish and English.

ERP Transition in the Russia plants of the Glass Packaging Business
Headquartered in Turkey, the Russian-based Kuban, Kirishi, Ufa, Gorokhovets and Pokrovsky Glass Packaging plants transitioned to Şişecam’s standard system, Enterprise Resource Planning - ERP, in the field of Corporate Resource Planning.

CRM Project for Glassware Business
Within the scope of Quality and Environment Unit Practices, Customer Complaints, Corrective and Preventive Measures and Consumer Complaints have been enacted in the Paşabahçe Customer Relationship Management - CRM setting.

Budget Planning Project for Glassware Business
A long-term budget planning solution was put into action and used during budget preparations for 2011.

Authorized Dealer System Project for Glassware Business
Using shared information systems with partnering dealers and customers, which has been put into effect by the end of 2010, the Authorized Dealers System (YES) enables savings of labor and time, strengthens the dominant position in the domestic market and achieves cost advantages.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

pwc

CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

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 3. 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 2010 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 2010, 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).

Other matter

5. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 were audited by other auditors whose report, dated 9 April 2010, expressed an unqualified opinion on those statements.

Additional paragraph for convenience translation into English

6. 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, 25 March 2011

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 2010 and 31 December 2009

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

ASSETS	Notes	31 December 2010	31 December 2009
Current Assets		**3.156.720.445**	**2.914.454.820**
Cash and cash equivalents	6	1.471.875.644	1.333.387.047
Financial investments	7	33.268.005	72.915.249
Trade receivables	10	720.731.886	644.137.862
Other receivables		45.707.247	25.584.211
- *Other receivables from related parties*	*37*	*35.117.361*	*16.763.459*
- *Other receivables*	*11*	*10.589.886*	*8.820.752*
Inventories	13	752.632.130	708.139.096
Other current assets	26	132.505.533	130.291.355
Non-current Assets		**3.613.270.950**	**3.774.003.278**
Trade receivables	10	-	1.921.110
Other receivables	11	1.563.886	1.150.256
Financial investments	7	101.837.411	109.082.268
Associates	16	130.036.386	133.756.050
Property, plant and equipment	18	3.259.156.188	3.409.133.152
Intangible assets	19	34.905.096	31.945.668
Goodwill	20	3.416.012	19.366.878
Deferred tax assets	35	43.218.182	35.917.739
Other non-current assets	26	39.137.789	31.730.157
TOTAL ASSETS		**6.769.991.395**	**6.688.458.098**

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

Consolidated Balance Sheets at 31 December 2010 and 31 December 2009

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

LIABILITIES	Notes	31 December 2010	31 December 2009
Current Liabilities		**1.026.123.117**	**1.174.216.187**
Financial liabilities	8	561.036.310	768.228.834
Trade payables	10	266.323.105	233.349.806
Other payables		61.742.722	61.880.894
- *Other payables to related parties*	*37*	*13.275.346*	*31.888.008*
- *Other payables*	*11*	*48.467.376*	*29.992.886*
Corporate tax payable	35	32.734.398	19.642.522
Provisions	22	19.310.937	9.157.675
Provisions for employee benefits	24	6.165.159	6.762.250
Other liabilities	26	78.810.486	75.194.206
Non-current Liabilities		**1.597.085.550**	**1.803.325.317**
Financial liabilities	8	1.336.003.997	1.550.876.056
Trade Payables	10	20.416	19.827
Other payables	11	340.735	161.680
Provisions for employee benefits	24	171.125.468	148.595.290
Deferred tax liabilities	35	89.010.901	101.438.813
Other liabilities	26	584.033	2.233.651
EQUITY	**27**	**4.146.782.728**	**3.710.916.594**
Total Equity Attributable to Equity Holders' of the Parent		**3.338.143.601**	**2.858.373.588**
Paid-in share capital		1.144.000.000	1.100.000.000
Inflation adjustments to share capital		241.425.784	241.425.784
Treasury shares		-	(44.480.006)
Share premiums		527.051	527.051
Revaluation funds		135.001	(1.571.576)
Currency translation differences		22.903.303	25.450.556
Legal reserves		39.733.497	36.910.148
Retained earnings		1.477.632.823	1.388.302.863
Net income for the period		411.786.142	111.808.768
Non-controlling interests		**808.639.127**	**852.543.006**
TOTAL LIABILITIES AND EQUITY		**6.769.991.395**	**6.688.458.098**

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 2010	1 January - 31 December 2009
Sales Revenue	28	4.206.236.303	3.655.964.026
Cost of sales (-)	28	(2.971.201.276)	(2.764.405.402)
Gross Profit		**1.235.035.027**	**891.558.624**
Marketing, sales and distribution expenses (-)	29, 30	(301.577.441)	(283.961.458)
General administrative expenses (-)	29, 30	(368.536.336)	(363.803.175)
Research and development expenses (-)	29, 30	(32.651.405)	(30.934.846)
Other operating income	31	97.819.780	59.357.506
Other operating expenses (-)	31	(64.214.431)	(26.568.958)
Operating Profit		**565.875.194**	**245.647.693**
Income/(loss) from associates	16	6.555.855	744.738
Financial income	32	677.762.903	438.077.958
Financial expenses (-)	33	(664.593.093)	(529.864.701)
Profit before tax		**585.600.859**	**154.605.688**
Tax benefit/(charge)			
- Current tax benefit/(charge)	35	(120.274.381)	(66.542.026)
- Deferred tax benefit/(charge)	35	18.987.278	30.993.558
Profit/(Loss) for the Period		**484.313.756**	**119.057.220**
Attributable to:			
- Non-controlling interests	**27**	**72.527.614**	**7.248.452**
- Equity holders of the parent		**411.786.142**	**111.808.768**
Earnings per share	36	0,3600	0,0977

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Statements of Comprehensive 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 2010**	**1 January - 31 December 2009**
Profit/(Loss) for the Period		**484.313.756**	**119.057.220**
Other Comprehensive Income			
Change in currency translation differences		(9.193.082)	(4.069.459)
Revaluation of Financial Assets	7	(3.598.812)	4.146.004
Tax Income/(Loss) of Other Comprehensive Income	35	741.077	(829.202)
Other Comprehensive Loss after Tax		**(12.050.817)**	**(752.657)**
Total Comprehensive Income/(Loss)		**472.262.939**	**118.304.563**
Attributable to:			
- Non-controlling interests		65.881.783	9.059.238
- Equity holders of the parent		406.381.156	109.245.325
		472.262.939	**118.304.563**
Earnings per share	36	0,3552	0,0955

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 / (Loss) for the Period	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interest	Total
1 January 2009	**1.006.222.184**	**241.425.784**	**(40.687.973)**	**527.051**	**(324.068)**	**31.330.801**	**73.826.407**	**1.269.367.765**	**158.719.256**	**2.740.407.207**	**831.148.859**	**3.571.556.066**
Capital increase	93.777.816	-	(3.792.033)	-	-	-	(42.667.628)	(47.318.155)	-	-	38.557.134	38.557.134
Transfers to legal reserves	-	-	-	-	-	-	5.751.369	152.967.887	(158.719.256)	-	-	-
Non-controlling shares put option valuation (Note 26,27)	-	-	-	-	(4.564.310)	-	-	-	-	(4.564.310)	(3.349.214)	(7.913.524)
Effects of change in effective rates (Note 1)	-	-	-	-	-	-	-	13.285.366	-	13.285.366	(21.982.224)	(8.696.858)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(890.787)	(890.787)
Total comprehensive income/(loss) for the period	-	-	-	-	3.316.802	(5.880.245)	-	-	111.808.768	109.245.325	9.059.238	118.304.563
31 December 2009	**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**
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)
Reclassified balance as of 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/(loss) 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**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Cash Flow Statementsfor the Years Ended 31 December

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

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period	27	484.313.756	119.057.220
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities			
- Depreciation on property, plant and equipment	18	444.604.883	438.617.705
- Amortization of intangible assets	19	5.628.852	4.475.140
- Gain/(loss) on sales of tangible assets	31	(51.585.372)	(26.800.665)
- Exchange losses/(gains) on borrowings (net)	8	(238.556.449)	88.494.268
- Provision for employee benefits	24	43.815.349	35.267.264
- Change in allowance for doubtful receivables	10-11	11.729.056	7.798.413
- Change in provision for impairment of inventory	13	2.114.781	6.270.689
- Change in other provisions	22-24	7.382.302	(461.614)
- Change in other income accruals	26	(5.211.943)	(30.520.896)
- Valuation of financial assets held to maturity	7	-	16.971
- Gain on sale of investments	33	(4.217.350)	156
- Interest income	32	(45.224.852)	(52.166.459)
- Interest expense	33	94.259.852	126.270.102
- Impairment of financial assets	7	2.060.678	3.804.981
- Income from liquidation of financial assets	7	(2.596.258)	-
- Dividend income	32	(2.129.309)	(775.114)
- (Income)/loss from associates	16	(6.555.855)	(744.738)
- Corporate tax accrual	35	101.287.103	35.548.468
Operating cash flows provided before changes in working capital		**841.119.224**	**754.151.891**
- Trade receivables	10	(84.622.509)	21.328.450
- Inventories	13	(46.076.954)	229.736.357
- Due from related parties	37	(18.353.902)	2.128.933
- Other receivables and current assets	11-26	20.593.353	80.107.109
- Trade payables	10	32.273.614	(61.578.044)
- Due to related parties	37	(19.697.966)	(33.653.393)
- Other payables and expense accruals	11-22-26-35	17.777.333	(1.097.860)
Cash generated from operations		**743.012.193**	**991.123.443**
- Interest paid	33	(104.370.280)	(104.333.468)
- Taxes paid	26-35	(111.141.063)	(82.778.646)
- Employment termination benefits paid	24	(21.347.664)	(30.970.033)
Net cash provided from operating activities		**506.153.186**	**773.041.296**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Consolidated Cash Flow Statementsfor the Years Ended 31 December

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

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
CASH FLOWS FROM INVESTING ACTIVITIES			
- Changes in financial assets held for trading (net)	7	39.647.244	(53.343.061)
- Financial asset sales/purchase (net)	7	(2.020.294)	(17.927.202)
- Dividend income from associates	16	4.091.297	3.637.365
- Acquisition of joint venture	3	(2.007.304)	-
- Effect of transactions with non-controlling interests (net)	27	(46.815.353)	(8.696.858)
- Acquisitions of tangible assets	18	(369.696.885)	(412.829.746)
- Acquisitions of intangible assets	19	(11.421.612)	(15.291.807)
- Proceeds from sales of tangible assets	18-31	127.332.950	74.109.742
- Proceeds from sales of intangible assets	19	2.807.855	616.067
- Dividend income	7-32	668.892	1.171.626
- Interest Income	6-32	46.124.633	51.615.122
- Proceeds from sales of associate	7	8.362.681	-
- Cash outflow for subsidiary put option	26	(4.137.034)	(3.956.762)
- Prepaid expenses and advances for tangible assets	26	(7.407.632)	(10.421.904)
- Change in currency translation differences	17-18-19	15.713.006	11.031.261
Net cash used in investing activities		**(198.757.556)**	**(380.286.157)**
CASH FLOWS FROM FINANCING ACTIVITIES			
- Financial liabilities raised	8	846.956.761	1.914.837.747
- Repayment of financial liabilities	8	(1.020.747.459)	(1.694.561.640)
- Dividends paid to non-controlling	27	(21.771.889)	(890.787)
- Changes in non-controlling interest (net)	27	42.210.185	38.557.134
Net cash (used in)/provided from financing activities		**(153.352.402)**	**257.942.454**
Net change in cash and cash equivalents	6	154.043.228	650.697.593
Cash and cash equivalents at the beginning of the period	6	1.298.280.474	647.582.881
Cash and cash equivalents at the end of the period	**6**	**1.452.323.702**	**1.298.280.474**

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"), 43 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 75 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/İstanbul/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 2010	31 December 2009
Personnel charged by the monthly pay	5.915	5.727
Personnel charged by the hour	11.935	11.110
Total	**17.850**	**16.837**

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 flat glass, glassware	Bulgaria
Trakya Cam Investment B.V.	Finance and investment company	Netherlands
Trakya Investment B.V.I.O	Finance and investment company	Netherlands
Trakya Glass Logistics EAD	Logistics services	Bulgaria
Trakya Glass Kuban OOO	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 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

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 and polyester	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
Camser Madencilik 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
Şişecam Soda Lukavac DOO	Heavy soda ash producing	Bosnia Herzegovina
Camiş Rus ZAO	Production and sales of raw materials in glass	Russia

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 2010		31 December 2009	
Company name	**Direct and indirect ownership (%)**	**Effective ownership (%)**	**Direct and indirect ownership (%)**	**Effective ownership (%)**
Trakya Cam Sanayi A.Ş.	70,12	70,11	70,12	69,56
Trakya Yenişehir Cam San. A.Ş.	100,00	74,60	100,00	74,13
Çayırova Cam Sanayi A.Ş.	100,00	91,59	68,40	59,84
Trakya Polatlı Cam Sanayi A.Ş.	100,00	74,61	100,00	74,14
Trakya Glass Bulgaria EAD	100,00	77,71	100,00	77,30
Trakya Cam Investment B.V.	100,00	77,71	100,00	77,30
Trakya Investment B.V.I.O	100,00	70,11	100,00	69,56
Trakya Glass Logistics EAD	100,00	77,71	100,00	77,30
Trakya Glass Kuban OOO	100,00	70,11	100,00	69.56
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99,41	95,45	99,36	95,36
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	100,00	96,85	100,00	96,78
Paşabahçe Mağazaları A.Ş.	100,00	89,08	100,00	88,45
Camiş Ambalaj Sanayii A.Ş.	100,00	100,00	100,00	100,00
Denizli Cam San. ve Tic. A.Ş.	51,00	47,70	51,00	44,60
Paşabahçe Investment B.V.	100,00	95,45	100,00	95,36
OOO Posuda	100,00	95,45	100,00	95,36
Anadolu Cam Sanayii A.Ş.	79,12	79,12	79,91	79,26
Anadolu Cam Yenişehir San. A.Ş.	100,00	82,27	100,00	82,36
Anadolu Cam Investment B.V.	51,85	41,03	51,85	41,10
AC Glass Invest B.V. (*)	100,00	40,35	100,00	40,42
Balsand B.V.	51,00	40,35	51,00	40,42
JSC Mina	99,84	79,00	80,64	63,92
OOO Ruscam	99,72	40,91	99,72	40,98
OOO Ruscam Kuban	100,00	40,35	100,00	40,42
OAO Ruscam Pokrovsky	100,00	40,35	100,00	40,42
OAO Ruscam Kirishi	100,00	40,35	100,00	40,42
OOO Ruscam Sibir	100,00	40,35	100,00	40,42
OOO Ruscam Ufa	100,00	40,35	100,00	40,42
CJSC Brewery Pivdenna	100,00	40,35	100,00	40,42
Soda Sanayi A.Ş.	85,05	82,07	85,05	82,06
Şişecam Bulgaria Ltd.	100,00	82,07	100,00	82,06
Cam Elyaf Sanayi A.Ş.	98,35	90,82	98,35	90,68
Camiş Madencilik A.Ş	100,00	100,00	21,54	18,81
Camiş Egypt Mining Ltd. Co.	99,70	99,70	99,70	18,76
Camiş Elektrik Üretimi A.Ş.	100,00	84,21	100,00	83,22
Madencilik San. ve Tic. A.Ş.	100,00	99,04	100,00	98,87
Şişecam Soda Lukavac DOO	85,91	70,51	85,91	70,50
Camiş Rus ZAO	100,00	100,00	-	-
Asmaş Ağır Sanayi Makineleri A.Ş.	99,98	84,74	99,02	83,95
Camser Madencilik A.Ş.	100,00	99,98	100,00	19,11
Şişecam Dış Ticaret A.Ş.	100,00	99,99	100,00	99,95
Camiş Limited	100,00	98,63	100,00	98,61
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100,00	99,97	100,00	99,86

(*) 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 2010		31 December 2009	
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	42,01
Omco İstanbul Kalıp San. A.Ş.	50,00	39,57	50,00	39,63
OOO Balkum	50,00	20,18	50,00	20,21
Rudnika Krecnjaka Vijenac D.O.O. Lukavac	50,00	50,00	-	-

Associates

	31 December 2010		31 December 2009	
Company name	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
OAO FormMat	48,46	19,55	48,46	19,57
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, applicable Turkish insurance laws for insurance companies and banking law, accounting principles issued by the CMB for listed companies. The foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. 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 and presentation currency of the Company.

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 include the accounts of the parent company, its Subsidiaries and Associates. The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records, which are maintained under the historical cost convention, with adjustments and reclassifications for the purpose of presentation in conformity with CMB Financial Reporting Standards and applying uniform accounting policies and presentations.

Comparatives and restatement of prior periods' financial statements

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

The Group has made reclassifications on previous year's consolidated financial statements to be consistent with current year consolidated financial statements. Reclassifications are related with the finished goods transportation expenses and have no effect on current period income.

1 January-31 December 2009	Amount Reported Before	Reclassifications	Amount Reported
Sales	3.643.630.123	12.333.903	3.655.964.026
Cost of Sales	(2.762.966.981)	(1.438.421)	(2.764.405.402)
Marketing, sales and distribution expenses	(273.065.976)	(10.895.482)	(283.961.458)

Financial statements of foreign subsidiaries

Financial statements of subsidiaries operating in foreign countries are prepared according to 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 as of 31 December 2010 and 31 December 2009 are summarized below:

	31 December 2010		31 December 2009	
Currency	Period End	Period Average	Period End	Period Average
USD	1,54600	1,49904	1,50570	1,54569
EUR	2,04910	1,98857	2,16030	2,15080
BULGARIAN LEV	1,04769	1,01674	1,10454	1,09969
EGYPTIAN POUNDS	0,26541	0,26769	0,27251	0,28027
RUSSIAN RUBLES	0,05073	0,04936	0,04978	0,04872
GEORGIAN LARI	0,87207	0,84092	0,89317	0,92530
UKRANIAN HRYVNIA	0,19418	0,18891	0,18857	0,19838
CONVERTIBLE MARK	1,04769	1,01674	1,10454	1,09969

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

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 2010 and 31 December 2009.

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 statement 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. When the losses applicable to the non-controlling 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 2010, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note7)

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 by itself whereby the Company exercises control over the voting rights of the shares held by them. 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 2010 and 2009.

The Group's interest in Joint Ventures is accounted for 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 2010, 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 2010.

Standards, amendments and interpretations effective from 1 January 2010:

- IAS 1 (Amendment), "Presentation of Financial Statements"
- IAS 36 (Amendment), "Impairment of assets"
- IAS 38 (Amendment), "Intangible assets"
- IFRS 2 (Amendments), "Group cash-settled share-based payment transactions"
- IFRS 3 (Revised), "Business combinations", and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28 "Investments in associates", and IAS 31, "Interests in joint ventures"
- IFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations"
- IFRIC 9, "Reassessment of embedded derivatives" and IAS 39, "Financial instruments: Recognition and measurement"
- IFRIC 16, "Hedges of a net investment in a foreign operation"
- IFRIC 17, "Distribution of non-cash assets to owners"
- IFRIC 18, "Transfers of assets from customers"

Standards, amendments and interpretations to existing standards that are not yet effective as of 1 January 2010 and have not been early adopted by the Company:

- IAS 32 (Amendment), "Classification of rights issues"
- IFRS 9, "Financial instruments"
- IFRIC 14 (Amendment), "Prepayments of a minimum funding requirement"
- IFRIC 19, "Extinguishing financial liabilities with equity instruments"
- IAS 24 (Revised), "Related party disclosures"

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from 1 January 2011. 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 when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured and it is probable that the future economic benefits associated with the transaction will flow to the entity. 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).

Sales of the Goods

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.

Services Provided

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.)

Interest Income
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.

Dividend income
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.

Rent income
Real estate rental income is recorded to the financial statements on an accrual basis taking into consideration the relevant lease agreement.

Inventories
Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labour 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 equipment
Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite useful life.

Assets in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional 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. 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	14-50 years
Land improvements	8-50 years
Machinery and equipment	5-15 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 whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

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

Intangible assets acquired
Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each 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).

Computer software

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

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

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.

Impairment of Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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 income statement 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 income statement 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 income statement over the period of the borrowings. Borrowing costs are charged to the income statement 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 interest method.

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 income statement 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.

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 income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

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 liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

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.

Business combinations and goodwill
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 income statements.

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. Weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares repurchased or issued during the period multiplied by a time-weighted factor.

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
Events after balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for issue, even if any event after balance sheet date occurred subsequent to an announcement on the Group's profit or following any financial information disclosed to public (Note 40).

The Group restates its financial statements if such adjusting subsequent events arise.

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 a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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).

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

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.

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 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments.

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

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 income statements 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 matching costs.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement 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 income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is recognized in shareholders' equity (Note 35).

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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 TL 32.067.583 (31 December 2009: TL 37.751.418) 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).

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

3. Business Combinations

According to IFRS 3, the Group acquired 50% of shares of Rudnika Krecnjaka Vijenac D.O.O. Lukavac, for a purchase price of 4,0 million Convertible Mark at 10 December 2010. The goodwill arising from the acquisition is represented below (31 December 2009: None).

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
Payables related with the acquisition	2.095.377
Total acquisition cost	**4.112.628**
Goodwill	**681.238**

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. Subsequent to such transactions, capital and profit-loss amounts, except for the figures of the main partnership, are excluded from the consolidated financial statements. 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 2010	31 December 2009
Current assets	30.082.780	27.719.192
Non-current assets	49.064.465	25.586.753
Current liabilities	(30.604.191)	(10.820.147)
Non-current liabilities	(4.880.141)	(4.518.694)
Net assets	**43.662.913**	**37.967.104**

	1 January - 31 December 2010	1 January - 31 December 2009
Income	65.652.605	58.263.756
Expenses (-)	(61.477.298)	(52.992.657)

(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 from continuing operations	(29.322.945)	(23.036.999)	(26.345.342)	(21.302.152)	(459.329)	(820.336)	(101.287.103)
Profit/(Loss) 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.)

1 January - 31 December 2009	**Flat glass**	**Glassware**	**Glass packaging**	**Chemicals**	**Other**	**Consolidation adjustments**	**Consolidated**
External revenue (net)	874.633.961	1.003.327.675	911.764.470	859.062.532	7.175.388	-	3.655.964.026
Inter segment revenue	15.736.872	25.949.360	3.120.696	254.980.099	10.860.150	(310.647.177)	-
Revenue	**890.370.833**	**1.029.277.035**	**914.885.166**	**1.114.042.631**	**18.035.538**	**(310.647.177)**	**3.655.964.026**
Total costs	(699.933.077)	(729.420.466)	(723.223.796)	(912.466.980)	(17.412.019)	318.050.936	(2.764.405.402)
Gross profit/(Loss)	**190.437.756**	**299.856.569**	**191.661.370**	**201.575.651**	**623.519**	**7.403.759**	**891.558.624**
Operating expenses	(140.199.796)	(272.430.090)	(153.565.206)	(118.474.585)	(4.332.852)	10.303.050	(678.699.479)
Other income	24.124.616	30.240.140	10.955.235	27.844.640	2.105.111	(35.912.236)	59.357.506
Other expenses	(4.201.312)	(3.997.426)	(13.027.244)	(23.581.466)	(373.555)	18.612.045	(26.568.958)
Operating profit/(Loss)	**70.161.264**	**53.669.193**	**36.024.155**	**87.364.240**	**(1.977.777)**	**406.618**	**245.647.693**
Share in profit/(loss) of the associates	-	-	(16.196)	760.934	-	-	744.738
Financial income/(expense) (net)	(7.120.472)	(24.596.950)	(42.333.982)	(10.023.322)	3.801.626	(11.513.643)	(91.786.743)
Profit before tax from continuing operations	**63.040.792**	**29.072.243**	**(6.326.023)**	**78.101.852**	**1.823.849**	**(11.107.025)**	**154.605.688**
Income tax expense from continuing operations	(6.421.203)	(4.690.273)	(73.895)	(24.559.662)	(758.970)	955.535	(35.548.468)
Profit/(Loss) for the period	**56.619.589**	**24.381.970**	**(6.399.918)**	**53.542.190**	**1.064.879**	**(10.151.490)**	**119.057.220**
Capital expenditures	66.140.764	86.599.475	89.764.325	184.700.410	916.579	-	428.121.553
Depreciation and amortization charges of tangible and intangible assets	(117.109.756)	(100.230.717)	(150.087.917)	(72.751.066)	(2.913.389)	-	(443.092.845)
Balance sheet (31 December 2009)							
Total assets	1.911.405.253	1.568.573.938	1.771.303.711	1.563.491.705	2.486.571.058	(2.612.887.567)	6.688.458.098
Total liabilities	571.067.856	721.420.159	1.085.623.758	714.705.011	711.179.124	(826.454.404)	2.977.541.504

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

Geographical Segment

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

1 January - 31 December 2009	Turkey	Russia and Georgia	Europe	Other	Total	Consolidation adjustments	Consolidated
Net sales (*)	3.051.920.628	409.227.918	293.662.977	9.336.234	3.764.147.757	(108.183.731)	3.655.964.026
Capital expenditures	305.974.672	75.312.859	46.774.378	59.644	428.121.553	-	428.121.553
Depreciation and amortization charges of tangible and intangible assets	(321.790.690)	(79.651.257)	(41.424.835)	(226.063)	(443.092.845)	-	(443.092.845)
Total assets (31 December 2009)	5.741.108.629	819.041.287	1.016.236.596	1.985.129	7.578.371.641	(889.913.543)	6.688.458.098

(*) 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 2010	31 December 2009
Cash on hand	361.876	303.588
Cash at banks	1.471.465.069	1.332.999.089
- Demand deposits	79.389.591	87.918.183
- Time deposits (with maturities three months or less)	1.392.075.478	1.245.080.906
Other liquid assets	48.699	84.370
	1.471.875.644	**1.333.387.047**

Time Deposits

Currency	Interest rate (%)	Maturity	31 December 2010	31 December 2009
EUR	0,50 - 4,25	March 2011	447.447.032	387.401.060
USD	0,50 - 4,25	March 2011	893.109.164	850.401.473
TL	4,25 - 6,75	January 2011	49.960.296	725.576
Others (TL equivalents)			1.558.986	6.552.797
			1.392.075.478	**1.245.080.906**

Cash and cash equivalents as of 31 December 2010 and 31 December 2009 presented in the consolidated statement of cash flows are as follows

	31 December 2010	31 December 2009
Cash and cash equivalents	1.471.875.644	1.333.387.047
Less: Interest Accrual	(2.172.822)	(3.072.603)
Less: Blocked deposits	(17.379.120)	(32.033.970)
	1.452.323.702	**1.298.280.474**

An amount of TL 17.379.120 time deposit are blocked as guarantee for the borrowings used by the Group (31 December 2009: TL 32.033.970) and this amount has been offset against the cash and cash equivalents in the current year's cash flow statement.

7. Financial Investments

a) Short-term Financial Investments

Deposits with maturities three months or more	Interest rate (%)	Maturity	31 December 2010	31 December 2009
USD	0,50 - 4,25	October 2011	26.690.136	54.760.318
EUR	0,50 - 4,25	November 2011	6.577.869	16.636.351
			33.268.005	**71.396.669**

Available for sale financial asset	Nominal	Maturity	31 December 2010	31 December 2009
Eurobond	1.000.000	June 2010	-	1.518.580

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

b) Long-term Financial Investments

	31 December 2010	31 December 2009
Financial investments not traded in an active market	100.651.828	99.895.808
Unconsolidated subsidiaries and joint ventures	872.833	2.933.511
Financial investments carried at market price	312.750	6.252.949
	101.837.411	**109.082.268**

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

	2010	2009
1 January	109.082.268	90.578.156
Additions	2.020.294	17.930.236
Capital increase	1.460.417	238.959
Change in fair value	(3.598.812)	4.142.932
Provision for impairment	(2.060.678)	(3.804.981)
Disposals	(4.145.331)	(3.034)
Currency translation differences	(920.747)	-
31 December	**101.837.411**	**109.082.268**

Financial investments carried at market price	Share (%)	31 December 2010	Share (%)	31 December 2009
İş Yatırım Menkul Değerler A.Ş.	-	-	1,45	5.094.197
İş Finansal Kiralama A.Ş.	<1	312.750	<1	1.158.752
		312.750		**6.252.949**

Financial investments not traded in an active market	Share (%)	31 December 2010	Share (%)	31 December 2009
Trakya Yatırım Holding A.Ş. [1]	34,65	151.274.108	34,65	151.277.690
Avea İletişim Hizmetleri A.Ş.	<1	86.830.954	<1	86.830.954
İş Factoring Finansman Hizmetleri A.Ş.	-	-	<1	4.251
Milli Reasürans T.A.Ş.	-	-	<1	217.635
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	1,93	56.228
Camiş Yatırım Holding A.Ş.	-	-	<1	16.848
İş Koray Tur. Orm. Mad. İnş. Tah. Tic. A.Ş.	-	-	<1	5.477
Saint Gobain Glass Egypt S.A.E	14,87	18.986.991	14,87	17.887.444
Nemtaş Nemrut Liman İşletmeleri A.Ş.	<1	158.241	<1	158.241
Other	-	13.359	-	52.865
Impairment provision [2]	-	(156.611.825)	-	(156.611.825)
		100.651.828		**99.895.808**

(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) TL 56.994.689 and TL 99.617.136 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 2010	Share (%)	31 December 2009
İstanbul Porselen Sanayi A.Ş.	99,87	8.576.838	99,87	8.576.838
Cromital SPA ve Sintan Kimya San. Tic. A.Ş.	50,00	4.623.460	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 (-)		(15.310.029)		(13.249.351)
		872.833		**2.933.511**

Paşabahçe Glass GmbH, Paşabahçe USA Inc., Paşabahçe Mağazaları B.V., and Cromital S.p.A. 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., İstanbul Porselen Sanayi A.Ş. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements. The decreases occurs in the equity of Cromital SPA has been accounted under provision for impairment.

8. Financial Liabilities

Current financial liabilities	31 December 2010	31 December 2009
Short term borrowings	176.857.493	421.346.365
Current portion of long term borrowings and interests	384.178.817	346.882.469
Total current financial liabilities	**561.036.310**	**768.228.834**
Non-current financial liabilities		
Long term borrowings	1.336.003.997	1.550.876.056
Total financial liabilities	**1.897.040.307**	**2.319.104.890**

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

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% as expressed.)

31 December 2009

Currency	Maturity	Interest (%) (*)	Short Term	Long Term
USD	2010 - 2016	Libor + 1,20 - 5,50	128.892.017	697.663.578
EURO	2010 - 2016	Euribor + 0,82 - 7,00	362.353.477	853.212.478
RUR	2010	8,00 - 14,00	39.347.342	-
TL and other	2010	7,10 - 11,00	237.635.998	-
			768.228.834	**1.550.876.056**

(*) The weighted average interest rate for EUR is Euribor + 2,54%, for USD is Libor + 2,72% and for TL is 7,42%,for RUR is 9,19%. (Average effective annual interest rate for EUR is 4,04%, for USD is 3,39%, for TL is 7,46%, for RUR is 9,19%)

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

The redemption schedule of the financial liabilities is as follows:

	31 December 2010	31 December 2009
Within 1 year	561.036.310	768.228.834
Within 1- 2 years	330.446.886	354.471.190
Within 2- 3 years	717.721.188	737.663.545
Within 3- 4 years	139.821.210	266.754.004
Within 4- 5 years	109.783.523	112.758.494
5 years and after	38.231.190	79.228.823
	1.897.040.307	**2.319.104.890**

Collaterals given for financial liabilities	31 December 2010	31 December 2009
Guarantee letters	208.395.483	259.072.156
Mortgages	70.493.779	73.818.628
	278.889.262	**332.890.784**

9. Other Financial Liabilities

None.

10. Trade Receivables and Payables

Trade Receivables

Short Term trade receivables	31 December 2010	31 December 2009
Trade receivables	727.522.795	609.891.688
Notes receivables	14.190.248	45.596.439
Other trade receivables	36.814	291.392
Allowance for doubtful receivables	(21.017.971)	(11.641.657)
	720.731.886	**644.137.862**

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

Average sales term for basic glasses is 120 days (2009:120 days) and for the first 15 days 1,5%, and next 15 days 2% overdue interest rate is applied for the payments made after the due date (2009: 2% - 3%).

Average sales term for auto glass and processed glass items is 45 days (2009: 45 days) and any overdue interest rate is not applied for the payments made after the due date. A portion of sales abroad made in cash and other portion has average 2 months (2009: 2 months) maturity.

Average sales term for automatic glass items is 75 days (2009: 75 days) and a monthly overdue interest rate of 3% is applied for the payments made after the due date (2009: 3%).

Glass packaging products are sold in cash since November 1, 2009. 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 34 days (2009: 34 days). Monthly 3% overdue interest is applied for the payments made after due dates (2009: 3%).

Average sales term for domestic sales of chromium products is 29 days based on sales of foreign exchange (2009: 22 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (2009: 1%). Average sales term for export sales is 60 days (2009: 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.

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

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

	2010	2009
January 1	(11.641.657)	(14.520.904)
Currency translation differences	5.570	67.583
Charge for the period	(10.027.589)	(4.143.066)
Collections	645.705	6.954.730
31 December	**(21.017.971)**	**(11.641.657)**

The Group holds the following collaterals for trade receivables:

	31 December 2010	31 December 2009
Letters of guarantees	228.197.920	174.069.169
Promissory notes and bills	17.259.804	14.651.540
Mortgages	17.721.185	11.961.253
Cash	4.608.616	1.968.364
Others	44.160.668	44.023.410
	311.948.193	**246.673.736**

As of 31 December 2010, TL 117.863.302 (31 December 2009: TL 175.357.470) 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 2010	31 December2009
1- 30 days overdue	74.088.257	86.148.901
1-3 months overdue	25.867.348	67.090.342
3-12 months overdue	16.144.290	19.518.832
1- 5 years overdue	1.763.407	2.599.395
Total overdue receivables	**117.863.302**	**175.357.470**
The part under guarantee with collateral, etc.	**34.278.013**	**40.769.412**

Non-current trade receivables		
Trade receivables	-	1.921.110

Trade Payables

Current trade payables	**31 December 2010**	**31 December 2009**
Trade payables	266.275.411	232.892.536
Other trade payables	47.694	457.270
	266.323.105	**233.349.806**

Non-current trade payables		
Trade payables	20.416	19.827

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

11. Other Receivables and Payables

Other current receivable	31 December 2010	31 December 2009
Due from related parties (Note 37)	35.117.361	16.763.459
Due from personnel	1.959.730	1.947.362
Deposits and guarantees given	484.432	510.313
Other doubtful receivables	12.786.521	10.297.054
Allowance for other doubtful receivables (-)	(4.640.797)	(3.933.977)
	45.707.247	**25.584.211**

The movement of other doubtful receivables is as follows:

	2010	2009
1 January	(3.933.977)	(278.630)
Currency translation differences	(71.263)	-
Charge for the period	(1.701.467)	(3.655.347)
Collections	1.065.910	-
31 December	**(4.640.797)**	**(3.933.977)**

Other non-current receivables	31 December 2010	31 December 2009
Deposits and guarantees given	1.563.886	1.133.390
Other doubtful receivables	-	16.866
	1.563.886	**1.150.256**

Other current payables		
Due to related parties (Not 37)	13.275.346	31.888.008
Deposits and guarantees received	22.416.391	15.169.771
Due to personnel	11.699.096	9.230.688
Order advances received	4.471.551	1.922.509
Other payables	9.880.338	3.669.918
	61.742.722	**61.880.894**

Other non-current payables		
Deposits and guarantees taken	137.065	45.855
Deferred liabilities to public	112.799	115.825
Other payables	90.871	-
	340.735	**161.680**

12. Receivables and Payables from Finance Sector Operations

None.

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

13. Inventories

	31 December 2010	31 December 2009
Raw materials	221.698.451	180.273.697
Work in process	37.359.982	36.632.298
Finished goods	429.515.743	432.098.327
Supplies	30.554.228	28.553.053
Trade goods	30.860.304	26.995.386
Other inventories	16.666.362	21.481.192
Provision for impairment of inventory (-)	(14.022.940)	(17.894.857)
	752.632.130	**708.139.096**

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

	2010	2009
January 1	(17.894.857)	(15.223.096)
Currency translation differences	141.019	336
Charge for the period	(2.114.781)	(6.270.689)
Released	5.845.679	3.598.592
31 December	**(14.022.940)**	**(17.894.857)**

14. Biological Assets

None.

15. Construction Contracts

	31 December 2010	31 December2009
Contract costs incurred for work performed	60.054.303	85.766.979
Revenue recognized less costs recognized (net)	(1.528)	(12.485)
Less: Progress payments received (-)	(58.276.213)	(84.832.529)
	1.776.562	**921.965**

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

	31 December 2010	31 December 2009
Receivables from construction contracts (Note 26)	1.785.892	1.292.948
Allowance for projects in loss (Note 26)	(1.528)	(12.485)
Progress payments of construction contracts (Note 26)	(7.802)	(358.498)
	1.776.562	**921.965**

In this scope, as of 31 December 2010; the amount of the guarantees given for the progress payment is TL 6.459.151 and the amount of the advance received is TL 1.161.922 (31 December 2009: TL 7.470.564 and TL 100.670).

(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 2010	31 December 2009
OAO FormMat	9.753.329	9.453.780
Solvay Şişecam Holding AG	120.283.057	124.302.270
	130.036.386	**133.756.050**

The summary of the financial statements of associates is as follows

	OAO FormMat		Solvay Şişecam Holding AG	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Total assets	2.854.628	2.937.468	740.451.189	740.188.364
Total liabilities	(1.490.295)	(1.839.919)	(259.318.961)	(242.979.293)
Net Assets	**1.364.333**	**1.097.549**	**481.132.228**	**497.209.071**
Group share (%)				
- Direct and indirect ownership ratio (%)	48,46	48,46	25,00	25,00
- Effective ownership ratio (%)	19,55	19,59	20,52	20,52
Group share in net assets	**661.156**	**531.872**	**120.283.057**	**124.302.270**
Goodwill on associates	**9.092.173**	**8.921.908**	**-**	**-**
	9.753.329	**9.453.780**	**120.283.057**	**124.302.270**

Movements of the associates during the period are as below:

	2010	2009
January 1	133.756.050	135.764.743
Profit/(loss) for the period (net)	6.555.855	744.738
Dividend income from associates	(4.091.297)	(3.637.365)
Currency translation differences	(6.184.222)	883.934
31 December	**130.036.386**	**133.756.050**

17. Investment Property

None.

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

18. Property, Plant and Equipment

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	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.)

18. Property, Plant and Equipment

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
1 January 2009	**77.501.896**	**201.788.124**	**1.214.497.007**	**5.365.795.369**	**54.464.722**	**244.166.786**	**231.270.202**	**304.534.202**	**7.694.018.308**
Reclassifications	316.532	2.913.209	(2.104.902)	5.804.243	33.985	(6.963.067)	(225.951)	225.951	**-**
Currency translation differences	123.255	40.830	(6.150.382)	(12.899.778)	(19.685)	(352.632)	(9.208)	(4.017.866)	**(23.285.466)**
Additions	278.258	3.484.630	3.754.150	135.505.927	755.697	13.719.843	21.075.411	234.255.830	**412.829.746**
Disposals	(4.791)	(2.247.396)	(3.786.033)	(79.360.076)	(2.291.667)	(20.496.776)	(15.770.004)	(21.334.947)	**(145.291.690)**
Transfers from construction in progress	373	6.754.593	124.515.517	212.673.528	841.143	4.061.612	11.058.058	(359.904.824)	**-**
31 December 2009	**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**
Accumulated depreciation									
1 January 2009	**-**	**(94.468.288)**	**(311.461.206)**	**(3.416.781.279)**	**(30.806.686)**	**(180.427.140)**	**(161.995.960)**	**-**	**(4.195.940.559)**
Reclassifications	-	(80.728)	(1.066.846)	(247.475)	3.057	1.391.992	-	-	**-**
Currency translation differences	-	(4.293)	1.603.243	5.641.543	91.371	105.314	727	-	**7.437.905**
Charge for the period	-	(2.625.404)	(33.097.667)	(340.770.141)	(6.151.423)	(19.633.309)	(36.339.761)	-	**(438.617.705)**
Disposals	-	1.630.638	572.688	61.761.246	2.124.284	18.715.024	13.178.733	-	**97.982.613**
31 December 2009	**-**	**(95.548.075)**	**(343.449.788)**	**(3.690.396.106)**	**(34.739.397)**	**(179.848.119)**	**(185.156.261)**	**-**	**(4.529.137.746)**
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**
Net book value as of 31 December 2008	**77.501.896**	**107.319.836**	**903.035.801**	**1.949.014.090**	**23.658.036**	**63.739.646**	**69.274.242**	**304.534.202**	**3.498.077.749**

(*)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 2010	39.843.622	13.135.203	-	7.089.593	60.068.418
Currency translation differences	(9.624)	-		(65.833)	(75.457)
Acquisition of joint venture	-	-	-	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 amortization					
1 January2010	(22.520.985)	(2.584.427)	-	(3.017.338)	(28.122.750)
Currency translation differences	2.910	-	-	31.640	34.550
Acquisition of joint venture	-	-	-	(14.230)	(14.230)
Charge for the period (*)	(3.905.072)	(829.890)	(536.720)	(357.170)	(5.628.852)
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**

Cost	Rights	Mine fields	Development Expenses	Other Intangible Assets	Total
1 January 2009	26.774.426	13.135.203	**-**	7.025.752	46.935.381
Currency translation differences	(22.600)	-	-	5.515	(17.085)
Additions	13.702.238	-	-	1.589.569	15.291.807
Disposals	(610.442)	-	-	(1.531.243)	(2.141.685)
31 December 2009	**39.843.622**	**13.135.203**	**-**	**7.089.593**	**60.068.418**
Accumulated amortization					
1 January 2009	(20.103.391)	(1.737.096)	**-**	(3.339.902)	(25.180.389)
Currency translation differences	7.465	-	-	(304)	7.161
Charge for the period (*)	(3.012.373)	(847.331)	-	(615.436)	(4.475.140)
Disposals	587.314	-	-	938.304	1.525.618
31 December 2009	**(22.520.985)**	**(2.584.427)**	**-**	**(3.017.338)**	**(28.122.750)**
Net book value as of 31 December 2009	**17.322.637**	**10.550.776**	**-**	**4.072.255**	**31.945.668**
Net book value as of 31 December 2008	**6.671.035**	**11.398.107**	**-**	**3.685.850**	**21.754.992**

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

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

20. Goodwill

	2010	2009
1 January	19.366.878	19.447.575
Reclassifications (*)	(16.665.579)	-
Goodwill related to the business combination during the period (Note 3)	681.238	-
Currency translation differences	33.475	(80.697)
31 December	**3.416.012**	**19.366.878**

(*) The entire amount of goodwill which is calculated by TL 16.665.579 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 2010**	**31 December 2009**
Accrued expenses	17.170.207	7.434.488
Other provisions	2.140.730	1.723.187
	19.310.937	**9.157.675**

The Group is involved in a lawsuit as a defendant in which USD 21.158.667 (31 December 2009: USD 21.158.667) 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 2010 is approximately TL 37.321.862 (31 December 2009: TL 33.687.832).

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 2010 and 31 December 2009 are as follows:

	31 December 2010	**31 December 2009**
Letters of guarantees given	55.006.117	47.964.647
Promissory notes and securities given	47.387.804	12.927.866
Export commitments	34.461.116	245.969.022
Other	6.550.629	2.591.783
	143.405.666	**309.453.318**

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

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2010 and 31 December 2009 are as follows:

	31 December 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 majority shareholder	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**

	31 December 2009				
The CPMs given by the Company	**TL Amounts**	**USD**	**EUR**	**RUR**	**TL**
A. CPM's given in the name of its own legal personality	11.615.538	1.918.000	4.020.122	-	42.936
B. CPM's given on behalf of the fully consolidated companies	526.540.795	130.833.723	120.809.719	1.365.346.000	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	1.070.449.603	262.583.711	312.492.390	-	-
- i. Total amount of CPM's given on behalf of the majority shareholder	1.070.449.603	262.583.711	312.492.390	-	-
- 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	**1.608.605.936**	**395.335.434**	**437.322.231**	**1.365.346.000**	**635.234**

Percentage of CPM's offered by the Company to the Company's equities is 21,64% as of 31 December 2010 (28,84% as of 31 December 2009).

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 Sanayi A.Ş. on 25 December 2004. In accordance with the agreement, Trakya Cam Sanayi 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 Sanayi 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

Based on the agreement between Cheminvest S.P.A., other shareholder of Cromital S.P.A. and Soda Sanayii A.Ş. dated on 8 July 2005 and the additional protocol dated on 1 February 2008, Cheminvest S.p.A. has the option to sell to and buy from Soda Sanayii A.Ş for 50% Cromital S.P.A. shares, which are held by itself, between 1 July 2011 and 30 June 2012.

Investment commitments

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 30 months after May 2008. In November of 2010, OSB Board of Directors made an application for additional time extension. In case those obligations are not fulfilled, the land patent amount which has been paid will be returned to the Company according to a certain payment plan.

Other commitments

Pursuant to the agreement made between Camiş Elektrik Üretimi A.Ş. which is one of the Company’s subsidiaries and Botaş - Boru Hatları ile Petrol Taşıma A.Ş., there is an engagement for the purchase of 23.400.000 m^3 natural gas between 1 January 2011 and 31 December 2011. Besides, as required by the agreement, related to “Connection of A Type Station to Botaş Telecommunication and Scada System”, property of this system/equipment to be installed by the Company belongs to Botaş (31 December 2009: 21.600.000 m^3).

24. Employee Benefits

Short term

	31 December 2010	31 December 2009
Unused vacation provision	6.165.159	6.762.250

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 TL 2.517,01 for each period of service as of 31 December 2010 (31 December 2009: TL 2.365,16). The retirement pay provision ceiling is revised semi-annually, and TL 2.623,23 which is effective from 1 January 2011, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2009: TL 2.427,04).

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 IFRS 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 2010 and 2009, 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 5,10% and a discount rate of 10%, the real discount rate is approximately 4,66% (31 December 2009: 4,80%, 11% and 5,92% respectively). 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:

	2010	2009
1 January	148.595.290	144.294.534
Service costs	22.494.069	24.099.032
Actuarial Loss/(Gain)	11.832.199	2.006.826
Interest costs	9.489.081	9.161.406
Acquisition of joint venture	93.954	-
Payments made in the period	(21.347.664)	(30.970.033)
Currency translation differences	(31.461)	3.525
31 December	**171.125.468**	**148.595.290**

25. Pension Plans

None.

26. Other Assets and Liabilities

Other current assets	31 December 2010	31 December 2009
Order advances given for inventory	53.750.724	41.754.410
Carried forward VAT	29.479.091	19.518.691
Deductible VAT on exports	24.685.935	20.400.958
Prepaid expenses	6.474.134	5.200.511
Income accruals	5.211.943	30.520.896
Prepaid taxes and funds	3.958.558	9.627.612
Work advances	1.592.324	1.892.781
Receivables related to construction contracts (Note 15)	1.785.892	1.292.948
Other	5.566.932	82.548
	132.505.533	**130.291.355**

Other non-current assets		
Prepaid expenses	19.393.181	7.318.375
Advances given for tangible and intangible assets	19.744.608	24.411.782
	39.137.789	**31.730.157**

Other current liabilities	31 December 2010	31 December 2009
Deferred revenue	27.936.705	21.633.959
Taxes and funds payables	26.916.915	24.074.590
Social security premiums payable	12.631.833	10.965.923
VAT and other payables	3.659.086	5.829.408
Expense accruals	2.975.149	8.020.317
Liabilities related with unconsolidated joint ventures	1.811.333	-
Payables related to construction contracts (Note 15)	9.330	370.983
Other (*)	2.870.135	4.299.026
	78.810.486	**75.194.206**

(*) The Group has purchased 50% of shares of Rudnika Krecnjaka Vijenac D.O.O. Lukavac, with a purchase price of TL 4.112.628. The Group has paid TL 2.017.251 of the whole amount; remaining amount which is TL 2.095.377 will be paid in 2011.

Other non-current liabilities	31 December 2010	31 December 2009
Other liabilities	584.033	738.990
Liabilities related with unconsolidated joint ventures	-	1.494.661
	584.033	**2.233.651**

(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 IFRS, 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 114.400.000.000 shares issued on bearer with a nominal value of Kr 1 (Kr one) each.

	31 December 2010	31 December 2009
Registered capital ceiling	2.000.000.000	2.000.000.000
Approved and paid-in capital	1.144.000.000	1.100.000.000

	31 December 2010		31 December 2009	
Shareholders	**Amount TL**	**Share (%)**	**Amount TL**	**Share (%)**
T. İş Bankası A.Ş.	779.647.130	68,15	705.180.695	64,11
Efes Holding A.Ş.	43.945.178	3,84	42.254.979	3,84
Trakya Cam Sanayii A.Ş.	-	-	17.243.559	1,57
Çayırova Cam Sanayii A.Ş	-	-	19.020.109	1,73
Camiş Madencilik A.Ş.	-	-	7.784.190	0,71
Cam Elyaf Sanayi A.Ş.	-	-	426.453	0,03
Paşabahçe Cam Sanayi ve Ticaret A.Ş.	-	-	5.692	0,00
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	-	-	4	0,00
Anadolu Hayat Emeklilik A.Ş.	572.284	0,05	550.273	0,05
Other	319.835.408	27,96	307.534.046	27,96
Paid-in share capital	**1.144.000.000**	**100,00**	**1.100.000.000**	**100,00**
Adjustment to share capital	241.425.784		241.425.784	
Treasury shares (-)(*)	-		(44.480.006)	
Total share capital	**1.385.425.784**		**1.296.945.778**	

(*) 4,04% of company shares in group companies' portfolio have been sold to T. İş Bankası A.Ş. at 30 September 2010 in ISE Wholesale Market.

b) Revaluation Funds

Revaluation Funds	31 December 2010	31 December 2009
Financial assets valuation fund	135.001	2.992.734
Minority shares put option valuation fund	-	(4.564.310)
	135.001	**(1.571.576)**

Valuation fund on financial assets

Valuation 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 in the statutory tax 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.

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

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.

Restricted reserves attributable to equity holders of the Parent	**31 December 2010**	**31 December 2009**
Legal reserves	39.733.497	36.910.148

d) Retained Earnings
The Group's extraordinary reserves presented in the retained earnings that amount to TL 1.477.632.823 (31 December 2009: TL 1.388.302.863) is TL 288.044.150 (31 December 2009: TL 278.400.522).

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 2010	**31 December 2009**
Net distributable profit for period(*)	58.642.627	53.643.628
Extraordinary reserves	288.044.150	278.400.522
	346.686.777	**332.044.150**

(*) TL 3.578.175 of net distributable profit for the period, which will be allocated in special funds according to Corporate Tax Law No: 5520/5/1-e, is non-distributable.

e) Non-controlling interests
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 reducing from 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 2010**	**1 January - 31 December 2009**
Sales	4.467.350.211	3.898.826.640
Other income	6.193.166	5.210.312
Sales returns	(15.331.327)	(18.604.700)
Sales discount	(203.291.277)	(201.431.386)
Other sales discounts	(48.684.470)	(28.036.840)
	4.206.236.303	**3.655.964.026**

Cost of sales		
Direct materials	(1.315.394.686)	(1.171.519.838)
Direct labour	(232.231.002)	(198.384.814)
Production overheads	(811.116.387)	(685.223.250)
Depreciation and amortization	(399.972.495)	(388.095.689)
Change in work-in-progress inventories	727.684	3.129.877
Change in finished goods inventories	(2.582.584)	(154.498.171)
Cost of goods sold	**(2.760.569.470)**	**(2.594.591.885)**
Cost of merchandises sold	(172.457.477)	(134.432.264)
Cost of services given (*)	(24.228.644)	(18.806.695)
Other costs	(13.945.685)	(16.574.558)
	(2.971.201.276)	**(2.764.405.402)**

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January-31 December 2010 amounts to TL 2.103.218 (1 January-31 December 2009: TL 2.817.598).

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

	1 January - 31 December 2010	**1 January - 31 December 2009**
Marketing, selling and distribution expenses	(301.577.441)	(283.961.458)
General administrative expenses	(368.536.336)	(363.803.175)
Research and development expenses	(32.651.405)	(30.934.846)
	(702.765.182)	**(678.699.479)**

30. Operating Expenses by Nature

	1 January - 31 December 2010	**1 January - 31 December 2009**
Indirect material costs	(11.645.147)	(11.425.842)
Personnel expenses	(217.995.306)	(220.438.280)
Outsourced services	(201.855.878)	(165.216.243)
Miscellaneous expenses	(223.110.829)	(229.439.556)
Depreciation and amortization	(48.158.022)	(52.179.558)
	(702.765.182)	**(678.699.479)**

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

31. Other Operating Income / (Expenses)

Other operating income	1 January - 31 December 2010	1 January - 31 December 2009
Profit on sales of tangible assets	61.924.563	32.902.680
Raw materials sales income	6.440.286	5.210.520
Provisions released	4.307.873	7.022.313
Insurance claims	3.617.252	1.650.936
Precious metal sales income	799.992	9.414.262
Commission income	245.854	456.231
Other	20.483.960	2.700.564
	97.819.780	**59.357.506**

Other operating expenses	1 January - 31 December 2010	1 January - 31 December 2009
Provision expenses	(13.789.734)	(3.965.136)
Loss on sales of tangible assets	(10.339.191)	(6.102.015)
Raw material sales loss	(2.747.316)	(2.704.521)
Commission expenses	(2.400.991)	(288.275)
Other	(34.937.199)	(13.509.011)
	(64.214.431)	**(26.568.958)**

32. Financial Income

	1 January - 31 December 2010	1 January - 31 December 2009
Foreign exchange gains	624.663.929	373.110.031
Interest income	45.224.852	52.166.459
Subsidiary and available for sale financial investments sales income	4.246.329	2.471
Dividend income	2.129.309	775.114
Credit finance income	1.498.484	12.023.883
	677.762.903	**438.077.958**

33. Financial Expenses

	1 January - 31 December 2010	1 January - 31 December 2009
Foreign exchange losses	(568.319.683)	(397.615.081)
Interest expenses	(94.259.852)	(126.270.102)
Credit finance expense	(1.984.579)	(5.976.891)
Loss on sale of marketable securities	(28.979)	(2.627)
	(664.593.093)	**(529.864.701)**

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 2010	31 December 2009
Deferred tax assets	43.218.182	35.917.739
Deferred tax liabilities (-)	(89.010.901)	(101.438.813)
Deferred tax liabilities (net)	**(45.792.719)**	**(65.521.074)**

Temporary Differences		
Useful life and valuation differences on tangible and intangible assets	639.184.998	744.555.103
Employment termination benefits	(171.031.514)	(148.205.330)
Carry forward tax losses	(166.904.900)	(193.549.244)
Investment allowance utilized during the year	(49.999.454)	(40.072.205)
Revaluation of the inventories	(12.604.319)	(37.563.899)
Other	(24.076.810)	4.190.568
	214.568.001	**329.354.993**

Deferred Tax Assets and Liabilities		
Useful life and valuation differences on tangible and intangible assets	(125.478.058)	(145.770.074)
Provision for employment termination benefits	34.141.894	29.618.937
Carry forward tax losses (*)	32.067.583	37.751.418
Investment allowance utilized during the year	4.871.567	8.014.441
Revaluation of the inventories	2.362.868	7.370.168
Other	6.241.427	(2.505.964)
	(45.792.719)	**(65.521.074)**

Movements of deferred tax assets and liabilities are as follows:

	2010	2009
1 January	(65.521.074)	(95.685.434)
Charged to the income statement	18.987.278	30.993.558
Charged to the equity	741.077	(829.198)
31 December	**(45.792.719)**	**(65.521.074)**

(*) Carry forward tax losses which are not considered in the deferred tax calculation amounts to TL 16.264.589 as of 31 December 2010 (2009: TL 24.695.631). The expiration schedule of carry forward tax losses is as follows:

Year	2010
2013	11.342.365
2014	4.922.224
	16.264.589

(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 exempted from tax, non taxable revenues and other discounts (if any previous year losses, if preferred investment allowances and also R&D centre incentive) are deducted.

In Turkey, corporate tax rate applied in 2010 is 20% (2009: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2010 is as follows:

Country	Tax rate
Bosnia Herzegovina	10, 0
Bulgaria	10, 0
Georgia	15, 0
Russia	20, 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 (2009: %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.

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

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. With Law No. 6009, investment incentive is limited to 25% of the amount of related period the earnings. Also 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.

	31 December 2010	31 December 2009
Current tax provision	120.274.381	66.542.026
Prepaid taxes and funds (-)	(87.539.983)	(46.899.504)
Tax provision in the balance sheet	**32.734.398**	**19.642.522**

	1 January - 31 December 2010	1 January - 31 December 2009
Current tax expense	(120.274.381)	(66.542.026)
Deferred tax income	18.987.278	30.993.558
Tax provision in the income statement	**(101.287.103)**	**(35.548.468)**

Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	585.600.859	154.605.688
Effective tax rate	%20	%20
Calculated tax	**(117.120.172)**	**(30.921.138)**
Tax reconciliation		
- Consolidation adjustments	(40.246.501)	(20.392.310)
- Non-deductible expenses	(12.228.876)	(14.828.769)
- Carry forward tax losses	(5.923.990)	139.476
- Profit share of investments accounted through equity method	(1.311.171)	(148.948)
- Dividends and other non-taxable income	62.287.593	22.894.506
- Foreign subsidiaries subject to different tax rates	11.126.860	(305.726)
- Investment incentives	2.129.154	8.014.441
Tax provision in the statement of income	**(101.287.103)**	**(35.548.468)**

36. Earnings per Share

Earnings per share	**1 January - 31 December 2010**	**1 January - 31 December 2009**
Average number of shares existing during the period (total value)	1.144.000.000	1.144.000.000
Net profit for the period attributable to equity holders of the parent	411.786.142	111.808.768
Earnings per share	**0,3600**	**0,0977**
Total comprehensive income attributable to equity holders of the parent	406.381.156	109.245.325
Earnings per share obtained from total comprehensive income	**0,3552**	**0,0955**

(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 2010	31 December 2009
Deposits at T. İş Bankası A.Ş.		
- Demand deposit	31.978.945	24.060.124
- Time deposits	1.074.755.621	884.230.963
	1.106.734.566	**908.291.087**
Deposits at İşbank GmbH		
- Demand deposit	11.317.081	7.435.591
- Time deposits	159.748.442	114.267.566
	171.065.523	**121.703.157**
	1.277.800.089	**1.029.994.244**

Borrowings received from related parties		
T. İş Bankası A.Ş.	271.951.722	432.373.481
T. Sınai ve Kalkınma Bankası A.Ş.	13.875.159	15.264.447
	285.826.881	**447.637.928**

Due from related parties		
Cromital S.P.A.	10.382.097	5.664.242
Sudel Invest S.A.R.L.	10.046.608	3.860
Saint Gobain Glass Egypt S.A.E	6.176.581	-
Sintan Kimya San. ve Tic. A.Ş.	1.722.331	337.617
Paşabahçe Yatırım ve Pazarlama A.Ş.	1.562.095	1.515.506
İş Merkezleri Yönetim ve İşletim A.Ş.	942.539	1.042.194
Solvay Şişecam Holding AG	849.623	-
Rudnika Krecnjaka Vijenac D.O.O. Lukavac	544.172	-
Şişecam Shangai Trade Co. Ltd.	514.045	1.279.844
Oxyvit Kimya San. Ve Tic.A.Ş.	429.294	-
T. İş Bankası A.Ş.	396.884	332.884
OOO Form Mat	366.753	561.419
Balkum Ltd.	320.661	-
Bayek Tedavi Sağlık Hizmetleri ve İşlet.A.Ş.	262.758	-
Paşabahçe USA Inc.	169.915	681.818
Paşabahçe Spain SL	140.203	503.338
Paşabahçe Glass GmbH	90.173	95.067
Omco İstanbul Kalıp San.A.Ş.	89.115	-
Omco International N.V.	34.595	126.185
Mepa Merkezi Pazarlama A.Ş.	31.723	20.828
İş Net Elektronik Bilgi Üretim Dağ.Tic. ve İlet.Hizmetleri A.Ş.	18.611	-
Yatırım Finansman Menkul Değerler A.Ş.	7.975	10.916
Paşabahçe Mağazaları B.V.	6.231	4.007.170
Camiş Menkul Değerler A.Ş.	5.369	14.843
Anadolu Anonim Türk Sigorta A.Ş.	4.466	16.750
Paşabahçe Mağazaları EOOD	-	384.329
OOO Paşabahçe Mağazaları	-	164.649
Other	2.544	-
	35.117.361	**16.763.459**

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

Due to related parties	31 December 2010	31 December 2009
Anadolu Anonim Türk Sigorta A.Ş. (*)	3.274.976	3.508.248
Solvay Şişecam Holding AG	2.614.570	4.005.527
Omco İstanbul Kalıp San.A.Ş.	1.994.587	-
Oxyvit Kimya San. Ve Tic. A.Ş.	1.679.651	-
Sudel Invest S.A.R.L (**)	1.491.058	19.212.102
Fabrika Cementa Lukavac D.D.	541.132	-
Paşabahçe Glass GmbH	253.806	386.923
Balkum Ltd.	189.489	-
Paşabahçe USA Inc	137.361	192.406
İstanbul Porselen Sanayi A.Ş.	129.355	2.902.181
Paşabahçe Spain SL	116.804	431.798
Avea İletişim Hizmetleri A.Ş.	41.001	88.152
Denizli Cam San. Vakfı	31.736	78.019
İş Merkezleri Yönetim ve İşletim A.Ş.	29.299	51.050
OOO Paşabahçe Mağazaları	-	104.827
Mosimmobillia	-	92.571
Other	750.521	834.204
	13.275.346	**31.888.008**

(*) Related with the agency activities of Şişecam Sigorta Hizmetleri A.Ş.
(**) Capital advance given to Balsand B.V

Transactions with related parties:

Interest income from related parties	1 January - 31 December 2010	1 January - 31 December 2009
T. İş Bankası A.Ş. ve İşbank GmbH	18.668.616	19.268.087
Paşabahçe Mağazaları B.V.	168.442	181.245
Paşabahçe USA Inc.	51.998	-
Paşabahçe Spain SL	46.537	21.010
Sintan Kimya San. ve Tic. A.Ş.	34.666	161
Oxyvit Kimya San. ve Tic. A.Ş.	26.032	1.548
Paşabahçe Yatırım ve Pazarlama A.Ş.	9.468	147.044
Mepa Merkezi Pazarlama A.Ş.	1.792	2.319
Other	-	521
	19.007.551	**19.621.935**

Interest expenses to related parties		
T. İş Bankası A.Ş. ve İşbank GmbH	4.158.333	6.927.587
IFC	1.224.299	-
T. Sınai ve Kalkınma Bankası A.Ş.	749.430	421.661
İstanbul Porselen Sanayi A.Ş.	121.109	371.772
Paşabahçe USA Inc.	53.767	-
Paşabahçe Spain SL	33.699	2.072
Omco İstanbul Kalıp San.A.Ş.	20.109	38.092
Oxyvit Kimya San. ve Tic. A.Ş.	4.535	13.287
	6.365.281	**7.774.471**

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

Other income from related parties	1 January - 31 December 2010	1 January - 31 December 2009
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	42.911.121	22.533.190
Cromital S.P.A.	26.865.546	17.492.124
İş Merkezleri Yönetim ve İşletim A.Ş.	9.327.974	9.712.471
Solvay Şişecam Holding AG	2.490.046	-
Anadolu Anonim Türk Sigorta Şirketi	7.591.738	5.916.907
Bayek Tedavi Sağlık Hiz.ve İşlet. A.Ş.	1.498.692	-
Oxyvit Kimya San. ve Tic. A.Ş.	902.455	711.184
Omco İstanbul Kalıp San.A.Ş.	294.971	292.551
Sintan Kimya Sanayi ve Tic. A.Ş.	677.106	281.095
Avea İletişim Hizmetleri A.Ş.	66.507	-
Paşabahçe Mağazaları BV	25.717	34.382
Other	656.866	972.680
	93.308.739	**57.946.584**

Other expenses to related parties		
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	11.853.191	10.488.253
Anadolu Anonim Türk Sigorta Şirketi	1.761.035	1.250.147
Anadolu Hayat Emeklilik Sigorta A.Ş.	119.824	120.348
T. İş Bankası A.Ş. ve İşbank GmbH	681.842	525.350
T. İş Bankası Mens. Munz. Yard. Vakfı	822.428	767.996
İş Merkezleri Yönetim ve İşletim A.Ş.	5.293.054	3.213.554
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	132.313	96.562
Kültür Yayınları İş-Türk Ltd. Şti.	29.045	26.620
Avea İletişim Hizmetleri A.Ş.	1.791	2.524
Camiş Menkul Değerler A.Ş.	86.746	201.800
Şişecam Shangai Trade Co. Ltd.	902.511	871.367
Solvay Şişecam Holding AG	71.684.393	69.401.678
Omco İstanbul Kalıp San.A.Ş.	15.947.106	14.349.081
Oxyvit Kimya San. ve Tic. A.Ş.	231.604	168.478
Balkum Ltd.	2.533.252	1.554.826
OAO Form Mat	-	1.139.147
Other	1.532.707	34.066
	113.612.842	**104.211.797**

Key management compensation		
- Parent (Holding)	8.075.912	7.781.798
- Consolidated entities	15.687.942	13.591.337
	23.763.854	**21.373.135**

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 2010 and 31 December 2009, the Group's net debt / total equity ratios are as follows:

	31 December 2010	31 December 2009
Financial liabilities and trade payables	2.163.383.828	2.552.474.523
Less: Cash and cash equivalents	(1.471.875.644)	(1.333.387.047)
Net debt	**691.508.184**	**1.219.087.476**
Total equity	**4.146.782.728**	**3.710.916.594**
Net debt / total equity ratio	**%17**	**%33**

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.)

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.)

Credit risks exposed through types of financial instruments	Receivables				
	Trade Receivables		Other Receivables		
31 December 2009	**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)	**-**	**646.058.972**	**16.763.459**	**9.971.008**	**1.332.999.089**
- The part of maximum risk under guarantee with collaterals, etc.	-	(246.673.736)	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	-	470.488.992	16.763.459	9.971.008	1.332.999.089
- The part under guarantee with collaterals, etc.	-	(205.886.817)	-	-	-
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	-	175.357.470	-	-	-
- The part under guarantee with collaterals, etc.	-	(40.769.412)	-	-	-
D. Net book value of impaired assets	-	212.510	-	-	-
- Past due (gross carrying amount)	-	11.854.167	-	3.933.977	-
- Impairment (-)	-	(11.641.657)	-	(3.933.977)	-
- The part under guarantee with collaterals, etc.	-	(17.507)	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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

Guarantees received from the customers are as follows

	31 December 2010	31 December 2009
Letters of guarantee	228.197.920	174.069.169
Security cheques and bonds	17.259.804	14.651.540
Mortgages	17.721.185	11.961.253
Cash	4.608.616	1.968.364
Other	44.160.668	44.023.410
	311.948.193	**246.673.736**

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

	31 December 2010	31 December 2009
1-30 days overdue	74.088.257	86.148.901
1-3 months overdue	25.867.348	67.090.342
3-12 months overdue	16.144.290	19.518.832
1-5 years overdue	1.763.407	2.599.395
Total overdue receivables	**117.863.302**	**175.357.470**
The part secured with guarantee, etc.	**34.278.013**	**40.769.412**

(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 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**

	31 December 2009					
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	2.319.104.890	2.566.374.714	247.074.417	614.281.020	1.622.205.385	82.813.892
Trade payables	233.369.633	234.508.583	216.592.192	17.896.564	19.827	-
Due to related parties	31.888.008	31.888.008	31.888.008	-	-	-
Other financial liabilities	30.154.566	30.154.566	29.992.886	-	161.680	-
Total liabilities	**2.614.517.097**	**2.862.925.871**	**525.547.503**	**632.177.584**	**1.622.386.892**	**82.813.892**

(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.)

		31 December 2010				31 December 2009			
		TL Equivalent	USD	EUR	Others	TL Equivalent	USD	EUR	Others
1.	Trade receivables	241.872.742	75.838.855	49.194.410	23.821.607	229.940.199	68.279.921	48.820.260	21.664.715
2a.	Monetary financial assets(cash and banks account included)	1.397.568.846	605.779.709	223.328.125	3.411.754	1.328.801.135	616.635.837	183.846.400	3.169.176
2b.	Non monetary financial assets	-	-	-	-	1.518.580	1.008.554	-	-
3.	Other	24.393.102	625.340	11.362.555	143.316	4.041.929	2.677.421	4.877	-
4.	**Current assets (1 + 2 + 3)**	**1.663.834.690**	**682.243.904**	**283.885.090**	**27.376.677**	**1.564.301.843**	**688.601.733**	**232.671.537**	**24.833.891**
5.	Trade receivables	-	-	-		-	-	-	-
6a.	Monetary financial assets	-	-	-	-	-	-	-	-
6b.	Non monetary financial assets	-	-	-	-	-	-	-	-
7.	Other	31.756	20.541	-	-	33.548	22.281	-	-
8.	**Noncurrent assets (5 + 6 + 7)**	**31.756**	**20.541**	**-**	**-**	**33.548**	**22.281**	**-**	**-**
9.	**Total assets (4 + 8)**	**1.663.866.446**	**682.264.445**	**283.885.090**	**27.376.677**	**1.564.335.391**	**688.624.014**	**232.671.537**	**24.833.891**
10.	Trade payables	15.724.151	3.708.007	4.016.747	1.760.856	20.159.819	3.820.308	6.117.192	1.192.611
11.	Financial liabilities	371.219.070	97.579.820	107.540.221	-	360.976.459	85.602.721	107.431.493	189
12a	Other monetary liabilities	8.554.376	2.114.820	2.404.232	358.354	6.255.401	1.396.419	1.694.393	492.415
12b.	Other non monetary liabilities	-	-	-	-	-	-	-	-
13.	**Current liabilities (10 + 11 + 12)**	**395.497.597**	**103.402.647**	**113.961.200**	**2.119.210**	**387.391.679**	**90.819.448**	**115.243.078**	**1.685.215**
14.	Trade payables	-	-	-	-	-	-	-	-
15.	Financial liabilities	1.111.978.075	356.253.437	273.881.344	-	1.424.281.649	463.348.329	336.350.540	-
16a.	Other monetary liabilities	-	-	-	-	-	-	-	-
16b.	Other non monetary liabilities	-	-	-	-	-	-	-	-
17.	**Non-current liabilities (14 + 15 + 16)**	**1.111.978.075**	**356.253.437**	**273.881.344**	**-**	**1.424.281.649**	**463.348.329**	**336.350.540**	**-**
18.	**Total liabilities (13 + 17)**	**1.507.475.672**	**459.656.084**	**387.842.544**	**2.119.210**	**1.811.673.328**	**554.167.777**	**451.593.618**	**1.685.215**
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)**	**156.390.774**	**222.608.361**	**(103.957.454)**	**25.257.467**	**(247.337.937)**	**134.456.237**	**(218.922.081)**	**23.148.676**
21.	**Net foreign currency asset/(liability) position of monetary items (= 1 + 2a + 5 + 6a - 10 - 11 - 12a - 14 - 15 - 16a)**	**131.965.916**	**221.962.480**	**(115.320.009)**	**25.114.151**	**(252.931.994)**	**130.747.981**	**(218.926.958)**	**23.148.676**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-		-	-	-	
23.	Export	1.194.000.925	419.449.874	227.185.873	113.453.774	1.163.563.814	341.838.246	242.397.164	113.840.036
24.	Import	413.110.195	110.829.224	122.041.287	4.285.113	345.233.861	78.509.053	101.142.462	6.345.994

(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 2010			
	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	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)**

	31 December 2009			
	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	16.196.061	(16.196.061)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1 + 2)	**16.196.061**	**(16.196.061)**	**-**	**-**
Change of EUR against TL by 10%				
4 - EUR net assets/liabilities	(37.834.990)	37.834.990	92.108.698	(92.108.698)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4 + 5)	**(37.834.990)**	**37.834.990**	**92.108.698**	**(92.108.698)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets/liabilities	(69)	69	25.159.007	(25.159.007)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**(69)**	**69**	**25.159.007**	**(25.159.007)**
Total (3 + 6 + 9)	**(21.638.998)**	**21.638.998**	**117.267.705**	**(117.267.705)**

(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 1% and 0,5% respectively with the assumption of keeping all other variables constant, the effect on net profit/(loss) for the period before taxation and non-controlling interests would decrease/increase by TL 4.265.173 as of 31 December 2010. (31 December 2009: TL 4.884.946)

Interest rate sensitivity

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

	31 December 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

	31 December 2009			
	Floating interest	**Fixed Interest**	**Non-interest bearing**	**Total**
Financial assets	**-**	**1.990.789.594**	**197.388.409**	**2.188.178.003**
Cash and cash equivalents	-	1.316.477.575	88.306.141	1.404.783.716
Available for sale financial assets	-	-	109.082.268	109.082.268
Held to maturity financial assets	-	1.518.580	-	1.518.580
Trade receivables	-	646.058.972	-	646.058.972
Due from related parties	-	16.763.459	-	16.763.459
Other receivables	-	9.971.008	-	9.971.008
			-	
Financial liabilities	**1.897.758.575**	**704.591.493**	**12.167.029**	**2.614.517.097**
Bank borrowings	1.897.758.575	409.179.286	12.167.029	2.319.104.890
Trade payables	-	233.369.633	-	233.369.633
Due to related parties	-	31.888.008	-	31.888.008
Other payables	-	30.154.566	-	30.154.566

(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 2010 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 TL 29.711 (2009: TL 500.236 of increase/decrease). This change is resulted from the fair value change of equity share investments classified as available for sale.

The 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 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

31 December 2009	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	1.333.387.047	-	-	1.333.387.047	6
Trade receivables	-	646.058.972	-	646.058.972	10
Due from related parties	-	16.763.459	-	16.763.459	37
Financial investments	72.915.249	-	109.082.268	181.997.517	7
Financial liabilities					
Financial liabilities	2.319.104.890	-	-	2.319.104.890	8
Trade payables	233.369.633	-	-	233.369.633	10
Due to related parties	31.888.008	-	-	31.888.008	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 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**

		31 December 2009		
Financial assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	109.082.268	6.252.949	-	102.829.319
Financial assets held to maturity	72.915.249	-	1.518.580	71.396.669
Total	**181.997.517**	**6.252.949**	**1.518.580**	**174.225.988**

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

The group has paid its capital commitment to the Dost Gaz Depolama AŞ, which was established on 28 December 2010 for natural gas storage, on 19 January 2011.

The Group's feasibility studies are going on regarding; the introduction of the 4th furnace with a production capacity of 120 thousand tons that will contribute to the existing capacity of the existing three furnaces with a total production capacity of 360 thousand located in Yenişehir and the relocation of the production plant, currently located in İstanbul Topkapı with a production capacity of 180 thousand tons to Eskişehir Organize Sanayi Bölgesi and simultaneously increasing the existing capacity to 300 thousand tons.

Upon the approval of Ukraine Competition Board and other official entities, the Group has acquired all the shares of Merefa Glass Company, which operates in Ukraine with 85.000 tons/year net production capacity, with a purchase price of EURO 32 million and the transfer process was completed at 25 February 2011.

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 2010 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, Ibrahim Babayiğit, and the Holding Accounting Manager, Mükremin Şimşek and approved for the public announcement by the Board of Directors on 25 March 2011.

:

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Distribution of 2010 Profit

Dear Shareholders,

Our Company has ended the year 2010 fiscal period with a profit of TL 411.786.142.

We hereby present the following details:

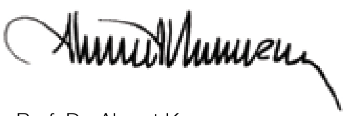
Our net consolidated profit of TL 411.786.142 for the year 2010, as recorded in our 2010 consolidated balance sheet, prepared in compliance with the Communiqué Serial: XI, No 29 "Financial Reporting Standards in Capital Markets" by the Capital Market Board (CMB) shall be segregated as follows according to Article 29 of our Articles of Association and to the CMB regulations on profit distribution:

1.	Profit for the Period (Excluding Non-controlling Interests)	513.073.245
2.	Taxes Payable	(101.287.103)
3.	**Net Profit for the Period**	**411.786.142**
4.	First Legal Reserves	(3.086.454)
5.	**Net Distributable Profit for the Period**	**408.699.688**
6.	Donations Made During the Fiscal Year	668.831
7.	**Net Distributable Profit for the First Dividends Including Donations**	**409.368.519**
8.	**First Dividend to Shareholders**	**(45.760.000)**
9.	**Extraordinary Reserves**	**362.939.688**

The gross dividend of TL 45.760.000, which equal to 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. 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 2011.

The abovementioned details are presented for your attention and approval.

Sincerely yours,



Prof. Dr. Ahmet Kırman
Chairman - Managing Director

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Report of the Auditing Board for 2010

To the General 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 1.144.000.000.
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 (27.04.2010-15.04.2011) Yunus Çoban (27.04.2010-27.12.2010) Volkan Kublay (27.12.2010-15.04.2011) 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 26 February 2010, 24 September 2010 and 30 December 2010, 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 2010 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 26 February 2010, 26 March 2010, 30 April 2010, 28 May 2010, 25 June 2010, 30 July 2010, 27 August 2010, 24 September 2010, 27 October 2010, 26 November 2010, 30 December 2010 and 28 January 2011, 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 2010-31 December 2010 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 2010, 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 2010-31 December 2010 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

Volkan Kublay **Velda Lafcıoğlu**

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles

This report articulates, in the framework of the regulations, decisions and principles exacted by Capital Markets Board (CMB) Legislation, Company Articles of Association (AoA) and CMB Corporate Governance Principles, 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 2010, 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 available in Turkish and English on the website www.sisecam.com. Activities that have commenced regarding risk management have been continued in this period. The details of the relevant work done in this respect are presented in the report.

SECTION I - Shareholders

2. Shareholder Relations Unit

According to articles and regulations of Turkish Commercial Law, Capital Markets Legislation and the Şişecam's Articles of Association (AoA), all responsibilities regarding the facilitation of the use of rights for shareholders, has been carried out faultlessly by our "Shareholder Relations Unit", established according to the CMB Corporate Governance Principles framework.

Main activities during the period are as follows;

a) The replies to shareholders regarding their oral and written enquiries about the company, except for non-public material that are confidential,
b) The realization of the annual general meeting of shareholders (AGM) according to legislation in force, AoA and other in-house regulations,
c) The preparation of documents for the utilization of shareholders during the general meeting,
d) Preparing a record of voting results and sending of a report of voting results to the shareholders,
e) Compliance to all matters regarding public access to information including regulations and the firms policy on information access,
f) Keeping a healthy, secure and up-to-date records of shareholders.

All enquiries by shareholders have been taken care of in the framework of in force legislation, and communication has been carried out by letter, e-mail, telephone and newspapers in accordance with legislation in force, AoA and other in-house regulations.

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	Controlling and Accounting Director	0212 350 39 95	aakman@sisecam.com
Aytaç Mutlugüller	Treasury and Procurement Director	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

3. Shareholders Exercise of Rights of Access to Information

According to present regulations, all information regarding the extension of access to information of shareholders, published in national daily newspapers and all special announcements have been also posted on the website. Interviews given to the media by Prof. Ahmet Kırman, the company's Chairman and Managing Director, are made available to stakeholders and shareholders under the "Investor Relations" section at the corporate website accessible at www.sisecam.com.

During the present period, all queries that were received orally, by e-mail and phone concentrated on the financial statements that were publicly announced and these queries have been immediately handled by the relevant personnel in line with the legal regulations. Apart from that, regarding the extension of the right to information of the shareholders, a section on "Investor Relations" is available on the website www.sisecam.com in Turkish and English.

The request of non-controlling shareholders from the AGM for a special auditor is regulated by legislation. Those shareholders with a minimum of 10% capital share stock can ask the AGM to appoint a special auditor to look into matters stipulated by law.

No article exists in the AoA regarding the appointment of a special auditor and no such request has been submitted during this period.

4. Information on the AGM

The AGM for 2009 was held on the 27 April 2010, with a quorum of 72,57%. Stakeholders as well as the press attended the meeting. Calls and announcements regarding the AGM included;

- The agenda, place, date, time, proxy voting form,
- The information that the reports of the Board of Directors and of the Board of Auditors, Independent Auditor's Report, as well as the balance sheet, income statement and the Board of Directors proposal for distribution of net profit will be made available at the company's head office and website accessible at www.sisecam.com for the perusal of shareholders 15 days before the AGM,
- The information that shareholders who will be unable to attend the meeting in person should have proxy statements drawn up in accord with the proxy form specimen or to obtain the proxy form specimen from the company's head office or access the same from the company's website at www.sisecam.com.tr, and that they need to submit their notarized proxy forms upon due fulfillment of other considerations set forth in the CMB Communiqué Serial: IV: 8,
- The information that from amongst our shareholders those whose shares are held in custody in investor accounts by Intermediary Agents before the Central Registry Agency (CRA) and who wish to participate in the AGM need to act within the frame of the provisions that are set out in the "General Assembly Transactions" procedures regarding Central Registry System (CRS) Business and IT Implementation Rules and Guidelines accessible at the CRA website (http://www.mkk.com.tr/wps/wcm/connect/e684d01c-974a-4ae5-a7 df-8a41440cb2b1/is+ve+bilisim+uygulama+ilke+ve+kurallar%C4% B1.pdf?MOD=AJPERES) and to have their names entered into the General Assembly Blockage List. Shareholders who fail to have their names entered into the "Blockage List" of CRA may not participate in the meeting as per the law.
- The information that, as stated in the CRA's General Letter no. 294, rightful investors may not, pursuant to Provisional Article 6 of the Capital Market Law, participate in AGMs and exercise their shareholding rights unless and until they have their share certificates registered. Applications of our shareholders who have not yet performed registry of their share certificates for participation in the AGM will be taken into consideration only after registry of their share certificates. Shareholders who possess physical share certificates need to apply to Camiş Menkul Değerler A.Ş. that performs registry on behalf of our company in order to have their share certificates registered.

Right to ask questions by shareholders have been practiced and duly answered by company officers. No motion has been forwarded by shareholders during the AGM.

Significant sale/purchase, leasing of assets, dissolution and other such important decisions need to be taken by the AGM. Nevertheless, because no such need has come up to date, there was no need also to put a relevant clause in the AoA.

To increase attendance at the AGM, the calls have been published in the Turkish Commercial Gazette, two national dailies and the website of the company. The time for convening of the AGM is chosen especially to facilitate access regarding traffic intensity and other external factors and taken care of to hold AGMs at times of the day during which traffic is rather slow.

5. Voting Rights and Non-controlling Rights

No privileges exist regarding voting rights and mutual participating companies cannot vote in the AGM.

According to the AoA, one share one vote principle is valid.

Shareholders exercise their votes either personally or via other shareholders or non-shareholder third persons.

Each shareholder can be represented by one person in the AGM. In the case that corporate shareholders be represented by more than one person, only one of those can vote. The authorization to vote must be declared on the authorization document. Non-controlling shares are not represented in the management. No record exists in the AoA regarding aggregate voting which is not compulsory for the company.

6. Dividend Distribution Policy and Time

In the AoA, the principle of first dividend distribution according to the ratios and amounts determined by the Capital Markets Board is accepted.

The dividend distribution suggestions brought to the attention of the AGM by the Board of Directors (BoD) take into consideration,
a) The sensitive balance between the growth of the Company and the expectations of the shareholders
b) The profitability of the Company

Observing the principle resolutions of the CMB and the abovementioned considerations, the BoD has accepted a dividend policy based on proposing to the AGM the distribution of dividends in cash and/or in the form of bonus shares corresponding at least to the minimum level of the distributable profit as set by the CMB.

There are no privileged shares regarding the distribution of dividends.

There is no practice of dividend distribution to founder shares, to the members of the BoD or employees stated in the AoA.

The company gives utmost care to pay out the dividends within due time as prescribed by the laws. Accordingly, distribution of share profit is finalized until the end of the 5th or 6th month following the fiscal year, if it has been resolved to distribute the dividends entirely in cash, or as bonus shares, respectively.

No reference to advance dividend payments exists in the AoA.

7. Transfer of Shares

There are no clauses in the company AoA restricting the transfer of shares.

SECTION II - Informing the Public and Transparency

8. Company Policy on Disclosure of Information

Under CMB communique VIII: 54 “Principles concerning the public disclosure of special circumstances” published in issue 27133 of Resmi Gazete on 6 February 2009, business partnerships whose shares are traded, are required to formulate an “information policy” concerning the public disclosure of information and to publicly announce this policy on the firm’s website.

Developed within this frame and approved at the BoD meeting number 14 held on 27 April 2009, the “Information Policy” has been publicly disclosed under the “Investor Relations” section of the corporate website accessible at www.sisecam.com.

Currently, İbrahim Babayiğit (Chief Financial Officer), Asuman Akman (Director, Controlling and Accounting), Mükremin Şimşek (Central Accounting Manager) and Necat Koç (Central Accounting Assistant Manager) are authorized to handle the communication and coordination with the Stock Exchange.

9. Special Case Announcements

During the reporting period, 27 special case announcements have been made in accordance with the CMB Communiqué VIII: 54 concerning “Public Disclosure of Special Cases” and 1 additional explanations regarding those announcements have been given as requested by the ISE.

No sanctions have been applied regarding those announcements in the framework of the above mentioned Communiqué.

10. The Updated Company Website and its Contents

In keeping with the objective of broadening the stakeholders' and shareholders' right to obtain information, the "Investor Relations" section accessible at the company website at the address www.sisecam.com provides the content detailed below for use by stakeholders and shareholders in Turkish and English, which is kept up-to-date.

- Annual reports
- List of members of the BoD and of the board of auditors
- Interim financial statements and independent auditor reports
- Interim BoD annual reports
- Trade records information
- Shareholding structure
- AGM agendas
- AGM minutes
- AGM participants lists
- Proxy voting form
- Updated AoA
- Explanatory document and public offering circulars
- Special case announcements
- Corporate Governance
- Code of Conduct
- Disclosure Policies
- Announcements

11. Explanation on Real Person Final Controlling Shareholder(s)

The following is the shareholder structure of the company, there are no real person final controlling shareholders:

Shareholder	Share Amount (TL)	Share (%)
T. İş Bankası A.Ş.	779.647.130	68,15
Efes Holding A.Ş.	43.945.178	3,84
Anadolu Hayat Emeklilik A.Ş.	572.284	0,05
Others	319.835.408	27,96
	1.144.000.000	**100,00**

12. The Disclosure of Insider Persons

The CMB Communiqué Serial VIII, No: 54 on the Principles of Public Disclosure of Material Events published in the Official Gazette issue 27133 dated 06 February 2009 imposed the obligation for companies and real or legal persons acting on behalf or account of a company to create and maintain an internal list of individuals who work for them on the basis of an employment contract or otherwise, and who have regular access to insider information. In this frame, the company created a "List of Insiders" effective 01 May 2009. In addition, the individuals named in this list have been informed in writing so as to ensure acknowledgement by these individuals of the obligations set out by the law and applicable legislation in relation to insider information and to make them aware of the sanctions in case of abuse or improper distribution of such information.

As of this writing, the List of Insiders covered 47 individuals; the names and positions of the Board of Directors members, Audit Board members and the company's senior executives covered in this list are presented below.

Name and Surname	Position
Prof. Dr. Ahmet Kırman	Chairman-Managing Director
Alev Yaraman	Vice Chairman
Köksal Burkan	Board Member
Kadir Akgöz	Board Member
Murat Bilgiç	Board Member
Zeynep Hansu Uçar	Board Member
Dr. Tevfik Ateş Kut	Board Member
Velda Lafcıoğlu	Member of Audit Board
Volkan Kublay	Member of Audit Board
Teoman Yenigün	Executive Vice President-Flat Glass
Azmi Taner Uz	Executive Vice President-Glassware
Ekrem Barlas	Executive Vice President-Glass Packaging
Sabahattin Günceler	Executive Vice President-Chemicals
İbrahim Babayiğit	Chief Financial Officer
Gülsüm Azeri	General Manager Consultant
Yıldırım Teoman	Vice President-Research and Technology
Ali Nafiz Konuk	Vice President
Atila Gültekin	Vice President-Information Technologies
Gizep Sayın	Vice President-Strategic Planning
Özgün Çınar	Chief-Risk Management & Internal Auditing

SECTION III - Stakeholders

13. Stakeholder Access to Information

All important events and developments are disclosed to the public through the press, televisions, Internet and special announcements, according to the provisions in legislation. In this frame, interviews given to the media by Prof. Ahmet Kırman, the company's Chairman and Managing Director, are made available to shareholders and stakeholders under the "Investor Relations" section at the corporate website accessible at www.sisecam.com.

14. Stakeholders Participation in Company Management

No models have been designed for the participation of stakeholders in company management.

15. Human Resources Policy

In the framework of human resources systems, the company has formed the principles of the following; employment, working conditions, career management, ranking, remuneration, financial and social rights, performance evaluation and termination of contract. Relationship with the employees are carried out without any problems by the human resources unit. No complaints on discrimination have been reported to company managers.

16. Information on Relationship with Customers and Suppliers

The Group continues to remain a trustworthy organization creating value for its partners, employees, customers, suppliers and society, with its unchanging attributes of "human-focus" and "trust organization". Throughout product and service provision as well as marketing and sales, customer satisfaction being our motto, customers and consumers are dealt with the utmost care and sensitivity. In addition, all matters and developments of importance as well as legal changes regarding customers and suppliers are rapidly disclosed and communicated through the fastest medium.

17. Social Responsibility

Group companies, acutely aware of their responsibilities towards laws and environmental values, believe in the need to leave a livable world for the coming generations. Regarding this approach as a main tenet of its strategic management, all activities are accordingly carried out. The aim is to carry out environmental protection activities in the framework of environmental management systems, and achieve continuous development with the support of employees.

SECTION IV - Board of Directors (BoD)

18. The Structure and Formation of the BoD and Independent Members

The BoD is composed of the following 7 members, in accordance with legislation in force and the AoA. There are one executive and six nonexecutive members on the BoD. The BoD does not include members qualifying as independent members as set out by the CMB Corporate Governance Principles.

Name and Surname	Position
Prof. Dr. Ahmet Kırman (*) (**)	Chairman-Managing Director
Alev Yaraman	Vice Chairman
Köksal Burkan	Member
Kadir Akgöz (**)	Member
Yılmaz Ertürk (***)	Member
Murat Bilgiç (**)	Member
Zeynep Hansu Uçar	Member

(*) Executive Member
(**) Member of Audit Committee
(***) Left the office on 16 February 2011. Dr. Ateş Kut was assigned to this position.

Due to the fact that no circumstances have come up to establish rules and restrictions for the board members to accept outside duties, no rules and restrictions have been laid out.

19. The Qualities of Board Members

In principle, only persons with exceptional knowledge and experience with qualities and a relevant past are candidates for board membership. Persons who have been convicted by participating or undertaking felonies, spelled out in CMB Corporate Governance Principles, Section IV. Article 3.1.2 cannot be nominated. Minimum requirement expected of nominees for board membership are; analysing financial statements and reports, an understanding of the legal framework the company operates on regarding daily and long term activities and ability and resolve to attend the announced meetings of the Board during the budget year. The underlying principles on this issue however are not contained in the AoA.

20. The Mission, Vision and Strategic Targets of the Company

The vision of the Company is “leadership in the sphere of activities in its vital geography that includes periphery countries” which has been announced in the annual report. Strategic targets announced by the company managers are approved by the Board. The above mentioned strategic targets regarding the next three years, are established in strategic plan meetings which are attended by the managers of the Company, and then approved by the BoD before implementation. The BoD scrutinizes the monthly activities (sales, production, inventories, number of employees and statement of income) and evaluates past performance.

21. Risk Management and Internal Control Mechanisms

In our company, the risk management activities are coordinated by Risk Management and Internal Audit Units within the Risk Management and Internal Audit Department, which reports directly to the Board of Directors.

The Risk Management Unit’s objectives are to identify, prioritize, and quantify the existing and potential risks that may be encountered in the conduct of the group’s activities and to develop effective control mechanisms by which the measures required to deal with the risks may be taken. To secure an effective risk management throughout the group “Şişecam Group Risk Regulations” and “Risk Policies” went into force in 2007. In line with these regulations and policies, the risks defined in “Risk Catalogue” were prioritized according to their effect and severity. A thorough analysis of the prioritized risks was completed.

The members of the Internal Audit Unit periodically audit the compliance of all activities of the group and of its subsidiaries to laws, AoA and internal regulations and procedures, and report to the BoD.

22. The Duties and Responsibilities of the Board of Directors

The duties and responsibilities of the BoD are articulated by the company AoA articles 8-15. The company is managed and represented by the BoD, which will be composed of maximum 9 people nominated from among shareholders by the general assembly of shareholders in accordance with the Turkish Commercial Code.

The BoD elects a Chairman and a Vice Chairman after each AGM. In case the Chairman or the Vice Chairman have to leave their positions for whatever reason, another selection is made. The Turkish Commercial Code Article 315 is valid.

In case the Chairman is absent, the Vice Chairman chairs the meetings. If the Vice Chairman is also absent a temporary Chairman for the meeting is elected. The date, time and agenda of the BoD meeting is set by the Chairman, this task is carried out by the Vice Chairman in his/her absence.

The meeting date can also be set by a decision of the BoD. BoD meets as the company business and procedures require. A minimum of one meeting per month is compulsory.

The BoD can delegate its authorities in part or in whole to one or more executive members, or to the president and managers, and it may also decide some of its members to assume functions in the company.

23. Principles of Operation of the BoD

The agenda of the BoD meetings is determined by the needs of the company, considering developments in the country or the world. 93 meetings were carried out during the period. Invitation to meetings are done by the fastest means possible, telephone meeting agenda and documents are sent at least one week ahead and participation provided.

A secretariat is not established reporting to the Chairman of the BoD in accordance with the CMB Corporate Governance Principles. On the other hand, activities articulated in the CMB Corporate Governance Principles Section IV, Article 2.19. are carried out, by the company personnel in accordance with the corporate governance principles.

24. Doing Business with the Company and Prohibition of Competition

Permission is given to members of the BoD, by AGM approval in accordance with provisions of Turkish Commercial Code Articles 334 and 335. No conflict of interest has been reported due to this permission.

25. 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.

26. Number, structure and independent nature of the committees formed by the Board of Directors

"The Committee in Charge of Auditing" has been formed in order to enable the Board of Directors fulfill its duties and responsibilities. As required by the Corporate Management principles of the CMB, this committee does not have independent members. The Committee meetings are held at least once in every three months. The Committee audits the financial and operational activities of the Company in conformity with the generally accepted standards.

27. Financial rights of the BoD members

As stated in the Company AoA, any rights, pecuniary benefits and wages given to the members of the Board of Directors are determined by the General Meeting.

In our Ordinary General Meeting of the year 2009, held on 27 April 2010, the monthly attendance fees to be paid to the members of the Board of Directors were determined and announced to the public.

No loans are given to the members of the Board of Directors. Neither are they given personal loans under or via a third person. Moreover, no security payments such as surety are pledged in favor of the members of the Board of Directors.

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Directory

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İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul-Turkey Tel: (212) 350 50 50 Fax: (212) 350 40 40 www.sisecam.com.tr

Flat Glass Business
Trakya Cam Sanayii A.Ş.

Management and Sales Center
İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul-Turkey Tel: (212) 350 50 50 Fax: (212) 350 50 59
Product Info Line: 0800 211 08 33 www.trakyacam.com.tr - www.isicam.com.tr

Trakya Plant
Büyükkarıştıran Mevkii, P.K. 98, 39780 Lüleburgaz-Kırklareli-Turkey Tel: (288) 400 80 00 Fax: (288) 400 77 99

Otocam Plant
Büyükkarıştıran Mevkii, P.K. 28, 39780 Lüleburgaz-Kırklareli-Turkey Tel: (288) 400 85 31 Fax: (288) 400 83 58

Mersin Plant
Mersin Tarsus Organize Sanayi Bölgesi, Atatürk Cad. No. 1 33400 Mersin-Turkey Tel: (324) 676 40 70 Fax: (324) 676 40 73

Trakya Glass Bulgaria EAD

Flat Glass Plant
District "Vabel" Industrial Area, 7700 Targovishte-Bulgaria Tel: (359) 601 478 01 Fax: (359) 601 477 97

Processed Glass Plant
District "Vabel" Industrial Area, 7700 Targovishte-Bulgaria Tel: (359) 601 479 25 Fax: (359) 601 479 26

Automotive Glass Plant
District "Vabel" Industrial Area, 7700 Targovishte-Bulgaria Tel: (359) 601 479 66 Fax: (359) 601 479 72

Trakya Glass Logistics EAD
District "Vabel" Industrial Area, 7700 Targovishte-Bulgaria Tel: (359) 601 480 31-601 480 35 Fax: (359) 601 480 30

Trakya Yenişehir Cam Sanayii A.Ş.
Atatürk Organize Sanayi Bölgesi 16900 Yenişehir-Bursa-Turkey Tel: (224) 280 12 05 Fax: (224) 773 27 55

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Directory

Glassware Business

ARC Paşabahçe Food Service LCC
Cardinal (APFS)/ARC International 30 Corporate Drive Wayne New Jersey, 07470 USA Tel: (1) 973 628 0 900

Camiş Ambalaj Sanayii A.Ş.

Tuzla Plant
Fabrikalar Cad. No: 2, 34940 Tuzla-İstanbul-Turkey Tel: (216) 581 27 27 Fax: (216) 395 27 94

Eskişehir Plant
Organize Sanayi Bölgesi, Mümtaz Zeytinoğlu Bulvarı 26110 Eskişehir-Turkey Tel: (222) 211 46 46 Fax: (222) 236 09 48

Denizli Cam Sanayii ve Ticaret A.Ş.
Şirinköy, 20014 Denizli-Turkey Tel: (258) 377 27 65 Fax: (258) 377 24 79 www.denizlicam.com.tr

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İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul-Turkey Tel: (212) 350 50 50 Fax: (212) 350 40 40 www.pasabahce.com.tr

Kırklareli Plant
Büyükkarıştıran Mevkii, Muratlı Sapağı P.K. 40 39760 Lüleburgaz-Kırklareli-Turkey Tel: (288) 400 80 00 Fax: (288) 400 88 88-89

Mersin Plant
Yeni Taşkent Beldesi Tekke Köyü Civarı PK: 607, 33004 Mersin-Turkey Tel: (324) 241 70 70 Fax: (324) 454 02 16–17

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www.pasabahcemagazalari.com.tr

Paşabahçe USA Inc.
41 Madison Ave. 7th Floor New York, NY10010 USA Tel: (1) 212 683 16 00 Fax: (1) 212 725 13 00 norzeck@sisecam.com

Posuda Limited
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Paşabahçe Spain S.L.
Torpedero Tucuman 27 BIS. 28016 Madrid/Spain Tel: (34) 91 383 54 20 Fax: (34) 91 383 59 30 mserrano@sisecam.com

Trakya Glass Bulgaria EAD-Glassware Plant
Vabel District Industrial Zone, 7700 Targovishte-Bulgaria Tel: (359) 601 696 11 Fax: (359) 601 697 12

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Directory

Glass Packaging Business

Anadolu Cam Sanayii A.Ş.

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İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul-Turkey Tel: (212) 350 50 50 Fax: (212) 350 57 60-350 50 63 www.anadolucam.com.tr

Topkapı Plant
Maltepe, Davutpaşa Cad. No. 42 34010 Topkapı-İstanbul-Turkey Tel: (212) 459 52 00 Fax: (212) 459 54 44

Mersin Plant
Yenitaşkent Kasabası,Toroslar Mah. Tekke Cad. No. 1 33100 Yenitaşkent-Mersin-Turkey Tel: (324) 241 70 70 Fax: (324) 454 00 28-29

Russian Federation Representative Office
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Anadolu Cam Yenişehir Sanayi A.Ş.
Yenişehir Organize Sanayi Bölgesi 16900 Yenişehir-Bursa-Turkey Tel: (224) 280 10 00 Fax: (224) 280 10 22

Joint Stock Company “Mina”
Mtskheta Region, Ksani village 3312, Georgia Tel: (995) 32 449 981 Fax: (995) 32 449 980 www.mina.com.ge

Omco-İstanbul Kalıp Sanayii ve Ticaret A.Ş.
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OOO Ruscam
Vladimir Region, Gorokhovets, Gagarina Str. 84, 601481 Russian Federation Tel: (7) 49238 240 52-53 Fax: (7) 49238 239 81 www.ruscam.ru

OAO Ruscam Pokrovsky
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OOO Ruscam Ufa
Proizvodstvennaya Str. 10/1 Ufa, 450028 Bashkortostan Republic-Russian Federation Tel: (7) 347 292 40 53 Fax: (7) 347 292 40 52 www.ruscam.ru

OAO Ruscam Kirishi
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Chemicals Business

Asmaş Ağır Sanayi Makinaları A.Ş.
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Cam Elyaf Sanayii A.Ş.
Bayramoğlu Sapağı P.K. 62, 41420 Çayırova-Gebze-Kocaeli-Turkey Tel: (262) 678 17 17 Fax: (262) 678 18 18 www.camelyaf.com.tr
Camiş Egypt Mining Co. Ltd.
Corner Road 254/206, Digla-Maadi, Cairo-Egypt Tel: (20) 2 519 82 36 Fax: (20) 2 519 82 37
Camiş Elektrik Üretim A.Ş.
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> **Kromsan Krom Bileşikleri Plant**
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