TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

...effective management, a strong strategy, sustainable growth and expectations

2009 Annual Report

ŞİŞECAM

Corporate Profile

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

Şişecam was founded in 1935 by İşbank upon the directive of Kemal Atatürk, the founder of the modern Turkish Republic. The year 2009 marked the 74th 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 neighboring 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 16,837 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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The Şişecam Group completed the 2009 reporting period under the shadow of a deep global recession, the likes of which are unlikely to be seen for many years. The difficult circumstances which prevailed throughout the entire year set the stage for a sharp economic recession, while declining demand and hardening competition conditions in all of our areas of operation exacted a heavy toll on our year-end results; our targets for production, sales and profitability were not achieved. The last year has proven to be a temporary and exceptional period for our company, which has nevertheless displayed the ability to continuously drive its operations to ever greater heights each year.

At the end of the day, our Company adapted well to the new circumstances and survived a very difficult period, becoming stronger thanks to its effective management, while maintaining the sustainability of its growth, even under these conditions. The Şişecam Group now boasts a more robust financial structure than at any time in its history, thanks to comprehensive cost cutting programs, the search for new products with high added value, a process of rationalization and balanced financial management supported by effective operating capital. This, in turn, offers our Group the necessary opportunities to make use of any kind of potential and to realize new initiatives, while such opportunities are evaluated within the scope of a strategy which grasps future opportunities.

The Şişecam Group steadfastly carries out its activities within the framework of professionalism and full compliance with the circumstances of globalization, as well as its “vision of regional leadership”. We will press ahead in our future-oriented approach by manufacturing products with high added value, strengthening our financial and administrative organization, taking new initiatives and raising our profitability.

Operations in Brief

Regional Production, Global Presence

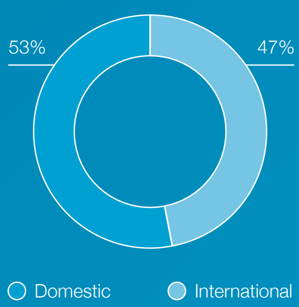
Şişecam continues its efforts with care to enhance its operations to wider geographies within the framework of its 'vision of regional leadership'.

In this manner, Şişecam enjoys considerable advantages when it comes to sustainable growth, economies of scale and market flexibility. Currently, a range of plants covering Şişecam's primary fields of activity carry out production in 8 countries in the region, while only 34% of the Company's glass manufacturing takes place outside Turkey.

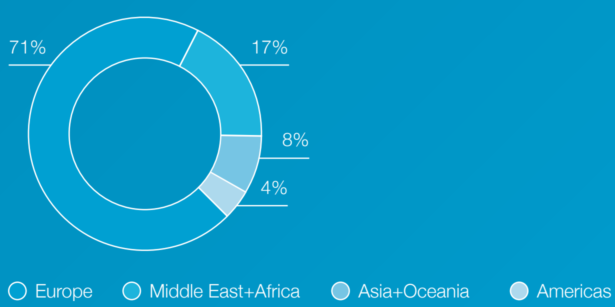
The share of the Company's international sales (composed of exports as well as sales from international production activities) in total sales declined slightly to 47% in 2009 with the impact of global recession. This ratio is projected to increase further in the coming period.

Şişecam products were exported to 140 countries in 2009, with the European market being the primary market in international sales, in line with previous years.

Sales by Destination



International Sales by Region



Flat Glass Business

Trakya Cam was hit by the contraction in its target domestic and international markets, while took pains to compensate for this through intensive cost cutting and efficiency-raising measures.

The new structuring in flat glass processing and automotive glasses began to yield positive results. In particular, the introduction of high-performance glass varieties intended for solar energy applications and new projects in the automotive segment will create new horizons for the Company. The Mersin Energy Glass plant investment will be completed and brought into operation in 2010. The Company entered a partnership with a flat glass manufacturing company in Egypt, while carrying out a project to grow with new investments in flat glass and automotive glass fields in Russia through a joint production initiative.

Glassware Business

Paşabahçe Cam succeeded in further improving its position on a global scale under difficult circumstances, despite cyclical negativities and, in particular, the global contraction in the sector.

The Company raised its market share both in Turkey and in the world and again confirmed its robust position among the world's leading glassware manufacturers. Production plants established or expanded in the region, particularly in Russia, and contributed significantly to Şişecam's efforts penetrating new markets as well as the positive results achieved. The new process investments generated additional value. In an environment in which glassware manufacturing must be contracted, measures taken to ensure effective management of the operating capital, to reduce costs and raise general operational efficiency all contributed significantly to the positive results achieved by the Company.

Glass Packaging Business

Anadolu Cam continued its activities under the difficult circumstances of a rapidly contracting market in Turkey and in Russia, the negative impacts of which were inevitably reflected to the Company's financial results.

The Company remained the biggest manufacturer in its region and one of the biggest manufacturers in the world. The Company brought the Ruscam Kuban plant into operation during the reporting year as the final rung of its rapid growth in recent years, while planning to complete and bring the Ruscam Kirishi furnace II investment into operation in 2011. With these investments, the Company will expand its share and domination of the Russian Market. As demand bounces back when the economic recovery gets underway, the Company will carry out comprehensive efforts on improving efficiency, cutting costs, product lightening, product development and promotions.

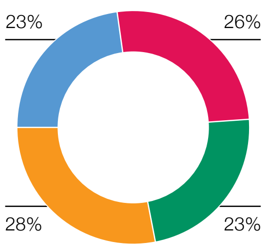
Chemicals Business

Soda Sanayii achieved a balanced and positive set of results in the soda and chromium chemicals, which are its main fields of activity, despite the circumstances of recession, proving its regional and global strength in the sector.

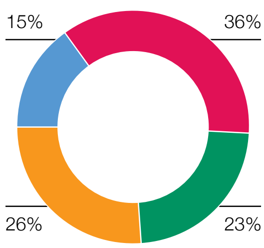
The Company is nearing completion of its investments aimed at raising the performance of Soda Lukavac, and is currently working on the capacity increase investment at the Mersin plant, which is planned to be completed and in operation this year. Kromsan cemented its position among the world's leading leather chemicals manufacturers, thank to its R&D-based achievements, new product launches and wide market penetration. Camiş Elektrik brought into operation its 2nd Cogeneration line investment by the end of 2009, reaching 284 MW in total installed capacity. As such, this new facility started to produce all of the steam required for the manufacture of chemicals at the Mersin plant, while gaining a great deal of synergy and cost advantages which will significantly contribute to the plant's competitive strength in the period ahead.

Results by Businesses

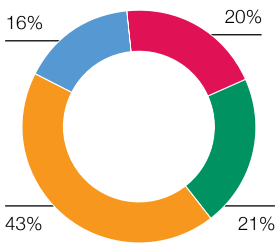
Sales Revenue
TL 3.6 billion



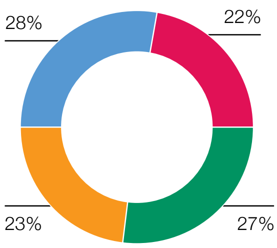
International Sales*
TL 1.7 billion



Investments
TL 428 million



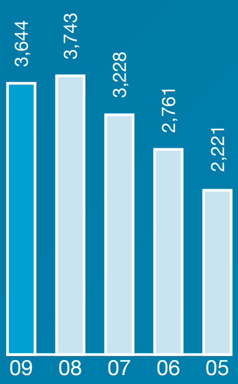
EBITDA**
TL 689 million



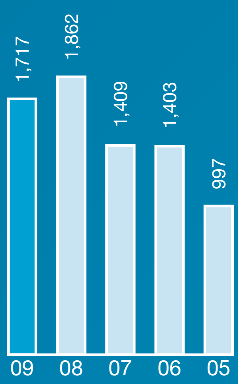
Flat Glass · Glassware · Glass Packaging · Chemicals

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

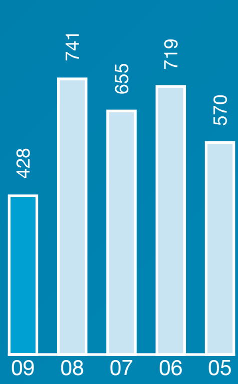
Sales
(TL m)



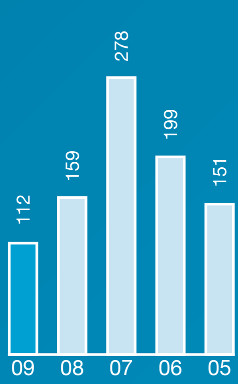
International Sales
(TL m)



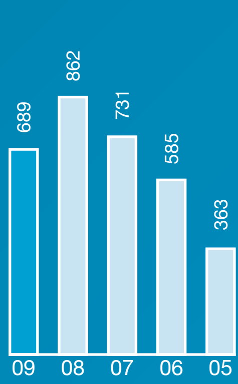
Investments
(TL m)



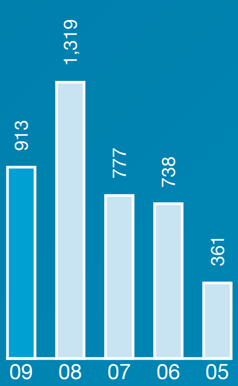
Parent Company
Profit/(Loss)** (TL m)



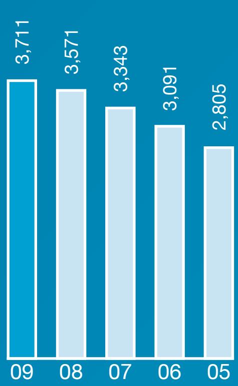
EBITDA**
(TL m)



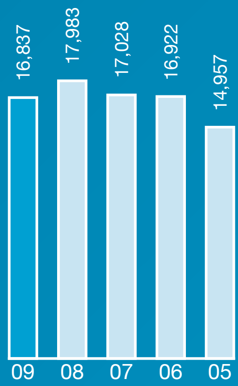
Net Financial Debt
(TL m)



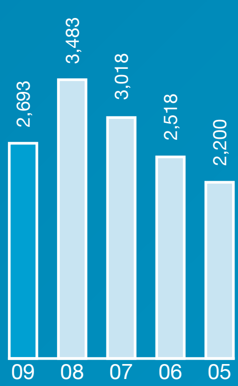
Equity
(TL m)



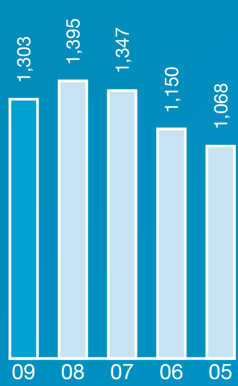
Number of Employees



Glass Production
(000 Ton)

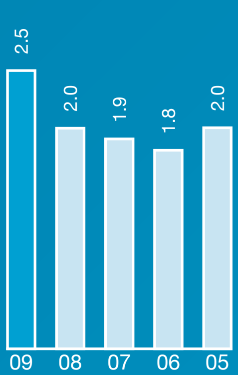


Chemicals Production
(000 Ton)

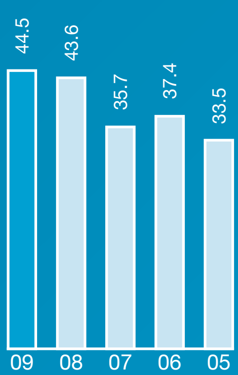


Financial Ratios

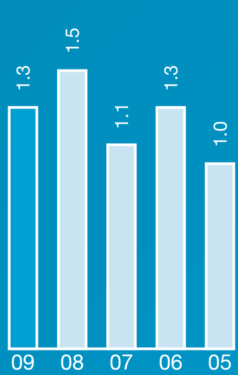
Current Assets/
Current Liabilities



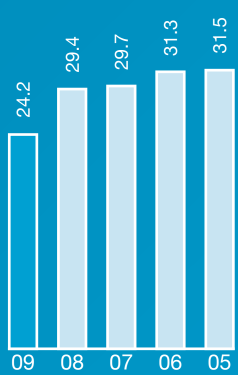
Total Liabilities/
Total Assets (%)



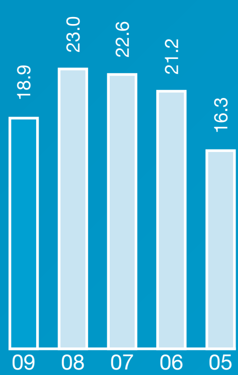
Net Financial
Debt/EBITDA**



Gross Profit/
Sales Revenue (%)



EBITDA**/
Sales Revenue (%)



** The income/(loss) and EBITDA figures for the year 2005 are before the provision of TL 157 million (USD 117 million) that is a non-operational and non-cash item.

Financial Indicators

Summarized Balance Sheet	2009		2008		2007	
	TL m	USD m	TL m	USD m	TL m	USD m
Current Assets	2,914	1,935	2,526	1,670	1,775	1,524
Non-current Assets	3,774	2,507	3,809	2,519	3,422	2,938
Total Assets	6,688	4,442	6,335	4,189	5,197	4,462
Current Liabilities	1,174	780	1,254	829	941	808
Non-current Liabilities	1,803	1,197	1,510	999	913	784
Equity	3,711	2,465	3,571	2,361	3,343	2,870
Equity Holders of the Parent	2,858	1,898	2,740	1,812	2,540	2,181
Non-controlling Interests	853	567	831	549	803	689
Total Liabilities and Equity	6,688	4,442	6,335	4,189	5,197	4,462

Summarized Statement of Income	2009		2008		2007	
	TL m	USD m	TL m	USD m	TL m	USD m
Sales Revenue	3,644	2,357	3,743	2,885	3,228	2,482
Cost of Sales	(2,763)	(1,787)	(2,642)	(2,037)	(2,268)	(1,744)
Gross Profit/(Loss)	881	570	1,101	848	960	738
Operating Expenses	(635)	(411)	(649)	(500)	(575)	(442)
Operating Profit/(Loss)	246	159	452	348	385	296
Share in Net Profit/(Loss) of Investments Accounted for Under Equity Method	1	1	4	3	13	10
Financial Income/(Expenses)	(92)	(60)	(199)	(153)	56	43
Profit/(Loss) Before Taxation from Continued Operations	155	100	257	198	454	349
Tax Benefit/(Charge) from Continued Operations	(36)	(23)	(68)	(52)	(85)	(65)
Current Tax Benefit/(Charge)	(67)	(43)	(83)	(64)	(79)	(61)
Deferred Tax Benefit/(Charge)	31	20	15	12	(6)	(4)
Profit/(Loss) for the Period	119	77	189	146	369	284
Attributable to:						
Non-controlling Interests	7	5	30	23	91	70
Equity Holders of the Parent	112	72	159	123	278	214
Earnings Before Interest and Taxes (EBIT)*	246	159	452	348	385	296
Depreciation	443	287	410	316	346	266
Earnings Before Interest, Taxes, Depreciation,and Amortization (EBITDA)*	689	446	862	664	731	562
Net Cash Provided by Operating Activities	773	500	248	191	386	297
Net Financial Debt	913	606	1,319	872	777	667

Financial Ratios (%)	2009	2008	2007
Current Assets/Current Liabilities	2.5	2.0	1.9
Total Liabilities/Total Assets	44.5	43.6	35.7
Total Liabilities/Equity	80.2	77.4	55.5
Net Financial Debt/Equity	24.6	36.9	23.2
Gross Profit/Sales Revenue	24.2	29.4	29.7
EBITDA*/Sales Revenue	18.9	23.0	22.6
EBIT*/Sales Revenue	6.8	12.1	11.9
Net Financial Debt/EBITDA*	1.3	1.5	1.1

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

To our Shareholders:

Our Group is dedicated in its approach to evaluating any potential opportunities in its fields of activity and realizing new initiatives.

Dear Shareholders,

It is with great pleasure that we come before you on this occasion, the 74th Ordinary General Meeting of our Company, and greet you all with our sincerest respect.

Our Group completed the 2009 reporting period under the shadow of a deep global recession, the likes of which are unlikely to be seen again for many years. The difficult circumstances which prevailed throughout the entire year resulted in a significant economic contraction, while falling demand and hardening competition conditions in all of the areas in which we operate prevented us from achieving our targets for production, sales and profitability. This period has been a temporary and exceptional time for our company, which has the ability to move forward in its operations and advance itself to ever higher peaks.

Although it was clear that the deterioration caused by a prolonged period of global economic imbalances would lead to corrections at some point, the extent of the global economic problems cannot be adequately estimated. The difficulties to hit developed economies, in particular, precipitated a large-scale contraction in manufacturing, trade and employment in the global economy, a situation which also closely affected developing countries. The measures taken were not sufficient to save the year. Despite our balancing facilities, an advantage of operating in markets in a wide geographical region, the fact remains that the region we had focused our manufacturing and sales activities was hit hardest by the economic conjuncture; as a result, we were unable to meet our expectations.

The Turkish economy was also subject to developments which were affected by the fallout of the global conjuncture. The high current account deficit had already slowed the rate of growth in the Turkish economy, which then entered a rapid correction process and dipped into recession. Incentive packages introduced during the year, and even single-digit interest rates could not lay the foundations for a general recovery, as demand failed to increase. A combination of the critical need for financial discipline in a balanced and sustained manner to meet the realities of public finance, as well as the lack of consumer confidence and low foreign demand exacerbated the difficulty faced by the Turkish economy.

Expectations later started to mount that the global economy and the Turkish economy were over the worst, and hopes began to rise that the activity seen towards the end of the year, which was a year full of challenges, would bring about a sustained recovery despite short term volatility. This picture is currently confirmed by the current financial indicators. Undoubtedly, a sustained and steady improvement requires a balanced global economy, but it is also of vital importance that financial discipline is protected, particularly in our country, and structural reforms are strictly carried out. We have no doubt that these measures will ensure the sustainability of growth, while our country's stalled industrial sector will again be given the invigoration and competitive strength it needs, thus enabling our country to achieve progress which goes beyond expectations.

Dear Shareholders,
Because of the economic conditions which you will all be well aware of, our Group was unable to grow in line with its target levels in 2009. Our Group took pains to maintain its effectiveness in all markets by seeking new customers and manufacturing new products, and worked to a principle of carrying out its operations in a deliberate manner and with consistency and stability. Our Group was acutely aware that the measures previously implemented to raise effectiveness in foreign markets in the event of difficulty caused by the national economy had not yielded the same results when the problems had assumed a global dimension.

Our Group adopted the most robust financial structure in its history, thanks to a combination of comprehensive cost cutting programs, manufacturing of new high added value products, rationalization, effective operating capital and balanced financial management, which were carried out by our Group to overcome current economic problems, even though the extent of these difficulties is gradually diminishing. At this point, our Group will move forward with its understanding of utilizing any kind of potential, and take new initiatives with respect to its fields of activity with the precious contribution from you, our esteemed shareholders and employees.

Against this backdrop, we would like to share with you, our esteemed shareholders, the highlights of our consolidated figures in 2009.

Our sales revenues reached TL 3.6 billion in 2009, with our international sales accounting for 47% of this total, a proportion close to the previous year, despite a slight decline.

We continue to progress towards the future with self-confidence and determination, and carry out our activities with a steady and cautious understanding of growth.

The volume of our glass manufacturing reached nearly 2.7 million tons, with 34% of our total production carried out by our plants abroad. Our soda production amounted to 1.1 million tons, while our total production of mines, such as sand, limestone, feldspar, etc, was realized at 2.2 million tons.

Aware of the fact that the fuel required for our Group's journey to the future is the emotional and intellectual energy of our human resources, which we seek to harness together and under all circumstances, we maintained our workforce in Turkey at the same levels as before, while the number of our employees working abroad declined slightly.

Our investment expenditures were below our initial projections, materializing at TL 428 million over a wide geographical area of 8 countries in a bid to minimize the impacts of the ongoing economic crisis. No strategic initiatives were sacrificed in making investments, while attention was paid to the establishment of the infrastructure of the post-crisis period by adapting the timing of investments to the new economic circumstances.

As a result of the policies implemented to minimize the impacts of the crisis and to seek protection against possible exchange rate volatility, our net financial debt declined by 31% to TL 913 million, while our liquidity reached TL 1,406 million at the end of the year, thanks to the approach we have adopted with respect to the unexpected deviations in the crisis environment, and the possibility of evaluating new opportunities.

Our net assets climbed by 4% to reach TL 3,711 million, while the net profit of the parent company was realized at TL 112 million. Cash flows generated from operations rose by 212% to TL 773 million, while our EBITDA was recorded at TL 689 million.

Dear Shareholders,
As you may appreciate, our Group maintained a satisfactory performance when compared to its rivals and maintained its confidence in the future despite challenging economic circumstances. These results were realized because the Group has been operating on very strong foundations with the corporate culture and experience that is based on knowledge built up over many years.

Thus, our Group has fully adapted to the circumstances of globalization in time through professionalization, reached large economies of scale and continuously pressed ahead in its efforts to ensure of its activities, including R&D, met the highest standards. The Group has maintained its performance in the current period with an understanding of pursuing change, by carrying out its operations on both a national and international scale within the framework of its expanding 'regional leadership vision'. The high level of prestige we have achieved on an international platform is a natural result of our future-oriented progress.

At this point, we would particularly like to mention that the global outlook and the restructuring process in our sector will allow us to grow organically in the coming period, but also create an environment with plentiful opportunities for both company acquisitions and cooperation. All Şişecam personnel will continue to work together to ensure our Company is in a position where it can recognize and anticipate occurring changes.

While progressing towards the future with confidence and determination, we would like to give special mention to the fact that our expectations and hopes have grown stronger as the global economy resumes its growth trend into 2010. We will decisively stand by our shareholders at all times by turning such development into an opportunity, as we always do, and by taking all necessary action with an understanding of steady and deliberate growth.

With these sentiments and thoughts, we would like to extend our greatest thanks to all our shareholders who continued to support and encourage our Group, our employees who worked tirelessly to ensure that our Group becomes a global company and who secure our future, and to all the business partners we work with. We salute them all with appreciation and respect.

Prof. Dr. Ahmet Kırman
Chairman and Managing Director

Board of Directors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1- Prof. Dr. Ahmet Kırman*
Chairman and Managing Director

(51) Born in Ankara, 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.

2- Alev Yaraman
Vice Chairman

(62) 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 in the United Kingdom. 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.

3- Yusuf Ziya Toprak*
Member

(66) Yusuf Ziya Toprak is a graduate of the İstanbul Academy of Economics and Administrative Sciences. He began his career at the Audit Department of İşbank in 1967. After working in a number of the bank's units and in various management positions, Mr. Toprak served as General Manager of Yatırım Finansman Menkul Değerler (1997-1999) and as a Vice President for İşbank (2000-2003).

4- Özgün Çınar*
Member

(40) Graduated from Department of Management, AU Faculty of Political Science, and obtained an 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 is currently the Unit Manager of İşbank's Subsidiaries Division.

5- Köksal Burkan
Member

(59) Köksal Burkan is a graduate of the Erzurum Institute of Education and served as a teacher between 1973-1980. He joined İşbank in 1980 as a clerk and subsequently worked in the several bank units and the management positions. Mr. Burkan held a seat on the İşbank Board of Directors from 2005 to 2008.

6- Yılmaz Ertürk
Member

(45) Yılmaz Ertürk is a graduate of İstanbul University (Faculty of Economics, Department of Economics). He began his career in 1987 as a trainee assistant economics specialist in the Economic Research and Planning Department of İşbank. He completed a master's degree in economics at İstanbul 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 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.

7- Murat Bilgiç
Member

(41) 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 in the same year. He obtained a master's degree in 'Money, Banking, and Finance' at the Birmingham University in 2007. He was appointed 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.

* Audit Committee Member

The members of Board of Directors are appointed for the period 28 April 2009 - 28 April 2012, and their authorities are defined in accordance with the Commercial Code and the Articles of Association of Şişecam.

Management


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President A. Doğan Arıkan retired in September 16, 2009

1- Prof. Dr. Ahmet Kırman
Chairman and Managing Director

(51) Born in Ankara, 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.

2- Gülsüm Azeri
Executive Vice President-Flat Glass

(58) 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 since September 2007.

3- A. Taner Uz
Executive Vice President-Glassware

(56) 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 that institution as well. He began his career at Ankara Erg İnş. Tic. ve San. A.Ş. in 1976. He joined the Şişecam Group in 1980 and has served in a variety of management positions. Mr. Uz has been the Executive Vice President-Glassware since September 2007.

4- Teoman Yenigün
Executive Vice President-Glass Packaging

(57) Teoman Yenigün is a graduate of Boğaziçi University (Department of Mechanical Engineering). He joined the Şişecam Group in 1975 and has served in a variety of management positions. Mr. Yenigün has been the Executive Vice President-Glass Packaging since 1998.

5- Dr. Ateş Kut
Executive Vice President-Chemicals

(60) 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 has been the Executive Vice President-Chemicals since 1998.

6- İbrahim Babayiğit
Chief Financial Officer

(50) 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 in Assistant Manager and Group Manager positions in various headquarters units from 1992 to 2000, as İşbank Accounting Manager (2001-2005), and as the bank's Sultanhamam Branch Manager (2005-2007). Mr. Babayiğit joined the Şişecam Group in July 2007 and currently holds the position of Chief Financial Officer.

7- Mehmet Kara
Vice President-Strategic Planning

(59) 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 has been the Vice President-Strategic Planning since 1994.

8- Dr. Yıldırım Teoman
Vice President-Research and Technology

(55) 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 has served in a variety of management positions. Dr. Teoman has been the Vice President-Research and Technology since 1999.

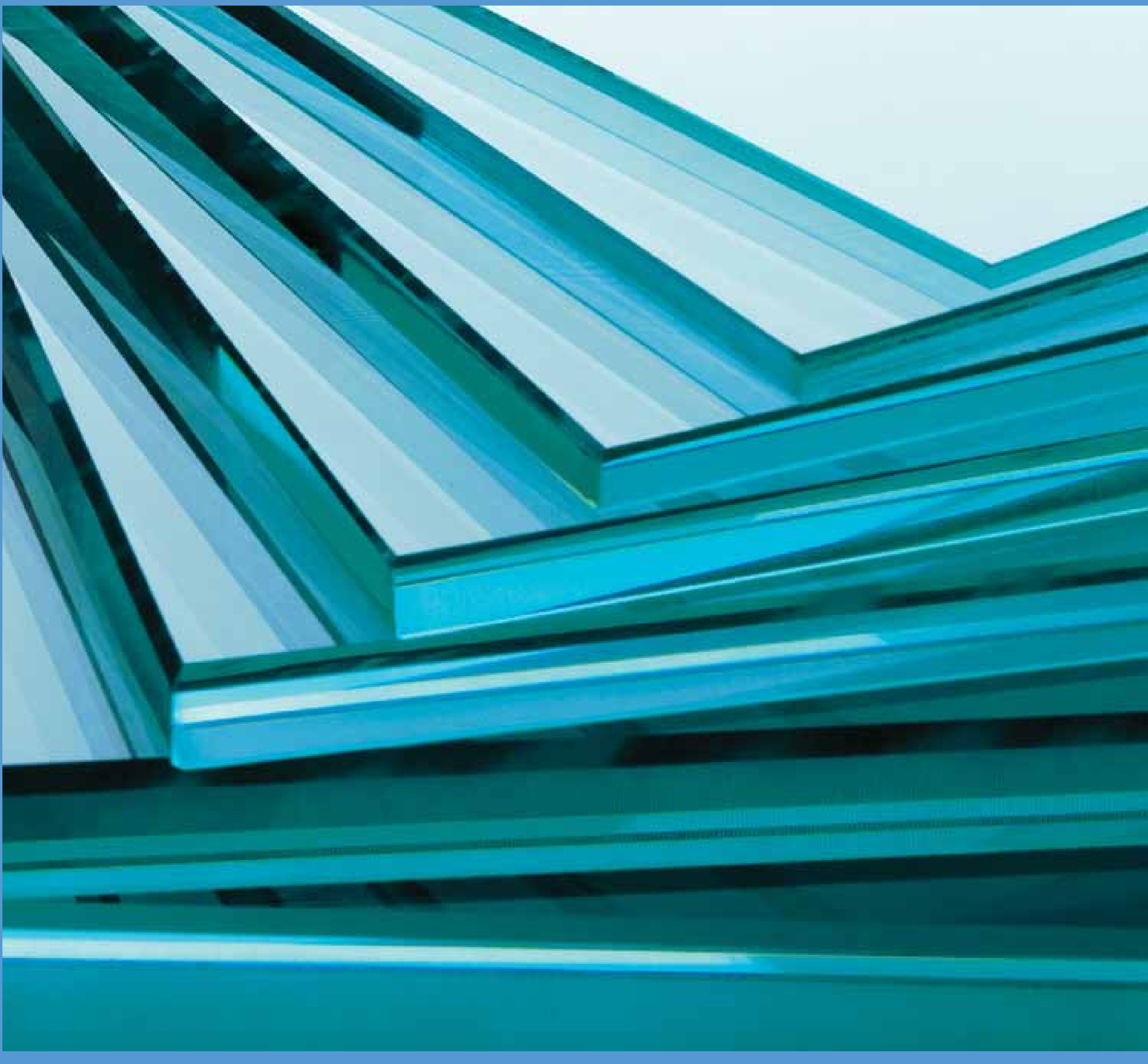
9- Ali Nafiz Konuk
Vice President-Human Resources

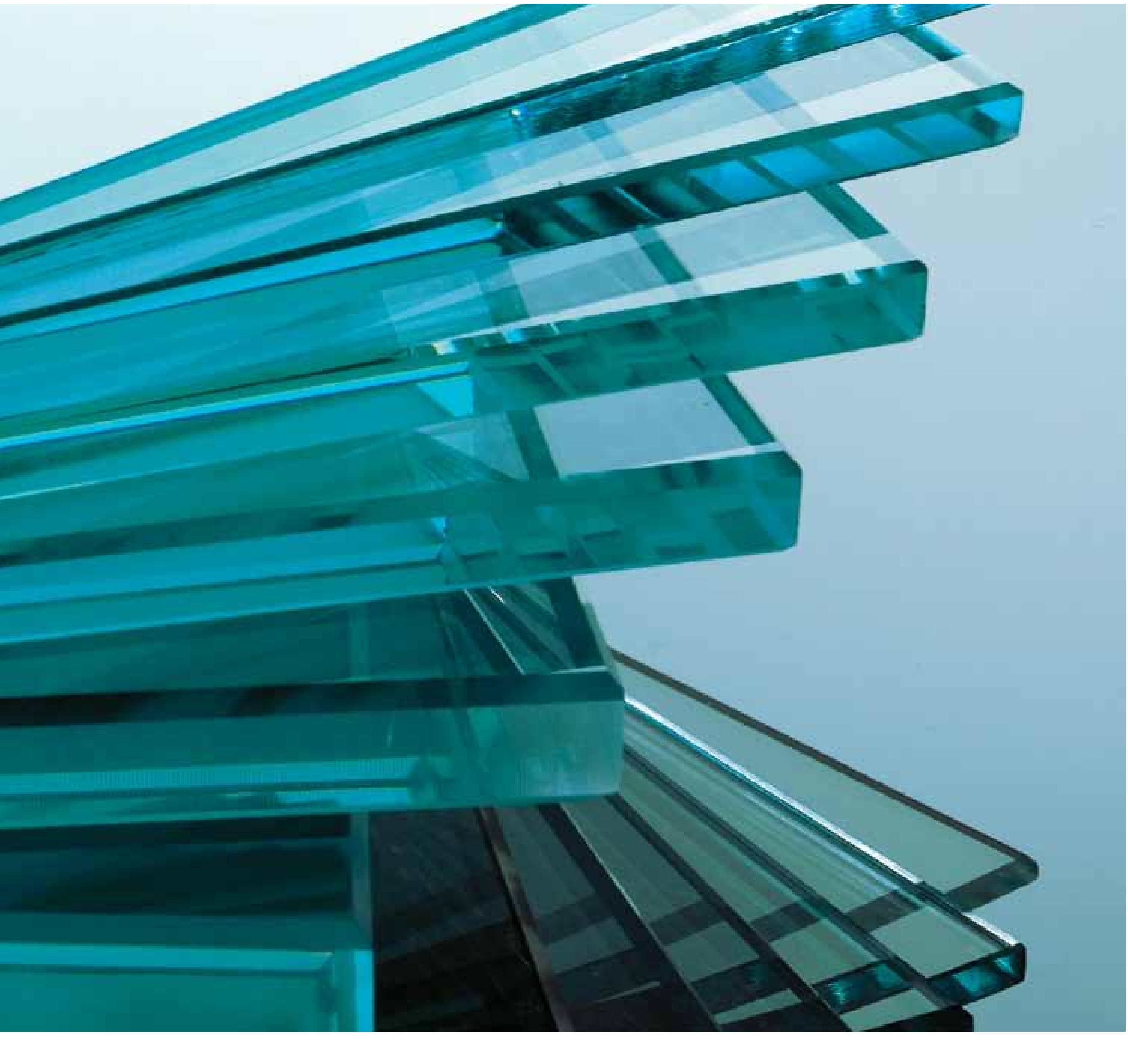
(62) Ali Nafiz Konuk is a graduate of İstanbul University (Faculty of Law). After practicing law (1973-1976), he joined the Textile Industry Employers Union in the latter year as a Legal Advisor and held that position until 1991. He joined the Şişecam Group in 1991 as its Industrial Relations Manager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

Flat Glass Business

Trakya Cam

Trakya Cam, despite the crisis that started to deepen in the last quarter of 2008, did not compromise its ambitious investment plan and continued its important investments.





Flat Glass Business



While efforts are under way to design new products and diversify current products in parallel with developing architectural trends, specialization efforts gained intensity with respect to special products as demanded by markets.

The global economic crisis hit a range of sectors such as construction, automotive, energy and home appliances for which flat glass is an input, in Turkey and many other countries where Trakya Cam operates.

Trakya Cam Consolidated Highlights*

TL m	2009	2008	2007
Sales Revenue	886	968	872
International Sales	272	301	228
Gross Profit	188	316	307
Operating Profit	74	185	212
Parent Company Profit/(Loss)	62	121	174
EBITDA	191	304	302
Net Financial Debt	86	235	257
Equity	1,367	1,279	1,138
Total Assets	1,942	1,799	1,656
Investments	66	133	174
Number of Employees	2,688	2,886	2,961

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

Trakya Cam is the leading company of the flat glass market in Turkey and the pioneer in the region.

The Company has a total of seven flat glass production lines, six of which are in Turkey and one in Bulgaria, and one patterned glass production line. Trakya Cam also carries out at its plants in Turkey and Bulgaria the production of value-added glass products for such sectors as construction, automotive, energy, home appliances and furniture.

Market Outlook

The global economic crisis, which deepened and spread as from the last quarter of 2008, hit a range of sectors for which flat glass is an input, both in Turkey and in many countries where Trakya Cam operates.

• Construction sector

The Turkish construction sector was pushed into recession as demand started to contract by 2007, cumulatively diminishing by 23.1% in the last two years, with an 8.1% decline in 2008 and 16.3% in 2009. The number of building licenses - an important indicator related to new construction - fell by 10.8% in 2008 and 4.7% in 2009. Moreover, the replacement market significantly contracted in line with economic contraction and slowing private consumption expenditures.

The construction sector contracted in 2009 in all markets in the Middle East, the Balkans, Europe, Russia, Ukraine and North Africa where Trakya Cam operates. In some countries in the Balkans, which is the Company's primary market, construction of new housing plunged by 30-45%. Likewise, it was observed that most public and private sector commercial building construction was suspended, while a number of projects were cancelled due to the financial circumstances.

• Automotive sector

As in the rest of the world, the automotive sector was one of the first sectors to be hit by the crisis in Turkey. As demand in automotive products plunged, the production of vehicles in Turkey contracted by 24% in 2009.

In the EU, the largest international market of automotive glass for Trakya Cam, vehicle production dropped by 21%. Positive results began to come in during the second half of the year on the back of the incentives introduced by governments.

• Energy and home appliances sectors

Glass is used in the energy sector, particularly in solar collectors, which convert solar energy to hot water, and in power generating solar cells (photovoltaic-PV).

The growth of the European PV market and the European solar collector market, which have demonstrated very rapid

As well as meeting the demands of its existing customers, Trakya Otocam grasped opportunities during the crisis and initiated new projects in long-running contacts with large automotive manufacturers.

growth in recent years, have slowed down with the effect of the economic crisis in 2009.

Some PV manufacturers who invested in Europe could not start production, while a number of manufacturers who had been operating suspended production in response to the slowdown of the market as well as high module stocks. In contrast with the European market, the Turkish collector market grew by 6%, while the first investments in the PV field were inaugurated in Turkey.

The contracting demand for new homes in Turkey and in Europe took a toll on demand for home appliances in 2009. The refrigerator and oven segments of the European home appliances market, which account for Trakya Cam's international sales, contracted by 10% year-on-year. In Turkey, manufacturing in the oven segment, the main segment which Trakya Cam supplies, dropped by 13%.

Developments in global flat glass sector and Trakya Cam's operations

As a result of the contraction in all sectors that Trakya Cam supplies, consumption of flat glass in Turkey dropped by 7% in 2009.

In parallel with the severe recession in the European construction sector, demand for flat glass contracted rapidly raising the inventories of the large flat glass manufacturers, while production activities - which continued at a slower pace - did not solve the over-supply problem, leading to rapid and sharp price falls that affected all flat glass manufacturers.

Under these circumstances, large scale flat glass manufacturers were forced to take such measures as suspension of some flat glass furnaces, closing down automotive glass and flat glass processing plants, significant saving from labor force, etc.

Prices were readjusted beginning by the last quarter of 2009 as supply and demand were balanced.

Trakya Cam pursued a proactive policy in order to rapidly adapt to the crisis circumstances. Within this framework, the Company intensified its regional operations to have wide access to the Turkish market, which has a wide geography, and to raise the number of its customers and extensively penetrated into all market segments through product diversification. As a result of these policies pursued, although Trakya Cam's flat glass sales in the domestic market declined, there was an increase in sales of mirror, laminated and patterned glass.

Despite the considerable volatility which hit European and Russian flat glass markets in particular, Trakya Cam attracted new customers, while successfully adapting to the crisis circumstances within the scope of its strategy of market penetration on a country basis.

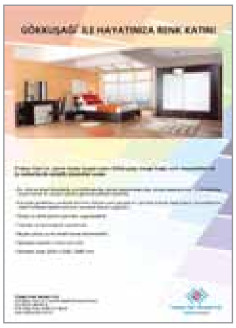
The serious turbulence in European and Russian flat glass markets was largely compensated by market share gains and increased sales in markets in the Middle East, Central Europe, the Balkans and Northern Africa, in line with the Company's market development activities.

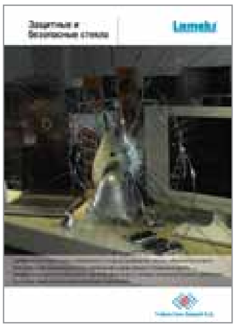
The local sales organization, which was implemented in Greece and Russia having previously been introduced in Bulgaria, yielded positive results. In this region, which is Trakya Cam's primary market, the Company expanded its customer portfolio by concentrating on country basis and rapidly responded to the circumstances of crisis with a flexible management approach in a continuously changing environment.

Moreover, Trakya Cam swiftly doubled its sales in the Middle East when compared to the previous year through penetration on country and customer basis, thus making up for its losses in the flat glass market in regions which had undergone a dramatic contraction.

The sharp contraction in domestic and foreign markets in the automotive sector caused Trakya Cam's automotive glass sales to decline compared to 2008. However, on the other hand, the Company initiated 7 new projects in Turkey and made contracts to take part in the new projects of such companies as Hyundai, Renault, Toyota, MAN and Daimler in 2009. Having established a very successful communication with original equipment manufacturers in Europe, Trakya Cam will also participate in the new projects of BMW, Volkswagen, Audi, Mercedes, Toyota and Skoda in the upcoming period.

Flat Glass Business





Activities aimed at professionals of sectors, distribution channels and end consumers were continued in order to introduce products to current and new markets and promote them.

Trakya Cam focused on cost reduction projects in the crisis environment, with a focus on keeping costs of materials, energy, personnel and labor under control through a range of effectively executed policies, while saving more than USD 10 million together with efficiency increases.

Trakya Cam's domestic home appliance glass sales were steady despite the contraction in the market. In foreign markets, on the other hand, the Company's refrigerator glass sales increased in line with its rising market shares, whereas oven glass sales contracted parallel to the developments in these markets.

In the field of energy glass, the Company's domestic sales increased, but international sales decreased.

Research and development activities

Trakya Cam pressed ahead in its efforts to be innovative, to develop new products and to diversify its existing product portfolio, while conducting research for products in the field of renewable energy and multi-functional glass systems, which decrease energy consumption and are therefore environmentally friendly.

Within this framework, the Company conducted a research project as a joint study with an international research institution, while receiving R&D services from Turkish universities for two projects. The Company benefited from R&D support and incentives for a total of five projects, including these two projects, within the framework of the 'Industrial R&D Projects Support Program', a program conducted by TÜBİTAK (The Scientific and Technological Research Council of Turkey) – TEYDEB (Technology and Innovation Funding Programs Presidency).

Since incentives in the European automotive sector are mostly provided to environmentally friendly technologies, some areas have rapidly gained importance, such as reducing CO_2 emissions as well as reducing the weight of vehicles, lowering the cooling burden, saving fuel and using lead-free materials for this purpose. In line with this purpose, Trakya Cam carries out various research and development projects in the field of automotive glasses.

Investments

Trakya Cam made no sacrifices to its investment plan, and continued to carry out important investments despite the crisis:

- The Mersin TR 3 float line cold repair investment was completed and began manufacturing on October 1st, 2009.
- The production of glass for architectural applications and home appliance glass were moved to the new production plants, established in Yenişehir.
- Establishment of the Bulgaria Otocam plant, which will produce automotive glass, was completed and the plant is planned to start operation in July 2010.
- New patterned energy glass and energy glass processing investments which are carried out in Mersin have been gradually brought into operation. The manufacture of energy glass began in March 2009, while the investment is projected to be completed by June 2010. The new patterned glass furnace will enter operation in the first quarter of 2011.

A strategic move: Partnership with Saint-Gobain in Egypt and Russia

By taking a strategic step in 2009, Trakya Cam made a decision to develop its flat glass operations in Egypt and Russia with Saint-Gobain, one of the world's biggest players in the sector.

Within the framework of this joint initiative, Trakya Cam, acquired 14.87% stake through its subsidiary Trakya Investment B.V. in Saint-Gobain Glass Egypt S.A.E. a joint venture established by Saint-Gobain and a local investor Mansour Maghraby Investment & Development. The flat glass plant in Egypt is planned to become operational in the 2nd quarter of 2010.

Moreover, these two strong companies in the flat glass sector keep working to make large-scaled investments in the fields of flat glass and automotive glass in the Republic of Tatarstan, Russia.

Product logos were renewed and the company maintained efforts aimed at raising sales efficiency in order to ensure brand integrity in domestic and international markets.

For a more effective management

Growing with multinational production and strategic cooperation, Trakya Cam underwent restructuring in 2009 to carry out its operations under a more effective profit-oriented management. Within this framework, the Company's organization was structured on the basis of its fields of activity.

In parallel with the Company's growing size, the production sites of the Company and the number and location of its customers increase while at the same time enhancing product diversity. In line with this trend, which is planned to be sustained in the coming period, Trakya Cam initiated the Enterprise Resource Planning (ERP) and Supply Chain Management projects to make its operations and systems more customer-oriented, to make sure that it rapidly adapts to altering market conditions and to increase its own competitive strength through cost optimization.

Environmental protection and energy conservation

Trakya Cam attaches tremendous importance on environmental protection and energy conservation, while aiming to diversify its glass products, which offer solutions in these fields.

Trakya Cam's environmentally friendly products in its fields of activity are as follows:
• Low-E coated glasses providing heat insulation in buildings and thus contributing to efficient use of energy, and
• Solar collectors and solar cells used in solar energy systems for renewable energy production.

Power generation from solar energy is one of the fields in renewable energy bearing the highest growth potential.

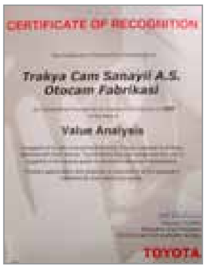
Trakya Cam manufactures and processes high-performance glasses required to raise the efficiency of solar energy systems, possessing a significant place particularly in the European solar collector market.

The Company will expand its production capacity in this field with new patterned energy figured glass and energy glass processing investments which are currently under construction in Mersin. In this direction, the Company also aims to contribute to the development of the renewable energy sector in Turkey by covering all glass needs of solar cell and solar collector manufacturers.

Awards

The Automotive Manufacturers Association awarded Trakya Cam in the category of firms that fulfill both of the criteria, 'total capacity over 100,000 vehicles' and 'product supply to commercial vehicles', in terms of quality and delivery guarantee, cooperation in technology development and affordable selling price.

Toyota Europe rewarded the Company in the category of 'Value Analysis' for its glass design work in the New Verso vehicle project and in the category of 'Project Management', in recognition of its performance in project management.



Expectations and growth targets

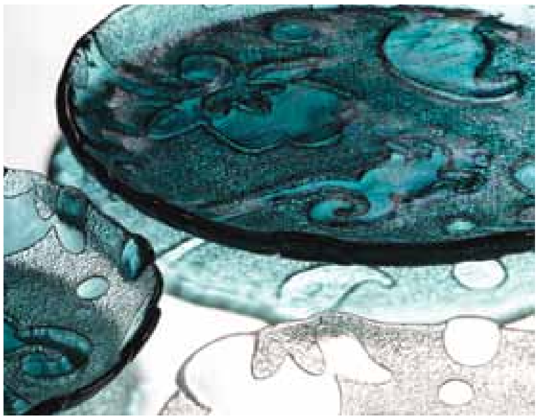
With the approach of sharing capital and risks in a rational manner, in 2009 Trakya Cam decided to enter a partnership with Saint-Gobain in two different regions and, by realizing local manufacturing and sales from the new glass complex to be founded in Kazan, Russia, Company carries the ambition to fully penetrate into this developing region and to take share from this growing market.

Besides its investments in Turkey, the Balkans, Eastern Europe, Egypt and surrounding areas, as well as in Russia, Trakya Cam plans to grow in its region with the new investments it will make in the Middle East in the coming periods. Thus, the Company sees its human resources, who work devotedly for this purpose, as the most important basis of its future plans.

Glassware Business

Paşabahçe Cam

In 2009 Paşabahçe Cam's sales to international markets rose by 3%. While sales to the Russian market increased, the 2008 levels were maintained in the volume of sales to the contracting European market.



Glassware Business



Demands change and innovation from consumers and the markets were met through new product offerings and diversification. Paşabahçe continued to add color to both dinner tables and living spaces for consumers of all ages with its printed and colored products.

Glassware Business Combined Highlights*

TL m	2009	2008	2007
Sales Revenue	1,029	920	826
International Sales	621	568	441
Gross Profit	300	312	264
Operating Profit	54	60	24
Current Profit/(Loss)	24	(11)	19
EBITDA	154	141	104
Net Financial Debt	278	317	147
Equity	1,022	988	916
Total Assets	1,806	1,949	1,381
Investments	87	172	112
Number of Employees	5,744	5,874	5,752

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

Paşabahçe Cam Consolidated Highlights*

TL m	2009	2008	2007
Sales Revenue	884	784	676
International Sales	595	534	412
Gross Profit	243	239	200
Operating Profit	61	58	20
Parent Company Profit/(Loss)	27	(11)	18
EBITDA	149	128	89
Net Financial Debt	297	361	226
Equity	600	571	570
Total Assets	1,294	1,436	971
Investments	79	155	91
Number of Employees	4,176	4,386	4,162

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

Ranked among the top three companies in the global glassware sector, Paşabahçe Cam succeeded in increasing its total sales in 2009 despite the global crisis.

It is estimated that global demand and international trade volume in glassware contracted by 10-15% in 2009.

The glassware sector was deeply affected by the global crisis

The global glassware sector began to contract sharply as the global crisis deepened and developed economies entered recession from around September 2008. This continued to have an impact on the sector in 2009, especially in the first half of the year.

The contraction in the sector's manufacturing volume is believed to have been much bigger because of the measures aimed at quickly reducing stocks and to go for rationalization in operations in the distribution channel extending from manufacturers to end-users.

The contraction in global glassware demand was more severely felt in developed markets such as the USA and European countries, where disposable incomes and asset values plunged, while unemployment increased and confidence in the future was shaken. For emerging markets, on the other hand, the impact of the crisis emerged in the form of slowdown in demand increase rate and recession.

Declining demand particularly affected the catering segment and the higher income segments of the population, precipitating dramatic falls in demand in this product class. Demand for household segment products, particularly low-cost functional products, was also affected by the crisis, but to a relatively minor extent.

The demand-oriented crisis accelerated consolidation and rationalization processes in the sector. Many small and medium-sized enterprises closed down, mostly in Europe, while some changed hands; others went bankrupt.

Manufacturers who were able to continue their operations preferred to reduce their stocks by cutting down on production and lowered employment in rationalization plans.

Manufacturers who postponed their growth-oriented investment plans and concentrated on cash management

Various designs of f&d branded products, with blend aesthetics with functionality, were presented to consumers.

instead entered into price-oriented competition in order to get the highest share possible from contracting demand. All these developments caused profit margins to drop in the entire sector.

Turkish glassware market also suffers from economic recession

The glassware market is expected to have declined by nearly 4% in 2009, in parallel with the contraction in the Turkish economy.

In an environment marked by heightened economic uncertainties and exchange rate risk, contracting consumption in the domestic market affected demand in imports more, particularly in the first half of the year. With the impact of excessively overvalued TL, a situation effective for much of 2008, rising low-priced glassware imports from Asia and Far East dropped in 2009 to their levels of 2007.

While household demand was relatively steady, demand from the catering and promotion segments was adversely affected by the crisis. Local manufacturers concentrated on action and campaign sales to protect their sales level in the domestic market, but cut on their production to reduce stocks against weak global demand.

Higher sales from Paşabahçe Cam in 2009

Carrying out its domestic production at its Kırklareli, Eskişehir and Mersin plants in Turkey and international production at its plants in Bulgaria and the Russian Federation, Paşabahçe Cam's sales to international markets increased by 3%.

This performance, which was demonstrated in an environment of declining demand in global markets, was mostly because of the Company's success in the Russian market, as well as in Middle East and America, particularly with the contribution of additional capacity and new processes that became operational at the Posuda plant in Russia in the second half of 2008.

Paşabahçe Cam raises its share in the domestic market in 2009, with 5% growth in sales volumes

Paşabahçe Cam concentrated on market segmentation, pricing and product strategies in the domestic market and raised its share in the domestic market with sales volume climbing by 5%. This was achieved by taking advantage of market opportunities led by diminishing imports.

The highest contribution to the growth in the domestic market came from:
- Borcam-branded, heat-resistant glass products,
- Paşabahçe-branded products other than tumblers such as plates, etc, and
- f&d-branded products manufactured for the top segment of the market.

In 2009, there was increase in the sales made to all sectors except the promotion segment where demand fell because of the crisis.

Attempts to stimulate consumer demand...

A license agreement was entered into with the Turkish agency of Warner Bros in 2009 as the Company sought to stimulate the market and survive the decline in consumer demand. Within the framework of this agreement, Warner Bros' popular characters were printed on glass products; a series of printed plate sets was created, and necessary revisions were made to packaging designs for all brands by evaluating them on a consumer segment basis.

During the year, the Company achieved successful results from the following commercials and action practices aiming at delivery channels:
- The commercial titled 'Çay'a Şeklini Biz Verdik' (We Give Shape to Tea) which was prepared for the Paşabahçe brand, and
- The commercial titled 'Dile Benden Ne Dilersen' (Make Your Wish) which was prepared for the Borcam brand, highlighting multi-functionality.

The Company's publicity and marketing activities included Paşabahçe, f&d, Denizli and Borcam branded products in 18 fairs in 2009; of these, 14 were held abroad and four in Turkey. Such events involved the meeting of sector professionals and end-users.

Planned reduction in production

As the global crisis began to deepen towards the end of 2008, Paşabahçe Cam responded to the contraction in demand by reducing its total production by 14% year-on-

Glassware Business

Continuing a 5,000-year tradition, Denizli Cam, the only hand-made manufacturer within the Group, has brought the historical art of Turkish glassmaking into the 21st century through its "continuous, qualified and unique new product" manufacturing, while keeping traditional products alive.

year in 2009 as it rapidly curtailed rising stocks and sought to find a balance point in production levels.

At a plant in Turkey, a furnace which had reached the stage where it was in need of cold repair was closed down in December 2008 and not brought into operation again in 2009. As a result of planned reduction in production and increasing total sales, the Company's stocks fell significantly and its operating capital performance increased significantly.

A policy of keeping employment steady

Despite reducing production in the Glassware Business, the Company maintained its current employment levels, with the exception of natural reductions through retirement, as the Company sought to maintain its current calm business environment, and also in keeping with the industrial relations policies adopted by its parent company, Şişecam. The Company opted for a policy of minimizing the negative impacts of the crisis with such measures as the option of early vacation for employees, and in-house execution of some secondary processes, which had previously been outsourced.

Investments

The Company carried out distribution warehouse investments at the Eskişehir plant in Turkey and at the Posuda plant in Russia in 2009.

Moreover, the new process (spinning) related to plate manufacturing was brought into operation in the additional capacity at the Posuda plant, while food container lines were established at plants in Turkey to receive share from the B2B market.

The Company concentrated on cost cutting measures (packaging systems, development and modernization investments aiming at energy saving), process improvements (SAP-ERP) and effective stock management in all its operations.

In 2010...

Global glassware demand in 2010 is expected to exceed the levels seen in 2009, which was marked by the impacts of the global crisis.

Paşabahçe Cam aims to increase its sales to both the Turkish market and international markets, as well as its total production and capacity utilization performance in 2010. The Company also plans to reduce its need for working capital by focusing on effective stock and receivables management.

In 2010 the Company will make new warehouse investments in Turkey and Russia to reduce logistics expenditures and to raise the quality of service offered to customers, modernization investments to raise efficiency in manufacturing and use of energy and investments to increase the printing capacity in order to get a higher share from the printed product market.

Paşabahçe Cam will continue to raise its competitive strength in line with its vision of 'being the strongest glassware supplier in the world, focusing on the glass business with all its knowledge and capabilities' and evaluating possible opportunities within the framework of its strategy of growth with regional supply in order to increase its global market share.

Denizli Cam

The contraction was seen in international markets affected by the recession in global demand...

Addressing the higher income levels, which hit hardest by the global crisis in demand in the glassware market, with hand-made crystalline giftware, decorative and tabletop products, Denizli Cam's international sales in 2009 declined by 27% in USD because of dramatic contraction in export markets, particularly Europe, and the negative exchange rate effect.

The Company's sales to the Turkish market grew strongly, reaching 12% in TL terms.

Denizli Cam discontinued production at one of its furnaces in January 2009 due to lack of global demand.

In order to evaluate the market opportunities led by the signals of recovery in international market demand in the final months of 2009, as well as consolidations taking place in the supply market, Denizli Cam resumed production at its closed furnace in January 2010.

Denizli Cam aims to increase its sales to the domestic and international markets in 2010. In 2010, the Company will concentrate on retail spots, the sale of Denizli-branded



Paşabahçe Mağazaları continued to be the best in professional store management in 2009. Symbolizing Istanbul's 2,000-year cultural memory, the 'Istanbul Collection' was shaped with glass objects.

Paşabahçe Mağazaları aims to grow by opening new stores at potential spots that would contribute to its corporate trademark and image and maintain its leadership.

products, high level catering and promotion markets, project-based activities with designer companies and step up its sales in existing markets, as well as the markets of developing countries.

Paşabahçe Mağazaları (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.

Having opened stores at five new locations in 2009, Paşabahçe Mağazaları has achieved strong 12% growth in its sales in a period marked by diminishing consumption expenditures, with high level consumer brands being hit hard by the contraction in demand.

Paşabahçe Mağazaları was ranked as winner of the decoration category in 2009, in the study 'The Most Appreciated and Popular Retail Brands at Shopping Centers', conducted by the Shopping Center Investors Association.

In 2009, the Company opened 5 new stores in Addresistanbul, Astoria and Teşvikiye in Istanbul, in Bodrum and in Mersin, and closed down 4 stores whose locations were not deemed suitable.

Istanbul - The capital of culture in all ages

As part of the History-Culture-Glass collection, the introduction of the 'Istanbul Collection', which positions Istanbul as the 'capital of culture in all ages', is designed to recall everyday living culture and was presented with the slogan 'a 2,000 year old call for everyday living' at the Santral Istanbul Enerji Museum in November 2009.

This new collection, which was added to product collections manufactured in a limited number, attracted great admiration and supported improvements in the Company's culture store management, cultural products and corporate image.

Camiş Ambalaj

Camiş Ambalaj meets Şişecam Group's needs for high-quality paper-carton packaging, and serves the 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 2009, the Company

- successfully brought the foil (leaf) machine into operation as part of its product diversification activities, in a bid to capture a high market share from the market of products with high added value, and
- carried out the manufacture of high-quality flexo-printed/lacquered corrugated cases for the Turkish fresh vegetable-fruit sector.

Camiş Ambalaj maintained its success in product development and creativity throughout 2009 with the Golden Packaging award which it received from the Turkish Standards Institute.

Camiş Ambalaj's sales contracted 9% in 2009. This contraction was due to the fact that its primary customer, Paşabahçe, reduced its production in Turkey in 2009. The Company's sales to companies other than Group companies were up nearly 15% despite the recession in the packaging market.

Camiş Ambalaj predicts an increase in the Turkish manufacturing industry's demand for packaging. In light of this prediction, the Company is aiming for 8% growth in its total sales in 2010.

Anadolu Cam

Anadolu Cam's growth strategy was structured around the primary target of 'to continuously expand its scale and to become the leader in its region in order to assure its future'.


Glass
Packaging
is
Nature
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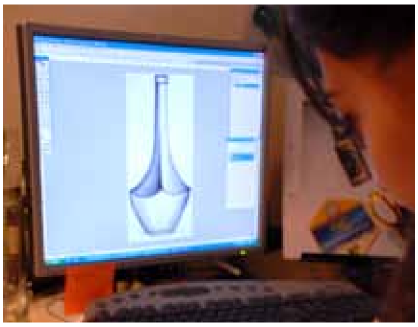
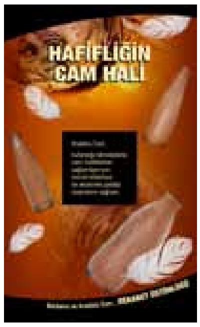
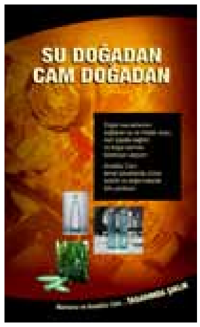
Glass Packaging Business







Light weighting, design and decoration efforts continued extensively in a bid to raise the attractiveness of glass packaging and make it more attractive, which is a natural material to add value to the product.

A total of TL 88 million was invested in 2009, TL 80 million of which was allocated to investments in Russia.

Anadolu Cam Consolidated Highlights*

TL m	2009	2008	2007
Sales Revenue	907	1,054	894
International Sales	405	563	429
Gross Profit	183	281	245
Operating Profit	36	130	124
Parent Company Profit/(Loss)	16	11	71
EBITDA	186	263	236
Net Financial Debt	505	671	374
Equity	737	693	735
Total Assets	1,585	1,633	1,295
Investments	88	293	229
Number of Employees	4,815	5,365	4,701

* 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-İstanbul, Balkum, FormMat, AC Glass Investment and Brewery Pivdenna.

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'.

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.

Anadolu Cam's annual production capacity has reached nearly 2 million tons in total, with a breakdown as follows:
- 800,000 tons per year at 3 plants in Turkey,
- 1 million tons per year at 5 plants in the Russian Federation, and
- 30,000 tons per year at 1 plant in Georgia.

Directly employing nearly 5,000 people at its plants in and outside Turkey, Anadolu Cam is the 5th biggest glass packaging manufacturer in the world and 4th in Europe.

Packaging sector also impacted by global crisis

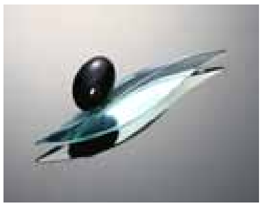
The global financial crisis that broke out in the last quarter of 2008 and worsened in 2009 affected all countries and sectors around the world. This period was marked by a significant decline in trade and manufacturing volumes on a global scale in the glass packaging sector.

International glass packaging companies closed down their plants and furnaces and preferred to balance their capacities in order to curb rising stocks in the face of contracting demand. Many people working in these plants and production lines were made redundant while the employment rate in the sector globally declined. While companies concentrated on rationalization and cost reduction measures, they also scaled back investment spending and postponed growth projects. Challenging economic circumstances around the world have also taken a toll on Anadolu Cam's region of operation. This impact was felt quite strongly in the Russian Federation and sectors served by the Company suffered a significant contraction.

Faced with contracting demand, Anadolu Cam implemented capacity balancing and cost reduction measures at its plants in Turkey and the Russian Federation in order to balance its rising stock levels and increased need for cash.

40% of sales revenues from international operations

Anadolu Cam's annual turnover reached TL 907 million in 2009 with nearly 40% of its sales revenues being generated from international operations abroad.



The ‘Glass Bottle Design Project for Turkish Olive Oil’ was the first and most important step taken to brand Turkish olive oil, whose quality meets global standards.

A focus on cost cutting, efficiency and light weight bottle production projects in 2009

Apart from the recent capacity increasing investments, the Company performed furnace repair and modernization activities at its current plants, while elaborating to raise its profitability with investments aiming to reduce costs, increase production efficiency, produce light weight bottles and improve product quality.

As a result of investments and development efforts carried out at plants in homeland and abroad, USD 17 million was saved in total from costs in 2009.

A production capacity of nearly 800,000 tons at 3 locations in Turkey

The Glass Packaging Business carries out its domestic activities under the name, Anadolu Cam, via 9 furnaces at 3 plants located in Istanbul, Mersin and Bursa (Yenişehir).

Anadolu Cam continued the investment initiative, which it began in Bursa (Yenişehir) in 2006 to meet the increasing demand of the growing mineral water sector for high-quality glass packaging products, by successively commissioning one new furnace each year. The Company predominantly serves mineral water and beer sectors with a production capacity of 360,000 tons/year in total with 3 furnaces each with a capacity of 120,000 tons/year which are operational at the Yenişehir plant.

Şişecam’s first glass packaging plant, the Topkapı plant in Istanbul, serves a variety of sectors with a broad product range extending from penicillin bottles to jars. As a result of projects put in practice at the Topkapı plant in 2009, the new composition developed for whiter glass manufacturing was initiated, while also ‘ultra light’ (NFS) bottle production, whose initial trials were successful was started. With this process, milk bottles and juice bottles were lightened by 30% and 25%, respectively.

Production of ‘baby food’ jars, one of the important projects of the food industry began in 2009, and the first delivery was handled.

At the plant in Mersin, production in olive green and UV green colors was carried out for the first time in line with market demands. As a result of efforts carried out with respect to organic print, two colored organic printings were made for the first time.

Efforts for new products are carried out without slowing down.

The Glass Packaging Business carried out 782 design work in total in Turkey, Russia and Georgia in 2009 for designing new products. Within this framework, moulds were designed for 234 products and a total of 90 moulds were produced, 58 of which were for Turkey and 32 for Russia and Georgia.

Within the framework of promotion-brand awareness efforts

The Glass Bottle Design Project for Turkish Olive Oil

Anadolu Cam carried out the ‘The Glass Bottle Design Project for Turkish Olive Oil’ in cooperation with Turkish Exporters Assembly (TIM) and Turkish Olive and Olive Oil Publicity Committee.

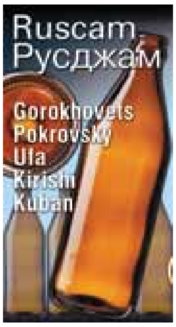
Within the context of the project which aims to make sure that Turkish olive oil is branded and takes the place it deserves in global markets, Anadolu Cam worked with four worldwide known Turkish designers, Alev Ebuzziya Siesbye, Aziz Sarıyer, Defne Koz and Gamze Güven.

The seven new olive oil bottles designed were introduced to sector representatives and the media at an exhibition held at Rahmi M. Koç Museum in June 2009.

Raising awareness of mineral water consumption

Extensive introduction efforts were demonstrated on all platforms on behalf of Masuder (Mineral Water Manufacturers Association) and PR studies related to the campaign were supported in a bid to raise awareness of mineral water consumption. The campaign, participated in by famous musician Nil Karaibrahimgil, had a tremendous impact, contributing to the development of the sector.

Glass Packaging Business



Ruscam continued and strengthened its position in Russian Federation as a leading supplier in such sectors as alcoholic-non-alcoholic beverages and food, with a particular focus on beer, through its plants in the region.

Anadolu Cam was awarded the 22nd Golden Packaging Award with the new Topkapı Rakı bottle, once again demonstrating its ability in design.

Ruscam is the Nr. 1 supplier in the beer market of Russian Federation with its 5 plants in the country.

22nd Golden Packaging Contest

In the 22nd Golden Packaging Contest, a traditional event organized by Izmir Regional Directorate of Turkish Standards Institute, Anadolu Cam received an award with the Topkapı Rakı bottle, which was designed with the inspiration of Topkapı Palace.

The International Packaging Industry Fair

Having participated at the International Packaging Industry Fair, held for the 15th time in 2009, with its new stand designed with a totally different approach, Anadolu Cam attracted a great deal of attention from domestic and foreign visitors during the fair.

Mina plant is the only modern glass packaging plant in Georgia.

The Mina plant, Anadolu Cam's first investment abroad, continues production with an annual furnace capacity of 30,000 tons.

Predominantly meeting the glass packaging needs of the Georgian market, the plant carried out 13% of its sales to neighboring countries in 2009.

Ruscam attains a 15% share of the Russian glass packaging market

Pressing ahead uninterruptedly with its growth initiative in the Russian Federation which was introduced in 2002, Anadolu Cam conducts its operations in Russia under the name of Ruscam.

Anadolu Cam's first investment 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. Investments were started for a second furnace at the Ruscam Kirishi plant to face the growing demand for glass packaging in the region. The second furnace with a capacity of 100,000 tons/year is envisaged to be brought into operation by 2011.

Finally, a new furnace was commissioned with 120,000 tons/year capacity at Ruscam Kuban plant 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. The plant became operational in 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 37% of the new bottle demand of the beer market.

Commanding a 15% share in the Russian glass packaging market with its extensive production capacity, Ruscam expanded its product diversity through new capacities and began to serve the vodka, 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.

As a principle, Ruscam is determined to offer its customers high-quality products and services, based on strong technical know-how built by many years of experience, as well as a first class production infrastructure equipped with the state-of-the-art production technology at its plants, located in Russia's most developed strategic regions as for market penetration and industrial infrastructure.

Anadolu Cam is a partner in a 800,000 tons/year capacity sand plant. Of this capacity, 350,000 tons/year is dedicated to glass packaging, thus ensuring a continuous, high-quality and economic supply of sand, helping to meet the Russian Federation's gradually increasing glass packaging capacity.

Effective advertisement campaigns conducted with Anadolu Cam's support played a key role in the increase in the average mineral water consumption (liter) per capita despite the crisis in the market.

Dice Kayek's unique design enlivened on glass with the cobalt blue Uludağ Premium bottle manufactured by Anadolu Cam.

Union of forces between Anadolu Cam and OMCO

OMCO-Istanbul was established by 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.

OMCO-Istanbul recorded USD 20 million of sales in 2009.

Environmentally friendly glass packaging

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 preventing the damage of the environment by the waste.

As well as improving glass quality, the Company also carries out activities aimed at raising the usage of cullet, which contributes invaluably to reducing costs through lower use 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 Trust) aimed at increasing the efficiency of recycling plants which operate in the market.

The company aims to further enhance training activities conducted to introduce glass packaging to the younger generation and to raise social awareness of the fact that glass is the healthiest and most environment friendly material among the packaging materials.

As well as the cost advantages provided by light weighting efforts, which have achieved significant bounds in recent years, the Company saved packaging wastes, while significantly reducing greenhouse gas emissions.

Aiming to meet customers' expectations that Anadolu Cam's products meet international quality standards at all its plants operating both in Turkey and abroad, Anadolu Cam completed efforts to achieve ISO Quality Management System certification, which was awarded to Ruscam's plants after having already been given to the Company's plants in Turkey. The company also received the OHSAS 18001 Occupational Health and Safety and ISO 22000 Food Safety Certificates.

Looking at the future with confidence

Reinforcing its strong product and service quality and with the capacity reached in the regions of its presence, its technological strength and experienced human resources, the Glass Packaging Business looks at the future with confidence.

Having defined its strategy of growth in the Russian market as 'to concentrate on acquisitions benefiting the opportunities presented by the global economic crisis, and to raise production and sales scales through geographical distribution', Anadolu Cam aims to create capacities in the growing markets parallel with the strategy of regional growth in the areas where its customers operate and grow.

Anadolu Cam is carrying on its search in Ukraine, another growing potential market in the region.

Rapidly growing within its own geographical area, Anadolu Cam successfully completed the first phase of the ERP (Enterprise Resource Planning) project in Turkey. Work on the project began in 2008 to cover emerging business needs more rapidly, and to increase its own competitive strength. The Company aims to include its Russian operation within the scope of this project in the second phase.

The Company will continue to concentrate on cost reduction measures in 2010 in order to strengthen its cash flows both in homeland and abroad. Other matters that will be prominent in 2010 are to provide maximum savings by making use of the Group's strength in procurement and to give priority to product lightening practices in order to secure profit margins.

Soda Sanayii

The Company reached a production capacity of 1.5 million tons of soda ash at its plants, located in 3 different countries.

We are committed to environment, human health and safety

Chemicals Business

The Soda Lukavac plant in Bosnia and Herzegovina continued its performance-raising investments. The plant is rapidly progressing towards being the most important supplier in its region by becoming a modern plant.

Chemicals Business Combined Highlights*

TL m	2009	2008	2007
Sales Revenue	1,114	1,109	869
International Sales	450	419	372
Gross Profit	202	192	118
Operating Profit	87	72	16
Current Profit/(Loss)	54	43	23
EBITDA	160	141	75
Net Financial Debt	250	260	118
Equity	966	872	819
Total Assets	1,717	1,504	1,254
Investments	185	140	121
Number of Employees	3,123	3,390	3,153

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

Soda Sanayii Consolidated Highlights*

TL m	2009	2008	2007
Sales Revenue	624	647	457
International Sales	385	374	307
Gross Profit	145	130	64
Operating Profit	75	63	10
Parent Company Profit/(Loss)	46	46	16
EBITDA	118	102	42
Net Financial Debt	120	183	97
Equity	541	496	430
Total Assets	913	864	654
Investments	62	73	70
Number of Employees	1,872	1,957	1,787

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

Kromsan became the world leader in Basic Chromium Sulphate production due to its quality, technology and environmental standards.

The Şişecam Chemicals Business continued to expand its activities in 2009, which are carried out at more than 20 plants in five countries, through capacity increases and new products.

The Business produces and sells soda ash, chromium chemicals, glass fiber and unsaturated polyester resins, industrial raw materials, electricity, steam, vitamin K3 derivatives, sodium metabisulfite and synthetic tanning agents, as well as heavy-duty machinery under ASMAŞ, which joined the Group in 2008.

Soda Sanayii succeeded to balance its sales against contracting demand in soda consuming sectors because of the global crisis. Supported by the quality of its products and services, the Company came out of the crisis as one of the strongest manufacturers.

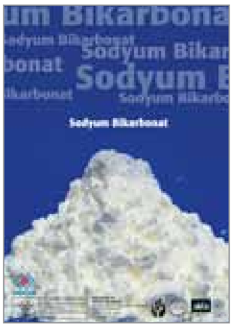
The capacity increase investment at the Mersin Soda plant has been carried out on schedule and the additional capacity will enter operation in 2010. The biggest share of the main production equipment used in this investment was procured from ASMAŞ, a Group company, and was entirely produced domestically.

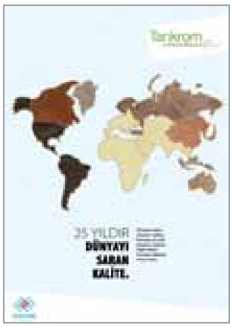
The amount of steam provided from the Mersin Cogeneration plant of Camiş Elektrik, another Group company, increased as the second production line of this plant entered operation, thus enhancing Soda Sanayii's competitive cost-efficient structure.

Kromsan became the world leader in Basic Chromium Sulphate production, thanks to its quality, technology and environmental standards.

Şişecam Soda Lukavac (SSL – Bosnia and Herzegovina)

As an important step in Şişecam's journey of growth in the soda business line, SSL joined the Group in 2006. The company then invested in transforming the plant into a modern soda plant, tripling its capacity.






Efforts continued to produce added value for, develop, introduce and popularize new products manufactured of soda and chromium chemicals, which are the Group's main product groups, in addition to current products in the markets.

Since the plant in Bosnia joined the Group, it has exhibited tremendous progress in terms of quality and performance. Supported by its proximity to key soda consumption markets in Eastern Europe, SSL will complete modernization investments in 2010, reinforcing its position as the most important supplier in its own hinterland.

Soda Sanayii's capacity will approach 2 million tons with marginal capacity increases carried out at its current plants. Moreover, the company plans to improve its position in the market with new plants. The best evidence to this is the project carried out within the framework of the letter of intent signed with the Egyptian Government to build a new soda plant in this country.

Chromium Chemicals

Celebrating 25 years of production, Kromsan Chromium Chemicals plant has become one of the world's leading companies in its sector. As the world leader in Basic Chromium Sulphate, the Company surpassed its rivals in terms of product quality, production technology and environmental standards.

The leather and metal coating industries, which use chromium chemicals and their derivatives as inputs, were among the industries hit hardest by the global crisis. Despite the contraction in demand, Kromsan demonstrated strong profitability, maximizing its sales with its superior quality and standards.

Having improved its capacity, technology and product portfolio over the years, Kromsan bolstered its position in the market with respect to new chromium chemicals (Chromium III products) for which trial production begun in the last reporting year. In line with this, having introduced Trisurfin to the market in 2008, Kromsan began to produce Chromium Nitrate and Chromium Chloride. The company aims to expand this product range further going forward.

Employing its own competitive advantages, the Company plans to improve its market position in Basic Chromium Sulphate, which is the Company's main product group and marketed under the "Tankrom" brand.

With the extension of the Sodium Bichromate investment, which was completed in the reporting year, Kromsan strengthened its position as one of the world's three biggest manufacturers in this product range. With the new investments completed in the reporting year, the capacity at the Sodium Sulphate production plant, which entered operation in the last reporting period, was raised.

The Chemicals Business took part in a number of organizations both in Turkey and abroad with respect to chromium chemicals; these included the All China Leather Fair in Shanghai, in China, the Shoes & Leather Exhibition in Guangzhou, also in China, the Vietnam Shoe & Leather Exhibition / HCMC, in Vietnam, SF China in Shanghai, the FIMEC Leather Fair in Brazil and the Istanbul Leather Exhibition.

Continuously building our strength through R&D

We carry out R&D activities in soda and chromium product groups with the purpose of continuously increasing our competitive strength. R&D projects predominantly aim to minimize costs by increasing efficiency, develop technology and processes, enhance product diversity and raise environment-friendly practices.

Mandatory REACH applications completed

The preregistration of the products produced at the Soda and Kromsan plants was completed in 2009 within the framework of the new REACH registration and permit system, which is of tremendous importance regarding the sale of chemicals to European Union countries. Preregistration efforts for products produced at Oxyvit Kimya and Sintan plants are currently under way.

Chemicals Business

Cam Elyaf, as supplier of various types of reinforced glass fiber to a number of countries around the world, continued its efforts to improve existing products and add new developed product to its product range in line with the market demands.

Camiş Madencilik, the supplier of raw materials to the Group's glass companies, concentrated on stepping up its mining activities aimed at sectors other than glass.

Cam Elyaf is aiming at maximizing performance levels in the upcoming period in parallel with the booming in fields such as automotive, wind energy and infrastructure applications.

Cam Elyaf

Another company under the Chemicals Business, Cam Elyaf operates in the field of manufacturing and sales of glass fibers and unsaturated polyester resin products, which are the basic inputs of the composite industry.

Composite materials are used in a number of fields such as infrastructure, automotive, construction, maritime, industrial products and outdoor furniture, supported by the numerous advantages they offer over traditional materials.

However, one of the industries to have been hit hardest by the global crisis was the composite industry and hence operations related to glass fibers and polyester. Demand contracted significantly while competition became stronger in Europe, which is the Company's main target market.

All subsectors of the Turkish market contracted, excluding glass-reinforced plastic pipe manufacturing. In response to this, Cam Elyaf discontinued operations of one of its two active furnaces as competition in imports increasingly affected the domestic market; the Company currently continues production with only one furnace.

The sector is expected to recover in 2010, fuelled by the rising demand in areas as automotive, wind energy and infrastructure applications. As a result, the company aims to improve its operation level and performance.

The field of activity in industrial raw materials is gradually being enhanced with new products and customers.

Three separate companies under this business operate in Turkey and Egypt. These companies meet the increasing industrial raw material needs of growing glass manufacturers, while gradually enhancing their activity with new products and customers.

Camiş Madencilik made up for contracting demand in industrial raw materials in 2009 by taking measures aimed at cost cutting.

As well as covering Cam Elyaf's raw material needs, Cam-Ser sells industrial materials, particularly feldspar, to its customers in the ceramics and cement sectors, in addition to companies. The company's domestic sales were close to projections, although it suffered from the impacts of the global crisis in international sales. This corporation will pave the way for increased sales thanks to the introduction of high-quality products, by bringing the Yatağan Feldspar plant into operation in 2010.

The raw material manufacturer in Egypt, Camiş Egypt develops new projects to enhance product diversity and increase production and sales volumes.

Camiş Elektrik's 2nd production line brought into operation in Mersin

Camiş Elektrik, operating in the energy sector for 13 years, completed and brought the 2nd line of the Mersin Cogeneration Power Plant into operation in the last quarter of 2009.

The installed power capacity of the Company's plants in Lüleburgaz and Mersin reached 284 MW with the new cogeneration line that recently entered operation, while its electric generation capacity and steam generation capacity reached 2.25 billion kWh/year and 3.7 million tons/year, respectively. The Company aims to optimally sell its power capacity, which has doubled in 2010, in the Turkish Electricity Market in accordance with the revised Electricity Market Balancing and Settlement Regulation.

Having gained a significant place among private sector energy producers with the recent completion of the second cogeneration line in Mersin, Camiş Elektrik also evaluates projects which involve electricity generation from alternative resources.

Food production certificate awarded to Oxyvit (for its Vitamin K3 sales) on Sodium Metabisulfite manufacture

2009 was a difficult year for Oxyvit's Vitamin K3 sales. The Company felt the pressure from the global crisis on the supply-demand balance, which was also reflected to its sales. Despite intensively competitive circumstances in the global market, the Company succeeded in holding a market share of nearly 20%.

The company exported 65% of its Sodium Metabisulfite sales in 2009, with Europe accounting for 90% of export markets. Oxyvit took an important step to increase its sales in 2010 when it was awarded a quality production certificate.

ASMAŞ

One of the leading manufacturers of heavy-duty machinery and equipments in its region, ASMAŞ sold 71% of the machinery and equipment it produced to export markets in 2009.

Founded in Izmir in 1976, ASMAŞ joined the Chemicals Business in 2008. The Company is one of the leading manufacturers of industrial machinery in our region, backed by its specialist technical personnel and the certificates it holds, which confirm its quality in the sector.

ASMAŞ serves domestic and international markets by establishing turnkey plants, producing projects and technology and manufacturing machinery and equipment used in a number of industrial fields. Iron-steel, cement, chemicals, energy, transportation vehicles and defense are prominent among the sectors served by ASMAŞ.

As a manufacturer of heavy industrial machinery and equipment, ASMAŞ sold 71% of the machinery and equipments it produced in 2009 to export markets. In Turkey, ASMAŞ successfully manufactured equipment which the Soda Mersin plant had previously procured from abroad.

Outside Turkey, ASMAŞ manufactured, delivered and brought the Ashkhabad / Turkmenistan Iron & Steel plants into operation as a turnkey project, in addition to the machinery and equipment which it had manufactured for SSL, another Group company.

ASMAŞ started to invest for modernizing its production facilities in 2009, which will raise the plant's productivity to a more competitive level.

Product line at Sintan expanded

Having brought its production plant into operation by the end of 2008, Sintan is now able to offer its customers a range of 68 products, raising the number of its non-commercial products to 41 in the reporting year, compared to 5 at the end of 2009, while a total of 27 commercial products were integrated into its range of leather processed products.

The Company's sales suffered in 2009, being a relative newcomer to the sector as well as feeling the heat of the global crisis. The Company has since begun to expand into alternative markets.

The Far East, particularly India and China, as well as Italy and Turkey's neighboring countries, were identified as primary target markets for 2010. The Company plans to improve its position in these markets and increase its sales in 2010.

Research - Technology

The global economic crisis which affected the whole world forced a greater focus of R&D activities on the theme of cost reduction in 2009.

R&D activities
In 2009 R&D activities, which turn information into concrete products with high added value and are one of Şişecam's important assets, were mostly related to the global crisis that affected the whole world.

The economic crisis focused attention on R&D activities with a cost reduction theme in almost every phase of the glass manufacturing process, such as energy savings in manufacturing, particularly saving melting energy, products aimed at reducing energy consumption in buildings and motor vehicles and the development of easier to melt glass compositions, with the associated advantages of reducing fuel consumption, lowering batch costs, increasing production efficiency by minimizing defects, shortening color transition duration from glass to glass.

Moreover, perfection in products became the most important target in capturing a higher share of the contracting market at a time of economic crisis, and the target of manufacturing products which the market demands necessitated development efforts in every phase of the production process.

Economic crisis and competition in the market
Competing in markets at a time of economic crisis, glass manufacturers conducted joint studies and shared more information in basic issues.

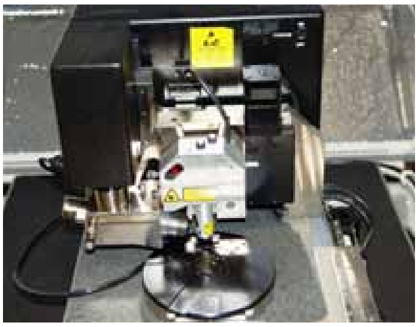
In this context, activities were undertaken on international platforms and the Group took part in projects with 4 different headings, performed under the leadership of glass institutes promoting the development glass science and technology. Leading glass manufacturers participated in these projects.

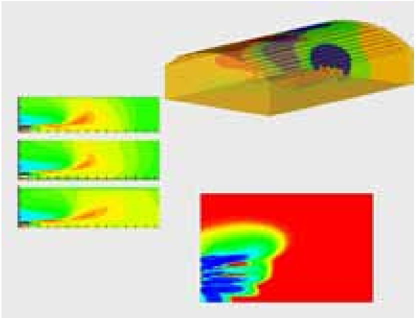
The European Crystal law (and the Turkish Standards Institute Crystal Glass Standard) stipulates guidelines in classifying high-quality glassware products for the purpose of demonstrating the superiority of glass quality in the glassware market, and has been in effect since 1969. In addition to this law, with the participation of Şişecam, a workgroup was set up by the International Crystal Federation (ICF) and European Domestic Glass (EDG) Committee, in order to draft a classification scheme in which customers may understand optical features of glass more easily, rather than one which merely sets out the technical specifications of glass.

Following the completion of efforts in this direction, a phase of standardization got underway in 2009 and an application was submitted to the ISO (International Standardization Organization) for the approval of the standards, along with the published IWA (International Workgroup Agreement).

Thus, high-quality glassware products can be classified as 'ultra clear' and 'clear' glass within the framework of criteria set forth in this document, which will be published with the IWA in January 2010 in addition to the Crystal Glass standard.

Empirical research studies were conducted in respect to optical features such as new coloring mechanisms and the manner glass interacts with sunlight, areas which had previously not been given a great deal of coverage in glass literature. At the same time, efforts were undertaken to develop various visual and functional colored glass products were undertaken in new products in all sectors, to meet market demand.





Modelling of NOx formation in furnace atmosphere

Tackling global warming and curtailing excessive consumption of natural energy resources – R&D activities focus on 'Renewable energy' concept

The world's energy needs are growing by nearly 5% per year. However, the rate at which fossil fuels are being used to meet such needs is unfortunately exceeding the rate at which new fossil fuel reserves are being discovered.

Moreover, the burning of fossil fuels has raised average global temperatures to their highest levels in the last millennium, while giving rise to significant air pollution and a noticeable increase in natural disasters such as floods and storms. Against this backdrop, attention in the glass industry has recently turned to renewable energy.

Solar energy

Glass, in various forms, is included in almost every method where power is generated directly or indirectly from the sun. However, since the basic function of the glass used in such equipment is to transmit solar energy to the system with a minimum loss, standard glass products must be configured carefully during the production and secondary covering processes.

In this context, the basic research topics for glass manufacturers are the methods to be used and increasing the performance of the end product.

Today, products intended for solar energy applications are gathered under a different category; 'solar', while research activities are carried out with the aim of raising performance and improving cost-efficiency.

In line with such efforts, the 'Surface Specifications Analysis' and 'Reflection Preventing Coverings' laboratories were brought into operation in 2009 at the Glass Research Center in order to expand our R&D abilities.

R&D Center

The Şişecam Glass Research Center, one of our country's first corporate R&D departments, was opened in 1976 and has been continuing its R&D activities for the last 33 years at an ever increasing pace and with its own resources.

The Glass Research Center was approved as an 'R&D Center' under law no. 5746 on 'Supporting Research and Development Activities', which we believe represents an important opportunity to raise competitive strength with scientific development and innovative approaches through supporting our country's R&D infrastructure. R&D activities are carried out by a total of 204 employees, 141 of whom work at the Glass Research Center and the head office, with another 63 in workgroups.

In this context, Şişecam allocated TL 31 million of resources to R&D activities in 2009, corresponding to 0.9% of the Group's consolidated sales revenues.

Human Resources

Şişecam carries out training in all its activities as a strategic instrument in line with its vision, in order to be ahead of the competition.

The essential tenets of Şişecam HR policy are to:

• Develop employee competencies,
• By employing the latest technology, to ensure an increasing number of transactions are monitored through an intranet environment,
• Make use of modern and sustainable methods,
• Maintain employees' productivity and efficiency,
• Ensure that Şişecam's position in the Turkish and global economies, its global culture, its vision, and its strategic goals are understood and identified with by employees, and
• Enhance employee satisfaction and engagement.

Developments in 2009

• In a bid to carry out HR activities more effectively and efficiently, forms related to business travel were introduced, which were monitored and reported through the intranet environment in line with efforts to perform and develop various applications and employ technology for reporting.
• Respective reporting systems were re-established, in order to make use of incentives offered in association with the Glass Research Center's activities.

Training activities at Şişecam

Şişecam carries out training activities aimed at ensuring the Group's effectiveness sustainability, to furnish its employees with the ability to anticipate changing market conditions and develop their technical capabilities accordingly, and create an appropriate culture of quality. For this purpose, in-house and external house training opportunities on organizational development, management and professional and individual development are offered to employees with any seniority and who are paid on a monthly or hourly basis.

As well as the scheduled annual training activities, the Group provided an e-MBA project as a long-term study and in-house courses in English in 2009, which were implemented to contribute to the development of employees' foreign language skills.

Statistics for training activities in 2009 are as follows:
• The Training Department conducted 247 seminar courses for 3,131 employees and provided a total of 27,823 employee-hours of training time.
• The Computer Support Services Department provided 402 employee-hours of training time in which 96 people took part in computer-related training.
• Individual Group companies provided in-house and external house training for their personnel, consisting predominantly of on-the-job training. A total of 86,123 employee-hours of such training was provided to a total of 22,317 participants in 2009 (taking into account that employees are able to participate more than one training).

Consequently, a total of 114,348 employee-hours of training time was provided throughout the Group to a total of 25,544 participants in 2009.

Industrial relations under crisis conditions

The Group took extensive efforts in 2009 to ease the negative impacts of the global economic crisis for Group companies and their employees, and to ensure that the employment guarantee was maintained.

The operation of furnaces and production lines was temporarily suspended in some workplaces as a result of demand weakness as a result of the economic crisis, which affected our country and the sectors to which we provide inputs, thus leading to a surplus in our employment.

Tackling this employment surplus became the subject of negotiations between organized trade unions and as a result of these negotiations, an agreement was reached in respect to allowing employees to take leave without pay temporarily and by turns within the framework of workplace requirements and production programs by first applying annual paid leaves at earlier dates at these workplaces.

As a result of the contact established with the Ministry of Labor and Social Security and the Turkish Employment Agency and the initiatives taken, steps were taken to ensure that employees benefited from the short-time working fund for the period of non-paid leave.

This practice, which brought significant savings for workplaces, did help relieve the negative impacts of the crisis through sharing its burden, while avoiding the need to close down workplaces, maintaining competitive strength and protecting employment.

In addition to the efforts summarized above, negotiations were held with the organized Kristal-İş trade union regarding the closure of the operations of the Glass Processing and Covered Glass plant, the Camiş Madencilik Kırklareli Glassware Sand plant and the Mersin Limestone Dolomite Preparation plant. These plants, whose continued operation is not deemed workable and cannot be renewed for technological reasons, were closed down and an agreement was reached with Kristal-İş with respect to the status of personnel working in these enterprises, their compensation and their personal rights.

Developments in collective bargaining agreements

Şişecam continued to manage its collective bargaining agreements in line with the Group's policies and strategies and with an overall approach that is mindful of the interests of all stakeholders while also taking into account general economic indicators and the financial circumstances of Group companies.

In line with this approach, the Group negotiated and reached mutually acceptable agreements within the legally prescribed time periods as stipulated in the collective labor agreements (which expired in 2009) with the trade unions indicated below:

• Selüloz-İş trade union at Camiş Ambalaj Sanayii's workplaces in Tuzla and Eskişehir,

• Kristal-İş trade union at the workplace of Anadolu Cam Yenişehir Sanayii.

• The agreement related to Camiş Ambalaj Sanayii will be in effect for 2 years between September 1, 2008 – August 31, 2010 and the agreement related to Anadolu Cam Yenişehir Sanayii will be in effect for 3 years between January 1, 2009 – December 31, 2011.

A similar approach was adopted for the collective bargaining agreements in effect in Group companies abroad and the financial circumstances of companies and regional conditions were taken into account in the determination of employees' financial rights.

With respect to the agreements that expired in 2009,

• An agreement was reached with the Podkrepa trade union regarding the collective bargaining agreement covering 3 workplaces belonging to Trakya Glass Bulgaria EAD (Bulgaria);

• An agreement was reached with Proofkom trade union for the Posuda Glassware plant in Russia.

One of the key activities in 2009 was the preparations for the new period regarding the Glass Business Collective Bargaining Agreement that expired on December 31st, 2009, covering the Trakya plant, the Trakya Mersin plant, the Cam Elyaf plant, the Trakya Otocam plant, the Paşabahçe Kırklareli plant, the Paşabahçe Mersin plant, the Anadolu Cam Topkapı plant and the Anadolu Cam Mersin plant.

Ensuing Legislative and Coordination efforts

Information was provided to the Group's HR directors on legislative amendments and practices concerning the work life and ideas and opinions on the recent developments regarding human resources and industrial relations at workplaces were shared at the Human Resources Coordination Meetings held in 2009.

Moreover, with respect to matters under the responsibility of the Industrial Relations Department, executives of Group companies participated in seminars and meetings where they kept abreast of recent developments and were informed on these issues. They also participated in committees established for preliminary draft work regarding legislative amendments concerning employment. The Group also conducted cooperation and coordination activities with employer unions on these matters, while sharing opinions and ideas regarding the requirements of the business operation.

As in 2009, providing declarations with respect to the implementation of laws, regulations and the provisions set forth in the collective bargaining agreements will be one of the Group's primary activities in 2010.

In 2010…

Efforts in the field of industrial relations will continue, along with work aimed at completing collective bargaining negotiations, which will be held in a conciliatory manner with the trade unions listed below, in accordance with the circumstances of the country and our company:

• The collective bargaining agreement that expired on December 31, 2009 with the Çimse-İş trade union for the Denizli Cam plant,

• The collective bargaining agreement that expired on December 31, 2009 with the Petrol-İş trade union for the Soda Sanayii Soda and Kromsan plants,

• The collective bargaining agreement that expired on March 31, 2010 with the Çimse-İş trade union for the Paşabahçe Eskişehir plant,

• The collective bargaining agreement that will expire on June 30, 2010 with the Kristal-İş trade union for the Trakya Yenişehir plant, and

• The collective bargaining agreement that will expire on June 30, 2010 with the Podkrepa trade union for the Trakya Glass Bulgaria EAD.

Occupational Health and Safety

Occupational Health and Safety Policy
Attaching tremendous importance and respect to the right to work and live in a humane manner, Şişecam works towards the formation of a society and labor force which are spiritually and physically sound ensuring its activities are performed in healthy and safe working environments. The Company believes this can provide assurance of the future. Acting in accordance with this fundamental and unchanging element of its managerial approach, Şişecam, aims to continuously improve the work climate and conditions in line with technological changes and developments, to inform its employees and all parties it has relations with and thereby contributing to the establishment of a "culture of health and safety" in all segments of society through the strict implementation of legislation, standards and contemporary management systems in the field of occupational health and safety.

A total of 22 industrial plants within the Group had OHSAS certification by the end of the year.

Extensive efforts continued in 2009 within the framework of the project of switching industrial workplaces of Group companies to the 'OHSAS 18001 Occupational Health and Safety Management System'.

Within this framework,

- The certification process was completed with success at Trakya Yenişehir plant and Trakya Glass Bulgaria EAD Processed Glass plant under the Flat Glass Business and thus, the certification process was completed in all industrial workplaces under the Flat Glass Business.
- The Posuda plant, the Paşabahçe Eskişehir plant, the Paşabahçe Mersin plant and the Paşabahçe Kırklareli plant under the Glassware Business were granted the OHSAS 18001 certificate. A decision was taken to carry out the certification process at the Denizli Cam plant in 2010.
- While the certification process was already completed at the Topkapı, Mersin and Yenişehir plants under the Glass Packaging Business, improvement work was under way to bring the plants in line with the OHSAS 18001 system.
- The certification process was successfully completed at the Oxyvit plant under the Chemicals Business, while all preparations were performed at the Cam Elyaf plant, with the process planned to be completed in 2010.

By the end of 2009, 22 of the Group's industrial plants held an OHSAS certificate, with the aim of raising this figure to 24 within 2010 with the completion of Phase I of the project.

Measurements, observations and analysis with respect to occupational health and safety were performed during the year in line with the annual program being implemented at the Group's industrial workplaces and the requests submitted from workplaces before the official inspection, regarding certification efforts at workplaces, which are about to receive their certificates or renew their current certificates related to OHSAS Quality and Environmental Management Systems.

The findings from these studies were submitted to respective workplaces, contributing significantly to the improvement of their working environments and bringing them into line with the requirements of the systems in place.

Meeting occupational health and safety requirements...

Şişecam Group evaluated the findings of periodic check-ups carried out at workplaces' medical units, and submitted recommendations to workplaces on which applications must be performed within the scope of preventive medicine.

Moreover, data on occupational work accidents taking at workplaces was analyzed, supporting efforts to introduce measures aimed at preventing the recurrence of accidents; further, the Group carefully followed the frequency and severity of accidents in workplaces, again supporting efforts to realize targets in this matter.

In compliance with Group policies, 'occupation health and safety' will remain one of the most important issues on the agenda for 2010. At the workplaces of the Group, efforts will be taken to establish a safe working environment and a culture of 'Occupational Health and Safety Culture' and protect this environment, while the company will continue to keep statistics and perform analysis related to work accidents and periodical check-ups.

Emergency Organization…

Efforts regarding Emergency Organization at workplaces enjoyed strong participation, thus supporting this structuring, supporting its development through applications and training sessions and providing coordination among companies and corporations both in and outside the Group.

Training activities

Training activities related to occupational health and safety continued in 2009 as in previous years, in line with the annual plan and requests from workplaces. Efforts were also undertaken to develop attitudes, behavior and awareness of health and safety among both white-collar and blue-collar personnel, as well as employees of sub-employers. Instruction on reducing occupational mishaps was also provided, along with efforts to raise employee participation in these sessions performed at workplaces, by reminding them of their authority and responsibilities.

Environment

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.

TL 14.5 million was spent on activities and environmental projects conducted in 2009.

Environment-related activities

Figures concerning plants' environmental activities and the use of energy/resources is evaluated centrally with specially designed software; a resource database has also been set up to determine the Group's environment-related targets. Periodic meetings held with the participation of environmental officers from the manufacturing and business units formed a basis to share information, experience and successful application, while also allowing a minimization of environmental risks in production units, as well as setting out joint solutions to successfully manage these risks.

The Group's responsibilities to the environment are met within the framework of environmentally related legislation in Turkey and in foreign countries where Group companies operate. Meanwhile a proactive approach was adopted to resolve potential problems which might occur in the shaping and application of environmentally related legislation in Turkey, the scope of which is rapidly expanding.

Recycling of packaging materials

Within the framework of efforts to recycle packaging materials offered to the market, a total of 6,300 tons of paper/carton packaging, 905 tons of plastic packaging and 1.4 tons of composite packaging were recycled in 2009. A total of TL 244,248 was paid as a recycling fee which was spent by the authorized institution as a contribution to education, promotion and awareness-raising activities aimed at students, as well as recycling projects.

Moreover, our Group spent nearly TL 14.5 million on environmental evaluation analysis, solid waste disposal, wastewater treatment investments and operations, with the money also going on environmentally related projects within the scope of the ISO 14001 Environment Management System.

Strategies pursued with respect to greenhouse gases

Our Group actively supports our country's strategies to reduce greenhouse gas emissions. We also believe in the necessity to shape such efforts in line with the prevailing conditions in our country and the industry. Within this framework, we carried out our projects aimed at reducing gas emissions, while a report including data related to the glass sector as well as remarks and recommendations from sector participants was presented to the respective authorities, in order to provide information for preparations conducted by the Ministry.

Measures taken on energy savings

With climate change upon us, the rapid implementation of measures to promote the use of alternative sources of energy and energy savings is of paramount importance. In the energy intensive glass manufacturing business, energy saving is the most important precaution aimed at reducing greenhouse gas emissions. All measures taken to provide energy savings directly aim at the minimizing greenhouse gas (CO_2) emissions.

Within this framework, one of the most important parameters is the reuse of recycled broken glass pieces in glass manufacturing. As any increase in the amount of glass which is recycled brings energy savings and reduces emissions, Şişecam plays an active role in a range of important projects aimed at improving channels of collection with respect to the recycling of glass pieces. In 2009, by means of recycling 545,750 tons of broken glass pieces in glass melting, the emission of 130,000 tons of CO_2 was prevented.

In addition, the Group companies continued to develop high-quality and environment-friendly products for the fight against environmental pollution and climate change, as well as for reducing energy consumption and generating renewable energy in their new product designing processes.

IT and Communication



IT and communication systems constitute a critical element in the business-making, communication and management infrastructures, while information used and transmitted in these environments constitutes a critical element of the corporation's intellectual capital.

Worldwide technological developments, trends, and activities were closely monitored, adapted, and put into practice throughout the Şişecam Group in 2009.

The company stepped up efforts to improve and ensure consolidation of IT and communication infrastructures at Group companies in 2009, in line with its business continuity project. Work began to virtualize the server systems and to ensure the use of SAN joint disk systems aimed at infrastructure integration, resource sharing, load balancing and protection of the high access level and data.

Applications such as integration of smart mobile phones with the corporate cooperation system, the use of fixed lines from computers through dedicated software, along with reliable access (VPN) to corporate information sources from outside the company were applied, and "endpoint security" was put into practice in a bid to ensure place and time independent working.

Flat Glass Business

Work began on updating the Corporate Source Planning software used in the Basic Glass product group at the SAP environment. The project will also cover Auto Glass products and White Goods in subsequent stages, with the completion of the Corporate Source Planning environment of all of the Group's business lines under SAP.

Glassware Business

The Company ensured that collection risks were minimized through implementing the 'Customer Loan Management' application in all sales processes within the scope of the Corporate Resource Planning software. The Business Intelligence and Integrated Planning Project was completed. All budget preparing and planning efforts pertaining to 2010 were carried out in this software environment; furthermore, software application projects were initiated on Customer Relations Management and New Product Process.

Glass Packaging Business

An international Corporate Resource Planning System covering all business processes was adapted and put into practice in all Group companies in Turkey in response to recently emerging business needs. The Corporate Resource Planning System will also be applied in Glass Packaging Group companies operating abroad.

Chemicals Business

The Corporate Resource Planning application, which was chosen to cover growing business needs, was switched to in 6 companies that operate in mining, energy and other chemicals sectors beginning by 2009 following Soda Sanayii and Soda Lukavac.

The number of systems served by Camport, Şişecam's corporate information systems portal, increased. E-mail based business flow support was provided through new software.

Türkiye Şişe ve Cam Fabrikaları A.Ş.
and Its Subsidiaries
Consolidated Financial Statements
For The Year Ended 31 December 2009

Deloitte.

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CONVENIENCE TRANSLATION OF THE REPORT AND
THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheet of Türkiye Şişe ve Cam Fabrikaları A.Ş. ("the Company"), its subsidiaries, joint ventures and associates (together "the Group") as of 31 December 2009 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards published by the Capital Markets Board (the "CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the CMB. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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. Procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, auditor considers internal control relevant to the Group's preparation and fair presentation of the 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

We did not audit the financial statements of the Group's foreign subsidiaries, joint ventures and associates. Assets and net sales of such entities included in the accompanying consolidated financial statements constitute approximately 14% of the Group's consolidated assets and 13% of net sales as of 31 December 2009. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of the other auditors.

Conclusion
In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Şişe ve Cam Fabrikaları A.Ş., its subsidiaries, joint ventures and associates as of 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting standards published by the Capital Markets Board.

Istanbul, 9 April 2010

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

Hüseyin Gürer
Partner

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

Consolidated Balance Sheet as of 31 December 2009

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

ASSETS	Notes	31 December 2009	31 December 2008
Current Assets		**2.914.454.820**	**2.526.049.506**
Cash and cash equivalents	6	1.333.387.047	652.423.039
Financial investments	7	72.915.249	18.053.608
Trade Receivables	10	644.137.862	656.577.898
Other receivables		**25.584.211**	**27.746.423**
- Due from related parties	37	16.763.459	18.892.392
- Other receivables	11	8.820.752	8.854.031
Inventories	13	708.139.096	944.145.806
Other current assets	15, 26	130.291.355	227.102.732
Non-current Assets		**3.774.003.278**	**3.809.081.576**
Trade receivables	10	1.921.110	975.546
Other receivables	11	1.150.256	1.239.282
Financial investments	7	109.082.268	92.113.707
Investments accounted for under equity method	16	133.756.050	135.764.743
Tangible fixed assets	18	3.409.133.152	3.498.077.749
Intangible assets	19	31.945.668	21.754.992
Goodwill	20	19.366.878	19.447.575
Deferred tax assets	35	35.917.739	18.399.729
Other non-current assets	26	31.730.157	21.308.253
TOTAL ASSETS		**6.688.458.098**	**6.335.131.082**

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

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

Consolidated Balance Sheet as of 31 December 2009

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

LIABILITIES	Notes	31 December 2009	31 December 2008
Current Liabilities		**1.174.216.187**	**1.253.934.482**
Financial liabilities	8	768.228.834	743.556.385
Trade payables	10	233.349.806	289.310.468
Other payables		**61.880.894**	**105.922.489**
- Due to related parties	37	31.888.008	65.541.401
- Other payables	11	29.992.886	40.381.088
Corporate tax payable	35	19.642.522	26.251.530
Provisions	22	9.157.675	9.031.360
Provisions for employee termination benefits	24	6.762.250	7.350.179
Other current liabilities	15, 26	75.194.206	72.512.071
Non-current Liabilities		**1.803.325.317**	**1.509.640.534**
Financial liabilities	8	1.550.876.056	1.244.841.495
Trade payables	10	19.827	5.637.209
Other payables	11	161.680	60.089
Provisions for employee termination benefits	24	148.595.290	144.294.534
Deferred tax liabilities	35	101.438.813	114.085.163
Other non-current liabilities	26	2.233.651	722.044
EQUITY	**27**	**3.710.916.594**	**3.571.556.066**
Total Equity Attributable to			
Equity Holders' of the Parent		**2.858.373.588**	**2.740.407.207**
Share capital		1.100.000.000	1.006.222.184
Inflation adjustments to share capital		241.425.784	241.425.784
Treasury shares (-)		(44.480.006)	(40.687.973)
Premium in excess of par		527.051	527.051
Revaluation funds		(1.571.576)	(324.068)
Currency translation differences		25.450.556	31.330.801
Restricted reserves appropriated from profits		36.910.148	73.826.407
Retained earnings		1.388.302.863	1.269.367.765
Net profit/(loss) for the period		111.808.768	158.719.256
Non-controlling Interests		**852.543.006**	**831.148.859**
TOTAL LIABILITIES AND EQUITY		**6.688.458.098**	**6.335.131.082**

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

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

Consolidated Statement of Income for the Year Ended 31 December 2009

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

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Sales revenue	28	3.643.630.123	3.743.714.048
Cost of sales (-)	28	(2.762.966.981)	(2.642.276.309)
Gross Profit/(Loss)		**880.663.142**	**1.101.437.739**
Marketing, sales and distribution expenses (-)	29, 30	(273.065.976)	(248.531.010)
General administrative expenses (-)	29, 30	(363.803.175)	(349.323.227)
Research and development expenses (-)	29, 30	(30.934.846)	(27.786.753)
Other operating income	31	59.357.506	8.090.868
Other operating expenses (-)	31	(26.568.958)	(32.187.537)
Operating Profit/(Loss)		**245.647.693**	**451.700.080**
Share in net profit/(loss) of investments			
accounted for under equity method	16	744.738	4.035.776
Financial income	32	438.077.958	443.593.162
Financial expenses (-)	33	(529.864.701)	(642.450.457)
Profit/(Loss) before Taxation from Continued Operations		**154.605.688**	**256.878.561**
Tax benefit/(charge) from continued operations			
- Current tax benefit/(charge)	35	(66.542.026)	(83.339.741)
- Deferred tax benefit/(charge)	35	30.993.558	15.269.888
Profit/(Loss) for the Period		**119.057.220**	**188.808.708**
Attributable to:			
- Non-controlling interests	27	7.248.452	30.089.452
- Equity holders of the parent		111.808.768	158.719.256
Earnings/(loss) per share	36	0,1016	0,1443

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

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

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2009

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

Comprehensive Statement of Income	Notes	1 January - 31 December 2009	1 January - 31 December 2008
Profit/(loss) for the period		**119.057.220**	**188.808.708**
Other Comprehensive Income			
Change in currency translation reserves		(4.069.459)	73.774.479
Value increase/(decrease) of financial assets	7	4.146.004	(4.216.398)
Tax benefit/(charge) relating to components			
of other comprehensive income	35	(829.202)	843.280
Other Comprehensive Income/(Loss) after Tax		**(752.657)**	**70.401.361**
Total Comprehensive Income/(Loss)		**118.304.563**	**259.210.069**
Attributable to:			
- Non-controlling interests		9.059.238	54.662.670
- Equity holders of the parent		109.245.325	204.547.399
		118.304.563	**259.210.069**
Earnings/(loss) per share	36	0,0993	0,1859

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

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

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2009

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

	Share Capital	Inflation Adjustments to Share Capital	Shareholders' Equity Adjustment Differences	Premium in Excess of Par	Revaluation Fund	Currency Translation Differences	Restricted Reserves Appropriated from Profits	Retained Earnings	Net Profit/(Loss) for the Period	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interests	Total
Balance as of 1 January 2008	**1.006.222.184**	**241.425.784**	**(40.687.973)**	**527.051**	**3.049.050**	**(17.870.460)**	**25.866.187**	**1.043.461.359**	**277.899.767**	**2.539.892.949**	**803.198.734**	**3.343.091.683**
Capital increase	-	-	-	-	-	-	-	-	-	-	35.862.268	35.862.268
Transfers to legal reserves	-	-	-	-	-	-	5.292.592	272.607.175	(277.899.767)	-	-	-
Business combination effects of entities under common control	-	-	-	-	-	-	-	(4.033.141)	-	(4.033.141)	(14.495.853)	(18.528.994)
Dividends paid	-	-	-	-	-	-	-	-	-	-	(48.078.960)	(48.078.960)
Total comprehensive income/(loss) for the period	-	-	-	-	(3.373.118)	49.201.261	-	-	158.719.256	204.547.399	54.662.670	259.210.069
Balance as of 31 December 2008	**1.006.222.184**	**241.425.784**	**(40.687.973)**	**527.051**	**(324.068)**	**31.330.801**	**31.158.779**	**1.312.035.393**	**158.719.256**	**2.740.407.207**	**831.148.859**	**3.571.556.066**
Balance as of 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)	-	-	-
Change in reserve for non-controlling interests put option (Notes 26, 27)	-	-	-	-	(4.564.310)	-	-		-	(4.564.310)	(3.349.214)	(7.913.524)
Business combination effects of entities under common control (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
Balance as of 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**

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

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

Consolidated Statement of Cash Flows for the Year Ended 31 December 2009

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

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period	27	119.057.220	188.808.708
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities			
- Amortization of tangible fixed assets	18	438.617.705	406.861.396
- Depreciation of intangible fixed assets	19	4.475.140	3.473.399
- Allowance for impairment of tangible fixed assets	18	-	4.334.847
- Gain/(Loss) on sales of tangible fixed assets	31	(26.800.665)	(3.656.232)
- Foreign currency differences related to financial liabilities	8	88.494.268	15.215.500
- Provision for employment termination benefits	24	35.314.222	23.862.677
- Change in allowance for doubtful receivables	10	776.099	1.767.917
- Change in allowance for diminution in value of inventories	13	2.671.761	8.962.217
- Change in sundry provisions	22 - 24	(461.614)	8.037.068
- Change in other miscellaneous income accruals	26	(10.002.152)	(7.457.689)
- Valuation of financial assets held to maturity	7	16.971	(346.150)
- Interest income	32	(52.166.459)	(30.378.313)
- Interest expenses	33	126.270.102	119.968.395
- Allowance for impairment of goodwill	20	-	2.545.875
- Allowance for impairment of financial investments	7	4.667.242	-
- Dividend income	32	(775.114)	(973.484)
- Income/(Loss) from investments accounted for under equity method	16	(744.738)	(4.035.776)
- Accrued taxation	35	35.548.468	68.069.853
Operating cash flows provided before changes in working capital		**764.958.456**	**805.060.208**
- Trade receivables	10	14.373.720	(89.165.348)
- Inventories	13	233.334.949	(326.298.446)
- Due from related parties	37	2.128.933	(4.381.152)
- Other receivables and current assets	11 - 26	73.565.409	(57.073.420)
- Trade payables	10	(61.578.044)	67.584.640
- Due to related parties	37	(33.653.393)	41.372.703
- Other payables and expense accruals	11 - 22 - 26 - 35	(1.960.121)	6.656.117
Cash generated from operations		**991.169.909**	**443.755.302**
- Interest paid	33	(104.333.468)	(88.073.333)
- Taxes paid	26 - 35	(82.778.646)	(86.504.047)
- Employee termination benefits paid	24	(30.970.033)	(20.990.053)
Net cash provided by operating activities		**773.087.762**	**248.187.869**

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

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

Consolidated Statement of Cash Flows for the Year Ended 31 December 2009

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

	Notes	1 January - 31 December 2009	1 January - 31 December 2008
CASH FLOWS FROM INVESTING ACTIVITIES			
- Changes in financial assets held for trading (net)	7	(53.343.061)	(11.835.403)
- Cash paid for acquisition of financial investments	7	(17.927.202)	(2.751.921)
- Dividends from equity pick-up investments	16	3.637.365	9.543.781
- Acquisitions of subsidiary	18	-	(19.521.168)
- Effect of acquisition of entities under common control	27	(8.696.858)	(13.405.760)
- Acquisitions of tangible fixed assets	18	(412.829.746)	(737.738.326)
- Acquisitions of intangible assets	19	(15.291.807)	(2.816.759)
- Proceeds from sales of tangible fixed assets	18	74.109.742	99.794.463
- Proceeds from sales of intangible assets	19	616.067	107.456
- Dividend income	32	1.171.626	772.919
- Interest received	32	51.615.122	29.041.108
- Non-controlling interests put option payments	26	(3.956.762)	-
- Changes in other investing activities	26	(10.421.904)	5.770.466
- Change in currency translation differences	17 - 18 - 19	10.984.795	(86.233.303)
Net cash used in investing activities		**(380.332.623)**	**(729.272.447)**
CASH FLOWS FROM FINANCING ACTIVITIES			
- New financial liabilities raised	8	1.914.837.747	1.248.925.294
- Repayment of financial liabilities	8	(1.694.561.640)	(562.876.322)
- Changes in non-controlling interests (net)	27	37.666.347	12.477.036
Net cash provided by financing activities		**257.942.454**	**698.526.008**
Net change in cash and cash equivalents		650.697.593	217.441.430
Cash and cash equivalents at the beginning of the period	6	647.582.881	430.141.451
Cash and cash equivalents at the end of the period	**6**	**1.298.280.474**	**647.582.881**

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

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

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

1. Organization and Operations of the Group

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (“the Group”) consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (“the Company”), and its subsidiaries comprising of 42 companies, 3 associates and 2 joint ventures.

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 74 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 64,1% of the shares and retains the control of the Group.

The Company’s main address and shareholder structure
Shareholder structure of the Company is presented in Note 27.

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

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

The details of the number of the personnel are as follows

	31 December 2009	31 December 2008
Personnel charged by the monthly pay	5.727	5.823
Personnel charged by the hour	11.110	12.160
Total	**16.837**	**17.983**

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

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

Consolidated subsidiaries, joint ventures and associates

Nature of the business, respective business segments and direct and indirect shareholding of the Group's capital of the consolidated subsidiaries are as follows:

Subsidiaries

Company name	Nature of business	Country of registration	Segment
T. Şişe ve Cam Fabrikaları A.Ş. (*)	Holding company	Turkey	Holding
Trakya Cam Sanayii A.Ş. (*)	Flat glass and automotive glass	Turkey	Flat glass
Trakya Yenişehir Cam San. A.Ş.	Flat glass production	Turkey	Flat glass
Çayırova Cam Sanayii A.Ş.	Patterned and coated glass	Turkey	Flat glass
Trakya Polatlı Cam Sanayi A.Ş.	Flat glass production	Turkey	Flat glass
Trakya Glass Bulgaria EAD	Flat glass production	Bulgaria	Flat glass
Trakya Cam Investment B.V.	Finance and investment	Netherlands	Flat glass
Trakya Investment B.V.I.O	Finance and investment	Netherlands	Flat glass
Trakya Glass Logistics EAD	Logistic services	Bulgaria	Flat glass
Trakya Glass Kuban OOO	Flat glass production	Russia	Flat glass
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Machine made glassware	Turkey	Glassware
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	Machine made glassware	Turkey	Glassware
Paşabahçe Mağazaları A.Ş.	Retail chain of glassware	Turkey	Glassware
Camiş Ambalaj Sanayii A.Ş.	Paper and cardboard packaging	Turkey	Glassware
Denizli Cam San. ve Tic. A.Ş. (*)	Soda-lime and crystal glassware	Turkey	Glassware
Paşabahçe Investment B.V.	Finance and investment	Netherlands	Glassware
OOO Posuda	Machine made glassware	Russia	Glassware
Anadolu Cam Sanayii A.Ş. (*)	Glass packaging production and sales	Turkey	Glass Packaging
Anadolu Cam Yenişehir San. A.Ş.	Glass packaging production and sales	Turkey	Glass Packaging
Anadolu Cam Investment B.V.	Finance and investment	Netherlands	Glass Packaging
AC Glass Invest B.V.	Finance and investment	Netherlands	Glass Packaging
Balsand B.V.	Finance and investment	Netherlands	Glass Packaging
JSC Mina	Glass packaging production and sales	Georgia	Glass Packaging
OOO Ruscam Gorokhovets	Glass packaging production and sales	Russia	Glass Packaging
OOO Ruscam Kuban	Glass packaging production and sales	Russia	Glass Packaging
OJSC Ruscam Pokrovsky	Glass packaging production and sales	Russia	Glass Packaging
OAO Ruscam Krishisky	Glass packaging production and sales	Russia	Glass Packaging
OOO Ruscam Sibir	Glass packaging production and sales	Russia	Glass Packaging
OOO Ruscam Ufa	Glass packaging production and sales	Russia	Glass Packaging
CJSC Brewery Pivdenna	Glass packaging production and sales	Russia	Glass Packaging
Soda Sanayii A.Ş. (*)	Soda ash, sodium and chromium chemicals	Turkey	Chemical
Cam Elyaf Sanayii A.Ş.	Glass reinforcements and polyester	Turkey	Chemical
Camiş Elektrik Üretim A.Ş.	Electricity production	Turkey	Chemical
Camiş Madencilik A.Ş.	Glass raw materials production and sales	Turkey	Chemical
Madencilik San. ve Tic. A.Ş.	Glass raw materials production and sales	Turkey	Chemical
Camser Madencilik A.Ş.	Glass raw materials production and sales	Turkey	Chemical
Asmaş Ağır Sanayii Makineleri A.Ş.	Heavy duty machinery production	Turkey	Chemical
Şişecam Bulgaria Ltd.	Soda ash sales	Bulgaria	Chemical
Camiş Egypt Mining Ltd. Co.	Sand supplier	Egypt	Chemical
Şişecam Soda Lukavac DOO	Heavy soda production	Bosnia	Chemical
Camiş Limited	Foreign purchasing services	England	Other
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance services	Turkey	Other
Şişecam Dış Ticaret A.Ş.	Exportation	Turkey	Other

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

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

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

	31 December 2009		31 December 2008	
Company name	Ratio of direct ownership (%)	(*) Ratio of effective ownership (%)	Ratio of direct ownership (%)	Ratio of effective ownership (%)
Trakya Cam Sanayii A.Ş.	70,12	69,56	68,20	67,64
Trakya Yenişehir Cam San. A.Ş.	100,00	74,13	100,00	72,50
Çayırova Cam Sanayii A.Ş.	68,40	59,84	68,40	59,30
Trakya Polatlı Cam Sanayi A.Ş.	100,00	74,14	100,00	72,51
Trakya Glass Bulgaria EAD	100,00	77,30	100,00	75,92
Trakya Cam Investment B.V.	100,00	77,30	100,00	75,92
Trakya Investment B.V.I.O	100,00	69,56	100,00	67,64
Trakya Glass Logistics EAD	100,00	77,30	100,00	75,92
Trakya Glass Kuban OOO	100,00	69.56	100,00	75.92
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99,36	95,36	99,36	95,22
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	100,00	96,78	100,00	96,69
Paşabahçe Mağazaları A.Ş.	100,00	88,45	100,00	88,43
Camiş Ambalaj Sanayii A.Ş.	100,00	100,00	100,00	100,00
Denizli Cam San. ve Tic. A.Ş.	51,00	44,60	51,00	44,55
Paşabahçe Investment B.V.	100,00	95,36	100,00	95,22
OOO Posuda	100,00	95,36	100,00	95,22
Anadolu Cam Sanayii A.Ş.	79,91	79,26	79,91	79,26
Anadolu Cam Yenişehir San. A.Ş.	100,00	82,36	100,00	82,36
Anadolu Cam Investment B.V.	51,85	41,10	51,85	41,10
AC Glass Invest B.V.	100,00	40,42	100,00	40,42
Balsand B.V.	51,00	40,42	51,00	40,42
JSC Mina	80,64	63,92	80,64	63,92
OOO Ruscam Gorokhovets	99,72	40,98	99,72	40,98
OOO Ruscam Kuban	100,00	40,42	100,00	40,42
OJSC Ruscam Pokrovsky	100,00	40,42	100,00	40,42
OAO Ruscam Kirishsky	100,00	40,42	100,00	40,42
OOO Ruscam Sibir	100,00	40,42	100,00	40,42
OOO Ruscam Ufa	100,00	40,42	100,00	40,42
CJSC Brewery Pivdenna	100,00	40,42	100,00	40,42
Soda Sanayii A.Ş.	85,05	82,06	85,05	82,06
Şişecam Bulgaria Ltd.	100,00	82,06	100,00	82,06
Cam Elyaf Sanayii A.Ş.	98,35	90,68	98,35	90,24
Camiş Madencilik A.Ş. (**)	21,54	18,81	21,54	18,66
Camiş Egypt Mining Ltd. Co.	99,70	18,76	99,70	18,60
Camiş Elektrik Üretimi A.Ş.	100,00	83,22	100,00	82,52
Madencilik San. ve Tic. A.Ş.	100,00	98,87	100,00	98,82
Şişecam Soda Lukavac DOO	85,91	70,50	78,34	64,29
Asmaş Ağır Sanayii Makineleri A.Ş.	99,02	83,95	98,77	83,75
Camser Madencilik A.Ş.	100,00	19,11	100,00	18,95
Şişecam Dış Ticaret A.Ş.	100,00	99,95	100,00	99,95
Camiş Limited	100,00	98,61	100,00	98,57
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100,00	99,86	100,00	99,86

(*) The effect of changes in effective ownership rates as a result of equity share acquisitions is directly accounted for under equity as the "Effect of business combinations under common control" and presented in retained earnings.

(**) Since the parent has the power to exercise control over the financial and operating policy decisions of the investee, the company is fully consolidated.

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

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

Joint ventures

Company name	Nature of business	Country of registration	Segment
Oxyvit Kimya San. ve Tic. A.Ş.	Vitamin K production	Turkey	Chemicals
Omco İstanbul Kalıp San. A.Ş.	Glass moulds production and sales	Turkey	Glass Packaging
OOO Balkum	Sand processing and sales	Russia	Glass Packaging

	31 December 2009		31 December 2008	
Company name	Ratio of direct ownership (%)	(*) Ratio of effective ownership (%)	Ratio of direct ownership (%)	Ratio of effective ownership (%)
Oxyvit Kimya San. ve Tic. A.Ş.	50,00	50,00	50,00	50,00
Omco İstanbul Kalıp San. A.Ş.	50,00	50,00	50,00	50,00
OOO Balkum	50,00	50,00	50,00	50,00

Associates

Company name	Nature of business	Country of registration	Segment
OAO FormMat	Sand processing and sales	Russia	Glass packaging
Solvay Şişecam Holding AG	Soda ash sales	Austria	Chemicals

	31 December 2009		31 December 2008	
Company name	Ratio of direct ownership (%)	(*) Ratio of effective ownership (%)	Ratio of direct ownership (%)	Ratio of effective ownership (%)
OAO FormMat	48,46	19,59	48,46	19,57
Solvay Şişecam Holding AG	25,00	20,52	25,00	20,52

2 Basis of the 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 legislations in those countries.

The Capital Markets Board ("CMB") Communiqué Serial: XI, No: 29 "Financial Reporting Standards in Capital Markets" ("Communiqué Serial: XI, No: 29") sets out 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, and Communiqué Serial: XI, No: 25 "The Capital Market Accounting Standards" ("Communiqué Serial: XI, No: 25") is annulled by the application of this communiqué. As per this communiqué, 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 financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

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

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 and preparing their financial statements in accordance with the CMB Accounting Standards (including the application of IFRSs) 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 statements.

"Going Concern" Assumption

The consolidated financial statements of the Group are prepared on a going concern basis with the assumption of obtaining benefits from the assets and settling its liabilities of the Company, its consolidated subsidiaries, joint ventures and associates in the normal course of operations in the foreseeable future.

Consolidation Principles

As explained in Note 1, the consolidated financial statements incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (Note 2.5) and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity are allocated against the interests of the Group, except to the extent that the non-controlling interests have a binding obligation and are able to make further investments to cover the losses.

Under IAS 21 "The Effects of the Changes in Foreign Exchange Rates", assets and liabilities of the Group associates in foreign countries are translated at the closing rate at the balance sheet date. Income/loss items are translated at the average exchange rate of the period. Exchange rate differences are accounted under the foreign currency exchange differences account in equity. Exchange differences are written as income or loss for the related period.

Foreign exchange rates used for the translation of the foreign operations incorporated in the consolidation are as follows:

Currency	**31 December 2009**		**31 December 2008**	
	Year End	**Period Average**	**Year End**	**Period Average**
US DOLLAR	1,50570	1,54569	1,51230	1,29758
EURO	2,16030	2,15080	2,14080	1,89693
BULGARIAN LEVA	1,10454	1,09969	1,09457	0,96988
EGYPTIAN POUND	0,27251	0,28027	0,27989	0,23959
RUSSIAN RUBLE	0,04978	0,04872	0,05147	0,04416
GEORGIAN LARI	0,89317	0,92530	0,90720	0,77839
UKRAINIAN HRYVNIA	0,18857	0,19838	0,19640	0,01844
CONVERTIBLE MARK	1,10454	1,09969	1,09457	0,96988

The Group has given a put option to International Finance Corporation for appoximately 19,20% of JSC Mina's shares, one of the Group's subsidiaries. Liabilities related to the put option are carried at fair value in the consolidated financial statements. Non-controlling interests' shares subject to put option are allocated to the Group's shares and the difference between the put option liability carried at fair value and non-coltrolling interests' to the put option is accounted for under valuation funds.

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Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. The details of the Group’s joint ventures as of 31 December 2009 are presented in Note 1.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group’s share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted on an accrual basis. Income from the sale or use of the Group’s share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. The Group’s share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group’s interest in a jointly controlled entity is accounted for in accordance with the Group’s accounting policy for goodwill arising on the acquisition of a subsidiary (Note 2.5).

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group’s interest in the joint venture.

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The details of the Group’s associates as of 31 December 2009 are presented in Note 1.

Financial results and assets and liabilities of associates are incorporated in the accompanying consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in that case they are accounted for under IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Under the equity method, associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate) are not recognized.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group’s interest in the relevant associate.

2.2 Changes in the Accounting Policies

Changes to the accounting policies are applied retrospectively and the prior period’s financial statements are restated accordingly.

2.3 Changes in the Accounting Estimates and Errors

If the application of changes to the accounting estimates affects the financial results of a specific period, the accounting estimate change is applied in that specific period, if they affect the financial results of current and following periods; the accounting policy estimate is applied prospectively in the period in which such change is made. The Group did not have any major changes in the accounting estimates during the current period.

Significant accounting errors identified in the current period are applied retrospectively and prior year financial statements are restated accordingly.

2.4 Adoption of New and Revised International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. The details of other standards and interpretations adopted in these financial statements that have no impact on the reported figures are set out in the following paragraphs of this section.

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Standards affecting presentation and disclosures in 2009 financial statements

•IAS 1 (Revised), "Presentation of Financial Statements"

The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. The revised standard gives preparers of financial statements the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income or in two separate statements (a separate income statement followed by a statement of comprehensive income). In this scope from 1 January 2009 the Group has applied the changes in IAS 1 and elected to present two statements separately (statement of income and comprehensive statement of income).

Additionally the standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Group presents all owner changes in equity in the consolidated statement of changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

• IFRS 7 (Amendment), Financial Instruments: Disclosures

The amendments published in March 2009 are applicable for the Group beginning from 1 January 2009. The amendments require enhanced disclosures about fair value measurements and liquidity risk. The amendment requires additional disclosures for any changes in the method for determining fair value and the reasons for the change. In addition, the amendment requires establishing a three-level hierarchy for making fair value measurements. It is also required to give additional disclosures regarding any change in the method for determining fair value and transfers between levels. For the fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, reconciliation from the beginning balances to the ending balances should be presented. If changing one or more of the inputs based on unobservable data would change the fair value significantly, the entity should state that fact and disclose the effect of those changes through sensitivity analysis.

Additionally, non-derivative financial liabilities including issued financial guarantee contracts should be included to maturity analysis. The amendment also requires giving separate maturity analysis for derivative financial liabilities.

The Group has applied the relevant amendments in 2009 and given information about the fair value levels in Note 39. In the current year, the Group has not made any material transfers among the three level inputs used for the fair value measurement.

• IFRS 8, "Operating Segments"

IFRS 8 "Operating Segments" supersedes IAS 14 "Segment Reporting". The standard specifies how an entity should report information about its operating segments based on the segment criteria used in internal reporting which are prepared by the management.

The Group applied IFRS 8 in 2009. Operating segments are presented in Note 5. The Group has determined operating segments in line with internal reports that are regularly reviewed by the entity's chief operating decision makers. The Group has chosen business segments as the Group's primary segment reporting format based on the risks and returns on products produced and services rendered reflecting the primary source of the enterprise's risks and returns. Geographical segments have been disclosed in these consolidated financial statements as the secondary segment reporting format on the grounds of materiality as the operations of the Group in geographical areas other than Turkey are reportable geographical segments individually when compared with the overall consolidated financial statements.

In this respect, the Group is currently organized into five operating businesses; flat glass, glassware, glass packaging, chemicals and other including import, export, insurance agency and investment agency for management purposes. These divisions are the basis of which the Group reports its primary segment information.

The adoption of IFRS 8 has no material impact on the reported results and the financial position of the Group.

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• IAS 23 (Revised), "Borrowing Costs"

The amendment to IAS 23 eliminates the option of immediate recognition of all borrowing costs as expense. The revised standard requires that borrowing costs should be capitalized, to the extent that they costs relate to the acquisition, construction or production of a qualifying asset. This amendment has no effect over the Group's accounting policies applied in previous years.

• IAS 38, "Intangible Assets"

As part of Improvements to IFRSs (2008), IAS 38 has been amended to indicate that an entity is permitted to recognize a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services. This amendment has no effect over the Group's accounting policies applied in previous years.

• IAS 40, "Investment Property"

As part of Improvements to IFRSs (2008), amendments are made to include investment properties under construction to IAS 40. This amendment has no effect on the carrying amounts of investment properties accounted for at cost, less accumulated impairment losses in accordance with the Group's accounting policies applied in previous years.

• IAS 20, "Government Grants"

As part of Improvements to IFRSs (2008), IAS 20 has been amended to recognize the benefits of a government loan granted at a below-market interest rate as government grants. Before the amendment, companies are not allowed to apply this kind of accounting treatment in prior periods.

In accordance with the relevant transitional provisions, the policy should be applied prospectively to government loans received on or after 1 January 2009. Since the Group has no government loans received on or after 1 January 2009, this amendment does not have any effect on the consolidated financial statements.

Standards and Interpretations those are effective in 2009 with no impact on the 2009 financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may have an impact over the accounting for future transactions or arrangements.

Amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards" and IAS 27, "Consolidated and Separate Financial Statements" (Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate)	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRSs for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
Amendments to IFRS 2, "Share-based Payment" (Vesting Conditions and Cancellations)	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
IAS 32, "Financial Instruments: Presentation" (Amendment on puttable financial instruments and obligations arising on liquidation)	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
Amendments to IAS 39, "Financial Instruments: Recognition and Measurement" (Eligible Hedged Items)	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 Financial Instruments: Recognition and Measurement .
IFRIC 15, "Agreements for the Construction of Real Estate"	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognized. The requirements have not affected the accounting for the Group's construction activities.

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IFRIC 16, “Hedges of a Net Investment in a Foreign Operation”	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
IFRIC 18, “Transfers of Assets from Customers” (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from ‘customers’ and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 “Revenue”.
Improvements to IFRSs (2008)	In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Group’s accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

Standards and Interpretations that are not yet effective in 2009 and have not been early adopted

• IFRS 3, “Business Combinations”

IFRS 3(2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be as follows:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as “non-controlling” interests) either at fair value or at the non-controlling interests’ share of the fair value of the identifiable net assets of the acquiree.
b) to change the recognition and subsequent accounting requirements for contingent consideration.
c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

• IFRS 9, “Financial Instruments: Classification and Measurement”

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial instruments was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

• IAS 24(Revised 2009), “Related Party Disclosures”

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

• IAS 27 (as revised in 2008), “Consolidated and Separate Financial Statements”

IAS 27 (revised) is effective for annual periods beginning on or after 1 July 2009. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group’s interests in its subsidiaries.

The revised standard requires any ownership decreases or increases that do not result in any change in control to be recognized in equity.

The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests as of 1 January 2010.

• IFRIC 17, “Distributions of Non-cash Assets to Owners”

IFRIC 17 is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

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• IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability. The Group has not yet had an opportunity to consider the potential impact of the adoption of this interpretation.

• Amendments related to Annual Improvements to IFRS (2009)
As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010. The Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

2.5 Summary of Significant Accounting Policies

Revenue Recognition
Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods
Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group transfers all the significant risks and rewards of ownership of the goods to the buyer;
- The Group has no ongoing managerial involvement associated with the ownership or significant 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.

Rendering of services
Revenue earned from rendering services is recognized by using a reference to the stage of completion of the contract.

Dividend and interest revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Rental income
Rental income from investment properties is recognized on a straight-line basis over the term of the relevant lease.

Inventory
Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

Tangible Fixed Assets
Tangible fixed assets acquired before 1 January 2005 are carried at restated historical cost adjusted for the effects of inflation until 31 December 2004, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Tangible assets acquired in subsequent periods are carried at acquisition cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Estimated useful lives, residual value and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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Assets held under finance leases are depreciated over their expected useful lives on the same basis as assets acquired or, where shorter, the term of the relevant lease.

Expected useful lives for tangible fixed assets are as follows:

	Useful life
Buildings	14-50 years
Land improvements	8-50 years
Machinery and equipment	5-15 years
Vehicles	3-15 years
Furniture and fixtures	2-15 years
Leasehold improvements	4-10 years

Gain or loss arising on the disposal or retirement of a tangible fixed asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

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, with the effect of any changes in the estimate being accounted for on a prospective basis.

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. Costs include software development 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).

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.

Impairment of Assets
Assets with 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.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted against the borrowing costs eligible for capitalization.

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

Financial Instruments
Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets classified as “at fair value through profit or loss” (“FVTPL”), “held-to-maturity investments”, “available-for-sale” (“AFS”) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the Group acquires the financial asset principally for the purpose of selling in the near future or the financial asset is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short term profit taking as well as derivatives that are not designated and effective hedging instruments. Financial assets at fair value through profit or loss are carried at fair value, with any resulting gain or loss recognized in profit or loss incorporating any dividend or interest earned on the financial asset. Assets in this category are classified as current assets.

Effective interest method

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

Income from financial assets that are classified as held to maturity, available for sale and loans and receivables is recognized on an effective interest basis.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recognized at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

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The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. Foreign exchange gains and losses recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Reverse repurchase agreements

Marketable securities held as part of commitments to resale (“reverse repo”) are recognized as funds lend under marketable securities reverse repurchase agreements and accounted for under cash and cash equivalents in the balance sheet. The difference between purchase and resale prices is accounted for as interest and amortized during the period of the agreement.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, in a subsequent period, if the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

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 financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are carried at fair value, with any resultant gain or loss recognized in profit or loss. Net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

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.
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.

Business Combinations and Goodwill

The acquisition of subsidiaries and businesses are accounted for using the purchase method. Cost of acquisition is measured at the aggregate of fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under IFRS 3 "Business Combinations" are recognized at fair value at the date of acquisition, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value, less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is affected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the combination is accounted using such provisional values. Any adjustments to those provisional values as a result of completing the initial accounting are recognized within twelve months of the acquisition date.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

In business combinations under common control, assets and liabilities subject to business combination are accounted for at carrying value in consolidated financial statements. Statements of income are consolidated starting from the beginning of the fiscal year in which the business combination is realized. Financial statements of previous fiscal years are restated in the same manner in order to maintain consistency and comparability. Any positive or negative goodwill arising from such business combinations is not recognized in the consolidated financial statements. Residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity is directly accounted for under equity as "effect of business combinations under common control".

Foreign Currency Transactions

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 Liras ("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.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

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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 reserve. 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 treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events after the Balance Sheet Date

Events after the balance sheet date comprise any events between the balance sheet date and the date of authorization of the financial statements for issue, even if any events after the balance sheet date occurred subsequent to the announcement on the Group's profit or following the publicly disclosed financial information.

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.

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.

Segment Reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economical conditions and geographical positions of risks and returns.

The Group has chosen its business segments as the Group's primary segment reporting as the primary source of the Company's risks and returns are primarily affected by the difference of products produced and services rendered. Geographical segments have been disclosed in these consolidated financial statements as the secondary segment reporting since the operations of the Group in geographical areas other than Turkey are reportable in terms of geographical segments individually when compared to the overall consolidated financial statements and materiality.

The Group classified its operations into five operational divisions for 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. The Group's segment reporting is based on such divisions (Note 5).

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Discontinued Operations

Discontinued operations are part of a group which either are classified as held-for-sale or have been disposed of and whose activities and cash flow can be treated separable from the Group's whole activities and cash flows. 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. The Group's 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.

Government Incentives and 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.

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 statement of income on a straight-line basis over the expected lives of the related assets.

Investment Properties

Investment properties which are held to earn rentals and/or for capital appreciation are carried at cost less accumulated depreciation and any accumulated impairment losses. Carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is charged on a straight line basis.

Investment properties are derecognized when they are disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Taxation and Deferred Income Taxes

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.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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 measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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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.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Employee Benefits/Retirement Pay Provision

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard 19 (Revised) "Employee Benefits" ("IAS 19"). In this extent, in addition to the salary, social rights such as; employee benefits including bonuses, fuel, leave of absence, national holidays, educational incentives, food, marriage, private pension plans, birth and death are provided to the Group employees. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

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 developing conditions. Cash flows for the period are mainly reported depending on the investment and financial operations of the Group.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by offsetting against retained earnings in the period in which they are approved and disclosed.

Construction Contracts

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognize in a given period. Stage of completion is measured by reference to the contract costs incurred up to the balance sheet date 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.

For ongoing construction contracts, the Group recognizes the gross amount due from customers as an asset when the amount obtained from costs incurred plus recognized profits (less recognized losses) exceeds progress billings. Progress billings not yet paid by customers and retentions are included to the "trade and other receivables".

For ongoing construction contracts, the Group recognizes the gross amount due from customers as a liability when progress billings exceed the amount obtained from costs incurred plus recognized profits (less recognized losses).

2.6 Significant Accounting Estimates

The Group uses assumptions and makes estimations related to future events. Results of the accounting estimates are rarely same as with the actual ones. Key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the subsequent financial period are discussed below:

Since the Group transfers all significant risks and rewards of ownership of the goods to the buyer at the stage of completion of the related transportation activities for certain portion export sales, the Group has deferred revenue associated with these transactions. The Group's management has made an estimation related to the goods invoiced but not transferred to buyers yet. In this respect, the Group has deferred revenue amount of TL 21.280.575 as of 31 December 2009 (31 December 2008: TL 33.149.373) (Note 26).

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The Group applies the stage of completion method for the recognition of revenue with regards to fixed price construction contracts related to heavy machine manufacturing operations. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. If the actualized proportion is increased as the aforementioned proportion differs by 1% from the estimation of the Group's management, the revenue to be recognized in the period would be increased by TL 65.769 (31 December 2008: TL 676.428) and if the actualized proportion is decreased, the revenue to be recognized in the period would be decreased by TL 65.769 (31 December 2008: TL 676.428).

3. Business Combinations

During the period; the Group has not acquired any shares. The details of realized business combinations as of 31 December 2008 are listed as below:

Business combinations realized in 2008

In the context of IFRS 3, the Group acquired total shares of OAO Ruscam Krishisky as of 31 March 2008 for an amount of US Dollars 13.893.000 in equivalent of TL 17.727.948. The computation of goodwill arising from this acquisition is presented as below.

	Carrying Value	Fair Value	Group's Share
Cash and cash equivalents	9.978.483	9.978.483	9.978.483
Non-current assets	19.808.818	31.214.266	31.214.266
Current liabilities	(15.092.894)	(15.092.894)	(15.092.894)
Non-current liabilities	(10.999.846)	(10.999.846)	(10.999.846)
Total net assets	**3.694.561**	**15.100.009**	**15.100.009**

Total cash paid	**17.727.948**
Goodwill as of 31 March 2008	2.627.939
Incurred costs related to acquisition, which are capitalized	239.043
Translation adjustment	(84.986)
Goodwill as of 31 December 2008	**2.781.996**
Net cash paid for the acquisition of subsidiary	
Total cash paid	17.966.991
Cash and cash equivalent received	(701.846)
Net cash outflow	**17.265.145**

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In the context of IFRS 3, the Group acquired the entire shares of CJSC Brewery Pivdennna (Odessa) UK on 31 August 2008 for an amount of TL 2.519.511. The computation of goodwill arising from this acquisition is presented as below:

	Carrying Value	Fair Value	Group's Share
Cash and cash equivalents	1.283.995	1.283.995	1.283.995
Non-current assets	6.639.349	6.452.943	6.452.943
Current liabilities	(5.217.427)	(5.217.427)	(5.217.427)
Non-current liabilities	-	-	-
Total net assets	**2.705.917**	**2.519.511**	**2.519.511**
Total cash paid			**2.519.511**
Goodwill			**-**
Net cash paid for the acquisition of subsidiary			
Total cash paid			2.519.511
Cash and cash equivalent received			(263.489)
Net cash outflow			**2.256.022**

4. Joint Ventures

Joint ventures are accounted using the proportionate consolidation method in the Group's financial statements. Proportionate consolidation method principally has similar procedures as the line by line consolidation method. However, before commencing the joint management consolidation transactions, the 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, share capital and profit-loss amounts, except for the figures of the holders of the parent, 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 method are presented in Note 1.

Summarized financial information of joint ventures

Oxyvit Kimya San. ve Tic. A.Ş.	31 December 2009	31 December 2008
Current assets	27.719.192	34.473.212
Non-current assets	25.586.753	27.439.553
Current liabilities	(10.820.147)	(10.847.502)
Non-current liabilities	(4.518.694)	(4.805.054)
Net assets	**37.967.104**	**46.260.209**

	1 January-31 December 2009	1 January-31 December 2008
Income	58.263.756	89.199.251
Expense (-)	(52.992.657)	(72.838.808)

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5. Segment Reporting

1 January – 31 December 2009	Flat Glass	Glassware	Glass Packaging	Chemicals	Other	Consolidation Eliminations	Consolidated
Net external sales	870.491.873	1.003.327.675	903.572.655	859.062.532	7.175.388	-	3.643.630.123
Inter-segments sales	15.736.872	25.949.360	3.120.696	254.980.099	10.860.150	(310.647.177)	-
Total net sales	**886.228.745**	**1.029.277.035**	**906.693.351**	**1.114.042.631**	**18.035.538**	**(310.647.177)**	**3.643.630.123**
Cost of sales	(698.494.656)	(729.420.466)	(723.223.796)	(912.466.980)	(17.412.019)	318.050.936	(2.762.966.981)
Gross profit/(loss) from continued operations	**187.734.089**	**299.856.569**	**183.469.555**	**201.575.651**	**623.519**	**7.403.759**	**880.663.142**
Operating expenses	(137.496.129)	(272.430.090)	(145.373.391)	(118.474.585)	(4.332.852)	10.303.050	(667.803.997)
Other operating income	24.124.616	30.240.140	10.955.235	27.844.640	2.105.111	(35.912.236)	59.357.506
Other operating 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 net profit/(loss) of investments accounted for under equity method	-	-	(16.196)	760.934	-	-	744.738
Finance income/expenses (net)	(7.120.472)	(24.596.950)	(42.333.982)	(10.023.322)	3.801.626	(11.513.643)	(91.786.743)
Profit/(loss) before taxation	**63.040.792**	**29.072.243**	**(6.326.023)**	**78.101.852**	**1.823.849**	**(11.107.025)**	**154.605.688**
Current tax benefit/(charge)	(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**
Tangible fixed and intangible assets' acquisitions	66.140.764	86.599.475	89.764.325	184.700.410	916.579	-	428.121.553
Tangible fixed and intangible assets' depreciation and amortization charges	(117.109.756)	(100.230.717)	(150.087.917)	(72.751.066)	(2.913.389)	-	(443.092.845)
Balance sheet information (31 December 2009)							
Total assets	2.489.490.113	1.805.737.235	2.555.302.856	1.716.825.033	2.513.019.683	(4.391.916.822)	6.688.458.098
Total liabilities	698.094.445	783.638.297	1.317.071.907	750.979.240	728.632.470	(1.300.874.855)	2.977.541.504

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5. Segment Reporting

1 January – 31 December 2008	Flat Glass	Glassware	Glass Packaging	Chemicals	Other	Consolidation eliminations	Consolidated
Net external sales	964.793.104	903.894.883	1.051.541.780	817.737.673	5.746.608		3.743.714.048
Inter-segments sales	13.980.856	15.711.044	2.940.504	291.673.326	77.404.150	(401.709.880)	-
Total net sales	**978.773.960**	**919.605.927**	**1.054.482.284**	**1.109.410.999**	**83.150.758**	**(401.709.880)**	**3.743.714.048**
Cost of sales	(661.722.491)	(607.190.777)	(769.302.668)	(917.107.230)	(76.857.068)	389.903.925	(2.642.276.309)
Gross profit/(loss) from continued operations	**317.051.469**	**312.415.150**	**285.179.616**	**192.303.769**	**6.293.690**	**(11.805.955)**	**1.101.437.739**
Operating expenses	(143.019.082)	(246.229.639)	(134.074.772)	(112.936.034)	(6.547.153)	17.165.690	(625.640.990)
Other operating income	10.560.561	2.508.094	12.208.420	29.376.203	1.573.248	(48.135.658)	8.090.868
Other operating expenses	(2.196.653)	(8.377.118)	(35.580.952)	(36.832.067)	(778.979)	51.578.232	(32.187.537)
Operating profit/(loss)	**182.396.295**	**60.316.487**	**127.732.312**	**71.911.871**	**540.806**	**8.802.309**	**451.700.080**
Share in net profit/(loss) of investments accounted for under equity method	-	-	(387.037)	4.422.813	-	-	4.035.776
Finance income/expenses (net)	(35.746.306)	(70.162.811)	(115.752.315)	(18.465.192)	53.039.296	(11.769.967)	(198.857.295)
Profit/(loss) before taxation	**146.649.989**	**(9.846.324)**	**11.592.960**	**57.869.492**	**53.580.102**	**(2.967.658)**	**256.878.561**
Current tax benefit/(charge)	(26.451.191)	(775.800)	(20.252.654)	(14.735.147)	(9.685.499)	3.830.438	(68.069.853)
Profit/(loss) for the period	**120.198.798**	**(10.622.124)**	**(8.659.694)**	**43.134.345**	**43.894.603**	**862.780**	**188.808.708**
Tangible fixed and intangible assets’ acquisitions	133.370.315	172.380.074	293.272.135	140.319.247	1.213.314		740.555.085
Tangible fixed and intangible assets’ depreciation and amortization charges	(114.148.745)	(91.280.672)	(133.334.714)	(68.667.729)	(2.902.935)		(410.334.795)
Balance sheet information (31 December 2008)							
Total assets	2.351.381.720	1.948.762.174	2.320.177.823	1.503.583.283	2.272.867.432	(4.061.641.350)	6.335.131.082
Total liabilities	617.924.601	960.883.548	1.150.296.829	631.248.923	549.752.082	(1.146.530.967)	2.763.575.016

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

Geographical segment reporting

1 January – 31 December 2009	Turkey	Russia and Georgia	Europe	Other	Total	Consolidation eliminations	Consolidated
Net sales	5.304.026.821	415.767.048	312.951.726	9.336.234	6.042.081.829	(2.398.451.706)	3.643.630.123
Acquisitions of tangible fixed and intangible assets	305.974.672	75.312.859	46.774.378	59.644	428.121.553	-	428.121.553
Amortization and depreciation of tangible fixed 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)	8.950.876.452	838.957.625	1.288.555.714	1.985.129	11.080.374.920	(4.391.916.822)	6.688.458.098

1 January - 31 December 2008	Turkey	Russia and Georgia	Europe	Other	Total	Consolidation eliminations	Consolidated
Net sales	5.230.088.728	551.644.115	352.382.894	11.022.303	6.145.138.040	(2.401.423.992)	3.743.714.048
Acquisitions of tangible fixed and intangible assets	447.397.804	218.408.398	74.505.807	243.076	740.555.085	-	740.555.085
Amortization and depreciation of tangible fixed and intangible assets	(311.255.202)	(61.017.806)	(37.798.013)	(263.774)	(410.334.795)	-	(410.334.795)
Total assets (31 December 2008)	8.288.800.891	849.904.774	1.255.970.342	2.096.424	10.396.772.431	(4.061.641.349)	6.335.131.082

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6. Cash and Cash Equivalents

	31 December 2009	31 December 2008
Cash on hand	303.588	311.778
Cash in banks	1.332.999.089	651.952.032
- Demand deposits	87.918.183	54.795.651
- Time deposits (with maturities three months or less)	1.245.080.906	597.156.381
B type mutual funds	-	109.737
Other liquid assets	84.370	49.492
	1.333.387.047	**652.423.039**

Time deposits

Currency	Interest rate (%)	Maturity	31 December 2009	31 December 2008
EURO	2,40 - 3,25	February 2010	387.401.060	264.736.947
US Dollars	2,34 - 3,35	February 2010	850.401.473	328.630.695
TL	6,50	January 2010	725.576	1.026.367
Other foreign currency in equivalents of TRY			6.552.797	2.762.372
			1.245.080.906	**597.156.381**

Cash and cash equivalents as of 31December 2009 and 31 December 2008 presented in the consolidated statement of cash flows are as follows:

	31 December 2009	31 December 2008
Less: Liquid assets	1.333.387.047	652.423.039
Less: Interest Accrual	(3.072.603)	(2.521.267)
Less: Blocked deposits	(32.033.970)	(2.318.891)
	1.298.280.474	**647.582.881**

Time deposits amounting to TL 32.033.970 (31 December 2008: TL 2.318.891) is blocked as a cash collateral for the credit lines used, and this amount has been offset against the cash and cash equivalents in the current year's cash flow statement.

7. Financial Investments

a) Current Financial Investments

Deposits with maturities three months or more	Interest rate (%)	Maturity	31 December 2009	31 December 2008
EURO	6,65 - 7,25	December 2010	16.636.351	4.295.558
US Dollars	6,50	October 2010	54.760.318	13.758.050
			71.396.669	**18.053.608**

Held to maturity financial investments	Nominal	Maturity	31 December 2009	31 December 2008
Eurobonds	1.000.000	June 2010	1.518.580	-

b) Non-current Financial Investments

	31 December 2009	31 December 2008
a) Available for sale financial assets ("AFS")	109.082.268	90.578.156
b) Held to maturity financial investments	-	1.535.551
	109.082.268	**92.113.707**

b.1) Available for sale financial assets

AFSs carried at market price	Share (%)	31December 2009	Share (%)	31December 2008
İş Yatırım Menkul Değerler A.Ş.	1,45	5.094.197	1,45	1.438.158
İş Finansal Kiralama A.Ş.	<1	1.158.752	<1	432.900
		6.252.949		**1.871.058**

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Unlisted AFSs carried at cost	Share (%)	31 December 2009	Share (%)	31 December 2008
Avea İletişim Hizmetleri A.Ş.	<1	86.830.954	<1	86.830.954
Trakya Yatırım Holding A.Ş. (1)	34,65	151.277.690	34,65	151.277.690
İş Factoring Finansman Hizmetleri A.Ş.	<1	4.251	<1	4.251
Milli Reasürans T.A.Ş.	<1	217.635	<1	217.635
İş Merkezleri Yönetim ve İşletim A.Ş.	1,93	56.228	1,92	56.228
Camiş Yatırım Holding A.Ş.	<1	16.848	<1	16.848
İş Koray Tur. Orm. Mad. İnş. Tah. Tic. A.Ş.	<1	5.477	<1	5.477
Anadolu Turizm İnşaat Ticaret A.Ş.	-	-	<1	3.034
Saint Gobain Glass Egypt S.A.E.	14,87	17.887.444	-	-
Nemtaş Nemrut Liman İşletmeleri A.Ş.	<1	158.241	-	158.241
Other	-	52.865	-	52.865
Impairment of available for sale financial assets (2)	-	(156.611.825)	-	(156.611.825)
		99.895.808		**82.011.398**

(1) Trakya Yatırım Holding A.Ş. is under the control of İş Bankası. The Group has neither material effect nor 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.

Unconsolidated subsidiaries	Share (%)	31 December 2009	Share (%)	31 December 2008
Mepa Merkezi Pazarlama A.Ş.	99,71	212.083	99,71	212.083
İstanbul Porselen Sanayi A.Ş.	99,87	8.576.838	99,87	8.576.838
Paşabahçe Glass GmbH	100,00	68.699	100,00	68.699
Topkapı Yatırım Holding A.Ş.	80,00	51.796	80,00	51.796
Şişecam Shangai Trade Co. Ltd.	100,00	655.449	100,00	655.449
Paşabahçe USA Inc.	100,00	162	100,00	162
Paşabahçe Mağazaları B.V.	100,00	1.451.583	100,00	1.451.583
Cromital SPA and Sintan Kimya Sanayi ve Ticaret A.Ş.	50,00	4.623.460	50,00	4.623.460
Paşabahçe Spain SL	100,00	42.792	-	-
Paşabahçe Yatırım ve Pazarlama A.Ş.	100,00	500.000	100,00	500.000
Impairment of Subsidiaries (-)		(13.249.351)		(9.444.370)
		2.933.511		**6.695.700**

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 immateriality 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, impairment realized in the period is resulted from the accounting for the decrease in the equities of Cromital S.p.A. and Sintan Kimya Sanayi ve Tic. A.Ş.

b.2) Held to maturity financial investments

	Nominal value	Maturity	31 December 2009	31 December 2008
Eurobonds	1.000.000	June 2010	-	1.535.551

8. Financial Liabilities

Current financial liabilities	31 December 2009	31 December 2008
Current loans	421.346.365	467.721.024
Current portion of non-current loans	346.882.469	275.835.361
Total Current loans	**768.228.834**	**743.556.385**
Non-current financial liabilities		
Non-current loans	1.550.876.056	1.244.841.495
Total financial liabilities	**2.319.104.890**	**1.988.397.880**

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Current and non-current bank loans are summarized below.

31 December 2009

Currency	Maturity	Interest rate (%) (*)	Current Liabilities	Non-current Liabilities
US Dollars	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
TL and others	2010	7,40 - 11,00	276.983.340	-
			768.228.834	**1.550.876.056**

(*) Represents the cap and lower rates, and weighted average costs of borrowings are Euribor + 2,54% for Euro, Libor + 2,72% for US Dollars and 7,42% for TL.

31 December 2008

Currency	Maturity	Interest rate (%) (*)	Current Liabilities	Non-current Liabilities
US Dollars	2009 - 2015	Libor + 0,75 - 7,00	167.330.601	445.083.182
EURO	2009 - 2016	Euribor + 0,20 - 7,00	389.984.570	799.758.313
TL and others	2009	14,50 - 24,95	186.241.214	-
			743.556.385	**1.244.841.495**

(*) Represents the cap and lower rates and weighted average costs of borrowing are for Euro, Euribor + 1,89%, for US Dollars Libor + 2,11%, for TL 22,50%.

The borrowings are repayable as follows:

	31 December 2009	31 December 2008
Within 1 year	768.228.834	743.556.385
Within 1-2 years	354.471.190	286.051.709
Within 2-3 years	737.663.545	321.720.522
Within 3-4 years	266.754.004	271.712.997
Within 4-5 years	112.758.494	233.459.378
5 years and over	79.228.823	131.896.889
	2.319.104.890	**1.988.397.880**

Collaterals given for financial liabilities	31 December 2009	31 December 2008
Guarantee bonds	259.072.156	237.290.490
Mortgages	73.818.628	10.551.734
	332.890.784	**247.842.224**

9. Other Financial Liabilities

None.

10. Trade Receivables and Payables

Trade Receivables

Current trade receivables	31 December 2009	31 December 2008
Trade receivables	609.891.688	631.864.352
Notes receivables	45.596.439	39.061.829
Other trade receivables	291.392	172.621
Allowance for doubtful receivables (-)	(11.641.657)	(14.520.904)
	644.137.862	**656.577.898**

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

Average sale term for flat glass and glassware products is 120 days (2008: 105 days). For overdue payments within the first 15 days, 1,5% (2008: 1,5%) of interest is charged on a monthly basis, whereas 3% (2008: 3%) of interest is charged for overdue payments exceeding the first 15 days.

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Average sale term for auto glass products is 45 days (2008: 45 days) and no interest is charged for overdue payments.

Immediate payment is required for some of the export sales and two-month payment term is applied without any overdue interest charge.

Sale term for automatic glassware products is 75 days (2008: 75 days) and 3% (2008: 3%) of interest is charged for overdue payments on a monthly basis.

Starting from 1 November 2009 glass packaging product sales are performed on a cash basis. Based on the preference of the customers a monthly interest rate of 2% is charged to credit terms up to 121 days and a monthly interest rate of 3% is charged to credit terms exceeding 121 days. Starting from 1 January 2010 monthly interest rate for overdue payments is 1,25%.

For intra-group sales of Soda products, sale term is on a cash basis. For other sales, average term is 34 days (2008: 29 days). For overdue payments exceeding the first 15 days and for more than the 15 days; interest rate of 2% and 4% isis charged respectively to customers on a monthly basis.

Average sale term for domestic sales of chrome products is 22 days (2008: 17 days) on a foreign currency basis. 1% (2008: 1%) of interest is charged for overdue payments on a monthly basis.

For export sales, the average term is 60 days, regardless of the product line (2008: average 60 days).

Receivables regarding the sale of heavy machines are collected according to the progress payment plans.

The Group has recognized provision for its 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 changes in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further credit provision is required in excess of the allowance for doubtful receivables.

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

	2009	2008
Opening balance, 1 January	(14.520.904)	(12.477.357)
Effect of acquisitions	-	(354.455)
Charge for the period	(4.143.066)	(3.833.277)
Collections	7.022.313	2.144.185
Closing balance, 31 December	**(11.641.657)**	**(14.520.904)**

The Group retains the following collaterals for its trade receivables:

	31 December 2009	31 December 2008
Letters of guarantees	174,069,169	246.870.679
Promissory notes and bills	14.651.540	14.986.858
Mortgages	11.961.253	14.178.036
Cash	44.023.410	2.026.878
Other	1.968.364	5.674.473
	246.673.736	**283.736.924**

As of 31 December 2009, TL 175.357.470 (31 December 2008: TL 125.174.098) 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 receivables is as follows:

	31 December 2009	31 December 2008
One month due	86.148.901	71.776.183
Due within 1-3 months	67.090.342	35.342.871
Due within 3-12 months	19.518.832	17.462.388
Due within 1-5 years	2.599.395	592.656
Total overdue receivables	**175.357.470**	**125.174.098**
The part under guarantee with collateral etc.	**40.769.412**	**37.075.697**

Non-current trade receivables

Trade receivables	1.921.110	975.546

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Trade Payables

Current trade payables	31 December 2009	31 December 2008
Trade payables	232.892.536	288.897.660
Other trade payables	457.270	412.808
	233.349.806	**289.310.468**

Non-current trade payables		
Trade payables	19.827	5.637.209

11. Other Receivables and Payables

Other current receivables	31 December 2009	31 December 2008
Due from personnel	1.947.362	2.817.070
Deposits and guarantees given	510.313	1.408.011
Due from related parties (Note 37)	16.763.459	18.892.392
Other doubtful receivables	10.297.054	4.907.580
Allowance for doubtful receivables (-)	(3.933.977)	(278.630)
	25.584.211	**27.746.423**

Other non-current receivables		
Deposits and guarantees given	1.133.390	1.239.282
Other miscellaneous receivables	16.866	-
	1.150.256	**1.239.282**

Other current payables		
Deposits and guarantees received	1.922.509	2.001.775
Due to personnel	9.230.688	9.337.820
Order advances received	15.169.771	22.624.263
Due to related parties (Note 37)	31.888.008	65.541.401
Other advances received	-	222.643
Other sundry payables	3.669.918	6.194.587
	61.880.894	**105.922.489**

Other non-current payables		
Deposits and guarantees received	45.855	25.103
Deferred liabilities to public	115.825	34.986
Other sundry payables		-
	161.680	**60.089**

12. Receivables and Payables from Financial Sector Operations

None.

13. Inventories

	31 December 2009	31 December 2008
Raw materials	180.273.697	247.892.691
Work in process	36.632.298	33.502.421
Finished goods	432.098.327	586.596.498
Trade goods	26.995.386	34.393.281
Other inventories	50.034.245	56.984.011
Allowance for diminution in value of inventories (-)	(17.894.857)	(15.223.096)
	708.139.096	**944.145.806**

Movement allowance for diminution in value of inventories is as follows:

	2009	2008
Opening balance, 1 January	(15.223.096)	(6.260.879)
Charge for the period	(6.270.353)	(9.562.575)
Released	3.598.592	600.358
Closing balance, 31 December	**(17.894.857)**	**(15.223.096)**

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14. Biological Assets

None.

15. Assets Related to Ongoing Construction Contracts

	31 December 2009	31 December 2008
Contract costs incurred for work ongoing	85.766.979	88.234.579
Revenue recognized less costs recognized (net)	(12.485)	(602.673)
Less: Progress payments received (-)	(84.832.529)	(69.563.385)
	921.965	**18.068.521**

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

	31 December 2009	31 December 2008
Receivables from ongoing construction contracts (Note 26)	1.292.948	19.211.264
Allowance for projects in loss (Note 26)	(12.485)	(602.673)
Progress payments of ongoing construction contracts (Note 26)	(358.498)	(540.070)
	921.965	**18.068.521**

In this context, as of 31 December 2009, the guarantee letters given to progress payments amounts to TL 7.470.564 and the advances received amounts to TL 100.670 (31 December 2008: TL 19.047.244 and TL 10.391.043).

16. Investments Accounted for under the Equity Method

Net asset values represented in the balance sheet of the associates accounted for under the equity method are as follows:

	31 December 2009	31 December 2008
OAO FormMat	9.453.780	9.791.841
Solvay Şişecam Holding AG	124.302.270	125.972.902
	133.756.050	**135.764.743**

Summary of the financial statements of subsidiaries accounted for under the equity method is as follows:

	OAO FormMat		Solvay Şişecam Holding AG	
	31 December 2009	31December 2008	31 December 2009	31 December 2008
Total assets	2.937.468	3.469.644	740.188.364	748.581.760
Total liabilities	(1.839.919)	(2.299.525)	(242.979.293)	(244.690.156)
Net assets	**1.097.549**	**1.170.119**	**497.209.071**	**503.891.604**
Group’s share ratio (%)				
- Direct and Indirect ownership ratio (%)	48,46	48,46	25,00	25,00
- Effective ownership ratio (%)	19,59	19,59	20,52	20,52
The Group’s share in net assets	**531.872**	**567.040**	**124.302.270**	**125.972.902**
Goodwill on associates	**8.921.908**	**9.224.801**	**-**	**-**
	9.453.780	**9.791.841**	**124.302.270**	**125.972.902**

	OAO FormMat		Solvay Şişecam Holding AG	
	1 January - 31 December 2009	1 January - 31 December 2008	1 January - 31 December 2009	1 January - 31 December 2008
Profit/(loss) for the period	(33.422)	(798.673)	3.043.735	17.691.251
The Group’s share in profit/(loss) for the period	(16.196)	(387.037)	760.934	4.422.813
Revenue	1.884.149	3.028.625	358.116.233	315.844.332

17. Investment Property

None.

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18. Tangible Fixed Assets

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Opening balance, 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**
Reclassification	316.532	2.913.209	(2.104.902)	5.804.243	33.985	(6.963.067)	(225.951)	225.951	-
Exchange 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)	-
Closing balance, 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 and impairment									
Opening balance, 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)**
Reclassification	-	(80.728)	(1.066.846)	(247.475)	3.057	1.391.992	-	-	-
Exchange 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
Closing balance, 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)**
Carrying 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**
Carrying 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**

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18. Tangible Fixed Assets

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
Opening balance, 1 January 2008	**72.082.399**	**190.673.959**	**1.024.088.504**	**5.178.600.859**	**50.570.701**	**221.248.876**	**195.103.453**	**143.073.391**	**7.075.442.142**
Effect of acquisition of subsidiary	2.650.225	495.349	24.158.741	52.894.996	2.079.792	7.629.760	1.578.509	1.071.558	92.558.930
Exchange differences	3.053.149	974.207	30.061.705	92.754.663	4.190.831	3.952.121	(292.864)	6.395.626	141.089.438
Additions	227.670	6.636.191	27.286.170	135.280.718	3.251.240	12.582.598	30.799.442	521.674.297	737.738.326
Disposals	(511.547)	(923.781)	(3.872.523)	(257.442.988)	(6.996.807)	(12.967.678)	(7.174.698)	(62.920.506)	(352.810.528)
Transfers from construction in progress	-	3.932.199	112.774.410	163.707.121	1.368.965	11.721.109	11.256.360	(304.760.164)	-
Closing balance, 31 December 2008	**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**
Accumulated depreciation and impairment									
Opening balance, 1 January 2008	**-**	**(86.876.910)**	**(269.517.352)**	**(3.288.777.242)**	**(28.206.116)**	**(161.747.110)**	**(126.978.259)**	**-**	**(3.962.102.989)**
Effect of acquisition of subsidiary	-	(486.985)	(8.622.274)	(32.756.252)	(2.006.283)	(7.417.019)	(1.544.815)	-	(52.833.628)
Exchange differences	-	(72.392)	(3.357.014)	(21.010.820)	(853.964)	(1.474.007)	288.201	-	(26.479.996)
Charge for the period	-	(7.287.451)	(32.236.657)	(302.716.951)	(6.284.024)	(19.557.508)	(38.778.805)	-	(406.861.396)
Disposals	-	255.450	2.272.091	232.814.833	6.543.701	9.768.504	5.017.718	-	256.672.297
Provision for impairment	-	-	-	(4.334.847)	-	-	-	-	(4.334.847)
Closing balance, 31 December 2008	**-**	**(94.468.288)**	**(311.461.206)**	**(3.416.781.279)**	**(30.806.686)**	**(180.427.140)**	**(161.995.960)**	**-**	**(4.195.940.559)**
Carrying 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**
Carrying value as of 31 December 2007	**72.082.399**	**103.797.049**	**754.571.152**	**1.889.823.617**	**22.364.585**	**59.501.766**	**68.125.194**	**143.073.391**	**3.113.339.153**

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19. Intangible Assets

Cost	Rights	Mine fields	Other intangible assets	Total
Opening balance, 1 January 2009	26.774.426	13.135.203	7.025.752	46.935.381
Exchange 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)
Closing balance, 31 December 2009	**39.843.622**	**13.135.203**	**7.089.593**	**60.068.418**
Accumulated amortization				
Opening balance, 1 January 2009	(20.103.391)	(1.737.096)	(3.339.902)	(25.180.389)
Exchange 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
Closing balance, 31 December 2009	**(22.520.985)**	**(2.584.427)**	**(3.017.338)**	**(28.122.750)**
Carrying value as of 31 December 2009	**17.322.637**	**10.550.776**	**4.072.255**	**31.945.668**
Carrying value as of 31 December 2008	**6.671.035**	**11.398.107**	**3.685.850**	**21.754.992**

Cost	Rights	Mine fields	Other intangible assets	Total
Opening balance, 1 January 2008	25.066.014	13.135.203	5.623.003	43.824.220
Exchange differences	139.477	-	162.045	301.522
Effect of acquisition of subsidiary	207.394	-	110.770	318.164
Additions	1.674.011	-	1.142.748	2.816.759
Disposals	(312.470)	-	(12.814)	(325.284)
Closing balance, 31 December 2008	**26.774.426**	**13.135.203**	**7.025.752**	**46.935.381**
Accumulated amortization				
Opening balance, 1 January 2008	(17.897.928)	(868.548)	(2.835.718)	(21.602.194)
Exchange differences	(23.835)	-	(50.455)	(74.290)
Effect of acquisition of subsidiary	(175.273)	-	(73.061)	(248.334)
Charge for the period	(2.211.369)	(868.548)	(393.482)	(3.473.399)
Disposals	205.014	-	12.814	217.828
Closing balance, 31 December 2008	**(20.103.391)**	**(1.737.096)**	**(3.339.902)**	**(25.180.389)**
Carrying value as of 31 December 2008	**6.671.035**	**11.398.107**	**3.685.850**	**21.754.992**
Carrying value as of 31 December 2007	**7.168.091**	**12.266.655**	**2.787.285**	**22.222.031**

20. Goodwill

Positive goodwill (net)	2009	2008
Opening balance, 1 January	19.447.575	19.211.454
Goodwill arising from the acquisition of subsidiaries in the current period (Note 3)	-	2.781.996
Currency translation effect	(80.697)	-
Impairment	-	(2.545.875)
Closing balance, 31 December	**19.366.878**	**19.447.575**

21. Government Grants and Incentives

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 context of the standards determined by the Ministry of Finance and Undersecretariat 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.

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22. Provisions, Contingent Assets and Liabilities

Provisions

Current provisions	31 December 2009	31 December 2008
Accrued expenses	7.434.488	5.327.810
Other provisions	1.723.187	3.703.550
	9.157.675	**9.031.360**

The Group is a defendant in a lawsuit in which US Dollars 21.158.667 (31 December 2008: US Dollars 21.158.667) of compensation amount is foreseen arising from the construction status of immovables transferred during the sales of its associates in the period. The Group Management does not provide any provisions since they believe an unfavorable outcome is remote.

Total risk of the lawsuits, including the aforementioned lawsuit, filed and currently pending against the Group as of 31 December 2009 amounts to approximately TL 33.687.832 (31 December 2008: TL 35.821.892).

As mentioned above, the Group was involved in a number of court proceedings (both as a plaintiff and as a defendant) during the year arising in the ordinary course of business. In the opinion of Group's Management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the consolidated result of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements.

Contingent liabilities as of 31 December 2009 and 31 December 2008 are as follows:

	31 December 2009	31 December 2008
Letters of guarantees given	47.964.647	97.911.366
Export commitments	245.969.022	341.064.465
Promissory notes and securities given	12.927.866	17.624.705
Other	2.591.783	9.922.660
	309.453.318	**466.523.196**

Guarantee/pledge/mortgage ("GPM") position of the Group as of 31 December 2009 and 31 December 2008 is as follows:

Guarantees/Pledge/Mortgage given by the Company	31 December 2009	31 December 2008
A. GPMs given on behalf of its own legal entity	11.615.538	60.423.093
B. GPMs given on behalf of consolidated subsidiaries	452.722.166	405.581.064
C. Total amount of GPMs given on behalf of other third parties' debt	-	-
D. Other GPMs		
i. Total amount of GPMs given on behalf of the Parent	-	-
ii. Total amount of GPMs given on behalf of other group companies not covered in B and C	-	-
iii. Total amount of GPMs given on behalf of third parties not covered in C	-	-
Total	**464.337.704**	**466.004.157**

Proportion of GPMs given to the Group's equity as of 31 December 2009 is 26,06% (31 December 2008: 27,02%).

The economic condition in the Russian Federation

Current and potential future political and economic changes in the Russian Federation, despite having improved in the current years, due to the global economic downturn as of October 2008 could have an adverse effect on the companies operating in this country. The economic stability of the Russian Federation depends on the economic measures that will be taken by the government and the outcomes of the legal, administrative and political processes in the country. These processes are beyond the control of the companies established in the country. Consequently, the entities operating within the Russian Federation must consider the risks that may not necessarily be observable in other markets. The accompanying financial statements contain the Group management's estimations on the economic and financial positions of its subsidiaries and associates operating in the Russian Federation. The future economic situation of the Russian Federation might differ from the Group's expectations.

The Russian Federation's tax, foreign exchange and custom legislations are open to interpretations and can be easily changed. The Group management's approach related to these legislations may be evaluated differently by local or federal authorities. Recent economic developments toughen the tax authorities' legislation interpretations which may cause the application of additional tax penalties. In accordance with the related legislation; current and the last three periods can be subject to tax inspections and in certain circumstances, this period could be extended.

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As of 31 December 2009, the Group's management highly believes that their approach is appropriate for the aforementioned legislations and will be able to maintain its position in tax, foreign exchange and custom legislations.

The economic condition in Georgia

Due to current economic distress in Georgia, Georgian tax authorities have increased their interest to business world. The rapid changes in local and national tax legislations cause inconsistencies in applications and interpretations in Georgia. The accompanying financial statements contain the Group management's estimations on the economic and financial position of its subsidiary operating in Georgia. The future economic situation of Georgia might differ from the Group's expectations.

23. Commitments

Stock Holding Commitments and Reimbursement Concessions

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

Stock exchange options

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

Investment commitments

Trakya Polatlı Cam Sanayi A.Ş., one of the Group's subsidiaries, and Polatlı Organized Industrial Zone (OIZ) signed a land allocation agreement in August 2008. According to the land allocation agreement signed with OIZ, construction projects will be commenced starting from August 2008 within 30 months. If the related agreement terms do not meet, prepaid land allocation cost will be reimbursed to the Company under a specific payment schedule.

Other commitments

Based on the agreement between Camiş Elektrik Üretimi A.Ş., one of the Group's subsidiaries, and Botaş Boru Hatları ile Petrol Taşıma A.Ş., Camiş Elektrik Üretimi A.Ş. has a natural gas purchase commitment for 21.600.000 m3 within the period 1 January 2010 - 31 December 2010 (31 December 2008: 103.000.000 m3). In addition, the ownership of the system/equipments that will be established by the subsidiary for the use of "Connecting Type A Station to the Botaş Telecommunication and Scada's System" belongs to Botaş in accordance with the agreement.

24. Employee Benefits

Current

	31 December 2009	31 December 2008
Unused vacation provisions	6.762.250	7.350.179

Non-current

Retirement pay provisions

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee whose employment contract is expired in a way that the employee is entitled to receive termination benefits. Also, the Group is also required to pay retirement pay to employees who are entitled to a retirement in accordance with Law No: 2242 dated 6 March 1981, Law 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 2.365,16 for each period of service as of 31 December 2009 (31 December 2008: TL 2.173,18). The retirement pay provision ceiling is revised semi-annually and, effective from 1 January 2010, provision ceiling amounting to TL 2.427,04 is taken into consideration in the calculation of provision for employment termination benefits (31 December 2008: ceiling effective from 1 January 2010 amounting to TL 2.260,05).

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

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.

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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 2009 and 31 December 2008, 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 respective balance sheet are calculated assuming an annual inflation rate of 4,80% (31 December 2008: 5,40%) and a discount rate of 11% (31 December 2008: 12%), the real discount rate is approximately 5,92% (31 December 2008: 6,26%). The anticipated rate of forfeitures is considered.

The movement of the employment termination benefits is as follows:

	2009	2008
Opening balance, 1 January	144.294.534	140.835.844
Effect of acquisition of subsidiary	-	586.066
Actuarial loss/(gain)	2.006.826	(3.743.406)
Service costs	24.102.557	19.713.271
Interest costs	9.161.406	7.892.812
Retirement payments made	(30.970.033)	(20.990.053)
Closing balance, 31 December	**148.595.290**	**144.294.534**

25. Pension Plans

None.

26. Other Assets and Liabilities

Other current assets	**31 December 2009**	**31 December 2008**
Prepaid expenses	5.200.511	5.817.440
Income accruals	30.520.896	20.518.744
Business advances	1.892.781	2.362.162
Order advances given for inventory	41.754.410	91.124.771
Prepaid taxes and dues	9.627.612	16.200.722
VAT carried forward	19.518.691	44.230.194
Deductible VAT on exports	20.400.958	27.490.153
Other	82.548	147.282
	128.998.407	**207.891.468**

Other non-current assets		
Prepaid expenses	7.318.375	1.556.764
Advances given for tangible fixed assets	24.411.782	19.751.489
	31.730.157	**21.308.253**

Other current liabilities		
Expense accruals	8.020.317	4.885.697
Deferred revenue	21.633.959	36.172.909
Taxes and dues payables	24.074.590	18.532.121
Social security premiums payables	10.965.923	10.997.595
VAT and other payables	5.829.408	697.499
Other (*)	4.299.026	623.577
	74.823.223	**71.909.398**

(*) The Group has given a put option to International Finance Corporation for approximately 19,20% of JSC Mina's shares, one of the Group's subsidiaries. Liabilities related to the put option are carried at fair value amounting to TL 7.913.524 in the consolidated financial statements. The Group has paid TL 3.956.762 out of this amount in advance in the current period. The registration of the shares on behalf of the Group, which are subject to put option, is completed in February 2010. The remaining amount of TL 3.956.762 will be paid in June and December 2010 in accordance with the agreement signed.

Other non-current liabilities		
Other miscellaneous debts.	738.990	722.044
Liabilities on unconsolidated subsidiaries (Note 6)	1.494.661	-
	2.233.651	**722.044**

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27. Equity

Equity components "Paid in capital", "Restricted reserves appropriated from profits" and "Premium in excess of par", 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, the resulting differences that are not included to profit distribution or capital increase as of the report date (such as; differences due to application of inflation accounting) from re-evaluations or remeasurements based on the requirements of IFRSs are presented in the "inflation adjustment to share capital" line if they are related to paid in capital and such differences are presented in the "retained earnings" line if they are related to restricted reserves appropriated from profits or premium in excess of par.

Other equity components are presented with the re-evaluated figures in accordance with IFRS. In this respect, differences separately presented in a different financial statement line previously (such as; "Inflation Adjustment of Equity Items") than the actual financial statement line are allocated to related financial statement lines.

a) Capital/Treasury Shares

The Company's approved paid-in capital consists of 110.000.000.000 shares issued on bearer with a nominal value of Kr 1 (Kr one) each.

	31 December 2009	31 December 2008
Registered capital ceiling	2.000.000.000	2.000.000.000
Approved and paid-in capital	1.100.000.000	1.006.222.184

	31 December 2009		31 December 2008	
Shareholders	**Amount TL**	**Share (%)**	**Amount TL**	**Share (%)**
T. İş Bankası A.Ş.	705.180.695	64,107	645.062.248	64,107
Efes Holding A.Ş.	42.254.979	3,841	38.652.635	3,841
Trakya Cam Sanayii A.Ş.	17.243.559	1,568	15.773.502	1,568
Çayırova Cam Sanayii A.Ş.	19.020.109	1,729	17.398.596	1,729
Camiş Madencilik A.Ş.	7.784.190	0,707	7.120.568	0,707
Cam Elyaf Sanayi A.Ş.	426.453	0,039	390.097	0,038
Paşabahçe Cam Sanayi ve Ticaret A.Ş.	5.692	0,001	5.207	0,000
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	4	0,000	3	0,000
Milli Reasürans T.A.Ş.	-	0,000	7.250	0,000
Anadolu Hayat Emeklilik A.Ş.	550.273	0,050	3.670	0,000
Other	307.534.046	27,958	281.808.408	28,010
Nominal capital	**1.100.000.000**	**100,000**	**1.006.222.184**	**100,000**
Restated capital differences	241.425.784		241.425.784	
Treasury shares (-)	(44.480.006)		(40.687.973)	
Adjusted capital	**1.296.945.778**		**1.206.959.995**	

b) Revaluation Funds

Revaluation fund on financial assets

Revaluation funds	**31 December 2009**	**31 December 2008**
Revaluation fund on financial assets	2.992.734	(324.068)
Reserves for non-controlling interests put option	(4.564.310)	-
	(1.571.576)	**(324.068)**

Revaluation fund on financial assets

Revaluation fund on financial assets arises from the measurement of available-for-sale financial assets at their fair value. If a financial assets at their fair value is disposed of, the cumulative gain or loss related to that asset previously recognized in equity is included to profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, if the asset is subject to impairment, at which time the cumulative gain or loss previously recognized in equity is included to profit or loss for the period.

Reserves for non-controlling interests put option

The Group has given a put option to International Finance Corporation for approximately 19,20% of JSC Mina's shares, one of the Group's subsidiaries. Liabilities related to the put option are carried at fair value in the consolidated financial statements. Non-controlling interests shares subject to put option are allocated to the Group's shares and the difference between the liability and non-controlling interests' shares related to the put option is accounted under "Reserves for non-controlling interests put option".

c) Restricted Reserves Appropriated from Profits

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.

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Publicly held companies distribute dividends based on the regulations announced by the CMB.

“Legal Reserves” and “Premium in excess of par”, 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, the resulting differences that are not included to profit distribution or capital increase as of the report date (such as; differences due to application of inflation accounting) from re-evaluations or remeasurements based on the requirements of IFRSs are presented in retained earnings.

Restricted reserves separated from profit	**31 December 2009**	**31 December 2008**
Legal reserves	36.910.148	31.158.779
Gains on sale of equity participations (*)	-	42.667.628
Total of restricted reserves appropriated from profits attributable to Equity Holders’ of the Parent	**36.910.148**	**73.826.407**

(*) Transferred to capital during the period.

d) Retained Earnings/Accumulated Deficits

The Group’s extraordinary reserves presented in the retained earnings which amounts to TL 1.388.302.863 (31 December 2008: TL 1.269.367.765) is TL 278.400.522 (31 December 2008: TL 220.234.705).

Profit Distribution

In accordance with the Capital Markets Board’s (the “CMB”) Decree issued as of 27 January 2010, listed companies are not required to comply with the requirements of minimum profit distribution in distributing profits derived from the operations in 2009 (31 December 2008: 20%), and accordingly, profit distribution should be made based on the requirements set out in the CMB’s Communiqué Serial: IV, No: 27 “Principles of Advance Dividend Distribution of Companies that are subject to the Capital Markets Board Regulations”, terms of articles of association and profit distribution policies publicly disclosed by the companies.

Furthermore, based on the afore-mentioned decree, companies that are required to prepare consolidated financial statements should calculate their net distributable profits, to the extent that they can be recovered from equity in their statutory records, by considering the net profit for the period in the consolidated financial statements which are prepared and disclosed in accordance with the Communiqué Serial: XI, No: 29.

e) Non-controlling Interests

Shares attributable to third parties in the equity (including the approved and paid-in capital) of the consolidated subsidiaries, 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 net profit or loss for the period of the consolidated subsidiaries, 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.

28. Sales and Cost of Sales

Sales	**1 January - 31 December 2009**	**1 January - 31 December 2008**
Sales	3.920.974.114	3.990.203.094
Other revenues	5.210.312	5.320.115
Sales returns	(18.604.700)	(10.202.842)
Sales discount	(201.431.386)	(183.813.909)
Other deductions from sales	(62.518.217)	(57.792.410)
	3.643.630.123	**3.743.714.048**

Cost of sales		
Direct materials	(1.171.519.838)	(1.434.329.503)
Direct labor attributable to production	(198.384.814)	(219.276.703)
Production overheads	(683.784.829)	(684.253.007)
Depreciation and amortization expenses	(388.095.689)	(349.646.345)
Change in work-in-progress inventories	3.129.877	(64.851)
Change in finished goods inventories	(154.498.171)	227.322.125
Cost of goods sold	**(2.593.153.464)**	**(2.460.248.284)**
Cost of merchandises sold	(134.432.264)	(145.164.754)
Cost of services rendered (*)	(18.806.695)	(17.071.665)
Other costs	(16.574.558)	(19.791.606)
	(2.762.966.981)	**(2.642.276.309)**

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January - 31 December 2009 amount to TL 2.817.598 (1 January - 31 December 2008: TL 2.360.118).

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

	1 January - 31 December 2009	1 January - 31 December 2008
Marketing, selling and distribution expenses	(273.065.976)	(248.531.010)
General administrative expenses	(363.803.175)	(349.323.227)
Research and development expenses	(30.934.846)	(27.786.753)
	(667.803.997)	**(625.640.990)**

30. Expenses by Nature

	1 January - 31 December 2009	1 January - 31 December 2008
Indirect material costs	(11.425.842)	(12.340.751)
Personnel expenses	(220.438.280)	(190.485.456)
Services rendered by third parties	(154.320.761)	(169.269.052)
Miscellaneous expenses	(229.439.556)	(196.362.539)
Depreciation and amortization expenses	(52.179.558)	(57.183.192)
	(667.803.997)	**(625.640.990)**

31. Other Operating Income/(Expenses)

Other operating income	1 January - 31 December 2009	1 January - 31 December 2008
Commission income	456.231	682.861
Provisions released	7.022.313	3.458.218
Insurance loss claims	1.650.936	2.111.661
Profits on sales tangible fixed asset	26.800.665	-
Profits on precious metal sales	9.414.262	-
Other ordinary income and profits	14.013.099	1.838.128
	59.357.506	**8.090.868**

Other operating expenses	1 January - 31 December 2009	1 January - 31 December 2008
Commission expenses	(288.275)	(405.878)
Provision expenses	(3.965.136)	(10.097.065)
Tangible fixed asset disposal losses	-	(3.656.232)
Other expense and losses	(22.315.547)	(18.028.362)
	(26.568.958)	**(32.187.537)**

32. Financial Income

	1 January - 31 December 2009	1 January - 31 December 2008
Dividend income	775.114	973.484
Interest income	52.166.459	31.562.375
Subsidiary and available for sale assets' sales profit	2.471	23.910
Foreign exchange gains	373.110.031	405.559.171
Discount interest income	12.023.883	5.474.222
	438.077.958	**443.593.162**

33. Financial Expenses

	1 January - 31 December 2009	1 January - 31 December 2008
Interest expenses	(126.270.102)	(119.968.395)
Discount interest expenses	(5.976.891)	(8.441.312)
Foreign exchange losses	(397.615.081)	(514.040.743)
Marketable securities trading losses	(2.627)	(7)
	(529.864.701)	**(642.450.457)**

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34. Assets Held for Sale and Discontinued Operations

The Group has no discontinued operations as of 31 December 2009.

35. Tax Assets and Liabilities

Deferred Tax Assets and Liabilities

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

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. In this respect, deferred tax assets and liabilities of the consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2009	31 December 2008
Deferred tax assets	35.917.739	18.399.729
Deferred tax liabilities	(101.438.813)	(114.085.163)
Deferred tax liabilities (net)	**(65.521.074)**	**(95.685.434)**

Deferred Tax Assets and Liabilities	31 December 2009	31 December 2008
Useful life and valuation differences on tangible fixed and intangible assets	(145.770.074)	(167.874.710)
Retirement pay provision	29.618.937	28.800.302
Carry forward tax losses	37.751.418	24.133.018
Investment incentives	8.014.441	-
Non-real portion of capitalized finance expenses	-	107.921
Restatement of inventories	7.370.168	11.373.586
Other	(2.505.964)	7.774.449
	(65.521.074)	**(95.685.434)**

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 dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income (2008: 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 on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was increased from 10% to 15% effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities. Investments without investment incentive certificates do not qualify for tax allowance.

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Investment Incentive Certificates

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to the following years as of 31 December 2005 so as to be deducted from taxable income of subsequent profitable years.

However, companies can deduct their carried forward outstanding allowance from 2006, 2007 and 2008's taxable income. The investment incentive amount that cannot be deducted from 2008's taxable income will not be carried forward to the following years.

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement, which proposes to eliminate the vested rights, was revoked on the basis of being contradictory to the constitution. Deadline of the investment incentive period is, thereby, ceased as of the reporting date. The related resolution was published in the Official Gazette on 8 January 2010.

Trakya Yenişehir Cam Sanayii A.Ş. and Anadolu Cam Yenişehir Sanayii A.Ş., subsidiaries of the Group, has investment incentive amount that cannot be deducted from the 2008's taxable income. The advance tax returns attributable to 4th quarter of 2009 of these companies are filed with subject to reservation and the companies filed lawsuit for reimbursement of advance tax returns paid for the aforementioned period amounting to TL 6.363.440 and TL 1.651.001, respectively. The Group Management has accounted the aforementioned amounts as deferred tax assets in the accompanying consolidated financial statement since they believe an unfavorable outcome is remote.

	1 January - 31 December 2009	**1 January - 31 December 2008**
Current tax liability	66.542.026	83.339.741
Less: Advance taxes	(46.899.504)	(57.088.211)
Tax provision in the balance sheet	**19.642.522**	**26.251.530**

	1 January - 31 December 2009	**1 January - 31 December 2008**
Current tax liability	(66.542.026)	(83.339.741)
Deferred tax benefit/(charge)	30.993.558	15.269.888
Taxation in the statement of income	**(35.548.468)**	**(68.069.853)**

Reconciliation of taxation	**1 January - 31 December 2009**	**1 January - 31 December 2008**
Profit before taxation and non-controlling interests	154.605.688	256.878.561
Effective tax rate	20%	20%
Expected taxation	**(30.921.138)**	**(51.375.712)**
Tax effects of		
- Non-deductible expenses	(14.828.769)	(10.678.061)
- Dividends and other non-taxable income	22.894.506	29.386.234
- Carry forward tax losses	139.476	(5.660.212)
- Investment incentives	8.014.441	(11.571.101)
- Profit share of investments accounted for under the equity method	(148.948)	(807.155)
- Consolidation adjustments	(20.392.310)	(22.842.095)
- Foreign subsidiaries subject to different tax rates	(305.726)	5.448.616
- Different tax rates of subsidiaries utilized investment incentives	-	29.633
Taxation in the statement of income	**(35.548.468)**	**(68.069.853)**

36. Earnings Per Share

Earnings per share	**1 January - 31 December 2009**	**1 January - 31 December 2008**
Average number of shares in circulation during the period	1.100.000.000	1.100.000.000
Net profit for the period attributable to equity holders of the parent	111.808.768	158.719.256
Earnings per share from continued and discontinued operations	**0,1016**	**0,1443**
Net profit for the period attributable to equity holders of the parent	109.245.325	204.547.399
Earnings per share from continued operations	**0,0993**	**0,1859**

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37. Related Party Transactions

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 at T. İş Bankası A.Ş.	31 December 2009	31 December 2008
Demand deposits	24.060.124	21.237.798
Time deposits	884.230.963	278.587.372
	908.291.087	**299.825.170**
Deposits at İşbank GmbH		
Demand deposits	7.435.591	8.432.085
Time deposits	114.267.566	220.047.746
	121.703.157	**228.479.831**
	1.029.994.244	**528.305.001**

Borrowings received from related parties		
T. İş Bankası A.Ş.	432.373.481	230.502.303
İşbank GmbH	-	50.763.208
T. Sınai ve Kalkınma Bankası A.Ş.	15.264.447	1.497.651
	447.637.928	**282.763.162**

Due from related parties	31 December 2009	31 December 2008
Camiş Menkul Değerler A.Ş.	14.843	6.954
Anadolu Anonim Türk Sigorta A.Ş.	16.750	426
Cromital S.P.A.	5.664.242	5.856.887
İş Merkezleri Yönetim ve İşletim A.Ş.	1.042.194	1.054.701
Mepa Merkezi Pazarlama A.Ş.	20.828	16.217
Omco International N.V.	126.185	483.075
OOO Form Mat	561.419	259.280
OOO Paşabahçe Mağazaları	164.649	165.370
Paşabahçe Glass GmbH	95.067	249.998
Paşabahçe Mağazaları B.V.	4.007.170	4.160.557
Paşabahçe Mağazaları EOOD	384.329	973.996
Paşabahçe USA Inc.	681.818	509.839
Paşabahçe Yatırım ve Pazarlama A.Ş.	1.515.506	1.405.635
Sintan Kimya San. ve Tic. A.Ş.	337.617	118.209
Şişecam Shangai Trade Co. Ltd.	1.279.844	-
T. İş Bankası A.Ş.	332.884	3.610.261
Yatırım Finansman Menkul Değerler A.Ş.	10.916	9.761
Paşabahçe Spain SL.	503.338	-
Others	3.860	11.226
	16.763.459	**18.892.392**

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Due to related parties	31 December 2009	31 December 2008
Anadolu Anonim Türk Sigorta A.Ş.	3.508.248	3.439.722
Avea İletişim Hizmetleri A.Ş.	88.152	61.347
Paşabahçe Spain SL	431.798	-
Denizli Cam San. Vakfı	78.019	58.914
İstanbul Porselen Sanayi A.Ş.	2.902.181	2.902.319
İş Merkezleri Yönetim ve İşletim A.Ş.	51.050	169.174
OOO Paşabahçe Mağazaları	104.827	105.286
Paşabahçe Glass GmbH	386.923	60.298
Paşabahçe Mağazaları EOOD	-	33.208
Paşabahçe USA Inc	192.406	55.823
Mosimmobillia	92.571	3.808.008
Solvay Şişecam Holding AG	4.005.527	1.440.844
Sudel Invest S.A.R.L	19.212.102	52.586.412
Others	834.204	820.046
	31.888.008	**65.541.401**

Other income from and expenses to related parties:

Interest income from related parties	1 January - 31 December 2009	1 January - 31 December 2008
İstanbul Porselen Sanayi A.Ş.	89	1.440
Mepa Merkezi Pazarlama A.Ş.	2.319	2.547
İşbank GmbH	4.908.130	5.787.131
Paşabahçe Spain SL	21.010	-
Paşabahçe Mağazaları B.V.	181.245	170.141
Paşabahçe USA Inc.	-	6.873
Paşabahçe Yatırım ve Pazarlama A.Ş.	147.044	95.756
T. İş Bankası A.Ş.	14.359.957	9.707.393
Others	593	-
	19.620.387	**15.771.281**

Interest expenses to related parties		
T. İş Bankası A.Ş.	5.243.259	6.048.681
İstanbul Porselen Sanayi A.Ş.	371.772	465.081
İşbank GmbH	1.684.328	378.771
T. Sınai ve Kalkınma Bankası A.Ş.	421.661	221.283
Paşabahçe USA Inc.	-	3.690
Paşabahçe Spain SL	2.072	-
	7.723.092	**7.117.506**

Other income from related parties		
Anadolu Anonim Türk Sigorta Şirketi	452.780	5.410.724
T. İş Bankası A.Ş.	2.397	124.064
Sintan Kimya Sanayi ve Tic. A.Ş.	203.697	58.384
İş Merkezleri Yönetim ve İşletim A.Ş.	9.712.471	8.324.254
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	22.531.778	-
Paşabahçe Mağazaları EOOD	-	337.130
OOO Form Mat	-	165.019
Others	34.382	61.007
	32.937.505	**14.480.582**

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Other expenses to related parties	**1 January - 31 December 2009**	**1 January - 31 December 2008**
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	10.488.253	9.488.552
Anadolu Anonim Türk Sigorta Şirketi	1.250.147	982.658
Anadolu Hayat Emeklilik Sigorta A.Ş.	120.348	75.720
T. İş Bankası A.Ş.	398.894	347.153
Tibaş Mens. Munz. Yard. Vakfı	767.996	710.808
İş Merkezleri Yönetim ve İşletim A.Ş.	3.213.554	5.946.590
İşbank GmbH	1.285	-
Kültür Yayınları İş-Türk Ltd. Şti.	26.620	18.312
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	96.562	-
Avea İletişim Hizmetleri A.Ş.	2.524	1.929
Camiş Menkul Değerler A.Ş.	161.689	22.607
Şişecam Shangai Trade Co. Ltd.	871.367	716.790
OOO Form Mat	1.139.147	1.998.114
Solvay Şişecam Holding AG	21.215.603	16.844.446
Others	34.066	497
	39.788.055	**37.154.176**

Compensation to key management personnel		
Parent company	7.781.798	6.599.572
Consolidated entities	13.591.337	15.367.876
	21.373.135	**21.967.448**

38. Nature and Level of Risks Derived from Financial Instruments

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 of stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debts including 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.

As of 31 December 2009 and 31 December 2008, the Group's net debt/total equity ratios are as follows:

	31 December 2009	**31 December 2008**
Total liabilities	2.552.474.523	2.283.345.557
Less: Cash and cash equivalents	(1.333.387.047)	(652.423.039)
Net debt	**1.219.087.476**	**1.630.922.518**
Total equity	**3.710.916.594**	**3.571.556.066**
Net debt/total equity ratio	**33%**	**46%**

The Group's overall strategy does not differ from the 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.

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The Group manages its financial instruments centrally in accordance with the Group's risk policies through the Financial Transactions Department. The Group's cash inflows and outflows are monitored by using the reports prepared on a daily, weekly and monthly basis and the related data is 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

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates such risk by putting limitations on the contracts with counterparties and obtaining sufficient collaterals, where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages such 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 reviewed periodically.

	Receivables				
Credit risks exposed through types of financial instruments:	**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.	-	(246.673.738)	-	-	-
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)	-	11.854.166	-	3.933.977	-
- Impairment (-)	-	(11.641.656)	-	(3.933.977)	-
- The part under guarantee with collaterals, etc.	-	(17.509)	-	-	-
- 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.

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Credit risks exposed through types of financial instruments:	Receivables				
	Trade Receivables		Other Receivables		
31 December 2008	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)	**-**	**657.553.444**	**18.892.392**	**10.093.313**	**652.061.769**
- The part of maximum risk under guarantee with collaterals, etc.	-	(283.736.924)	(644.582)	(19.026)	-
A. Net book value of financial assets that are neither past due nor impaired	-	525.585.251	18.892.392	10.093.313	652.061.769
- The part under guarantee with collaterals, etc.	-	(241.577.523)	(644.582)	(19.026)	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	6.543.383	-	-	-
- The part under guarantee with collaterals, etc.	-	(5.082.710)	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	125.174.098	-	-	-
- The part under guarantee with collaterals, etc.	-	(37.075.697)	-	-	-
D. Net book value of impaired assets	-	250.712	-	-	-
- Past due (gross carrying amount)	-	14.771.616	-	278.630	-
- Impairment (-)	-	(14.520.904)	-	(278.630)	-
- The part under guarantee with collaterals, etc.	-	(994)	-	-	-
- 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.

Guarantees received from the customers are as follows:

	31 December 2009	31 December 2008
Letters of guarantee	174.069.169	246.870.679
Promissory notes and bills	14.651.540	14.986.858
Mortgages	11.961.253	14.178.036
Cash	1.968.364	2.026.878
Other	44.023.410	5.674.473
	246.673.736	**283.736.924**

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

	31 December 2009	31 December 2008
One month due	86.148.901	71.776.183
Due within 1-3 months	67.090.342	35.342.871
Due within 3-12 months	19.518.832	17.462.388
Due within 1-5 years	2.599.395	592.656
Total overdue receivables	**175.357.470**	**125.174.098**
The part under guarantee with collateral etc.	**40.769.412**	**37.075.697**

(b.2) Liquidity risk management

The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through a constant monitoring forecast and actual cash flows and matching the maturity profile of the financial assets and liabilities.

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Liquidity risk tables

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

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

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 2009					
Maturities in accordance with contracts	**Carrying value**	**Total cash outflows in 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	82.813.893
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	30.154.558	30.154.558	29.992.886	-	161.672	-
Total liabilities	**2.614.517.088**	**2.862.925.863**	**525.547.503**	**632.177.584**	**1.622.386.884**	**82.813.893**

	31 December 2008					
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	1.988.397.880	2.234.026.450	343.726.879	478.238.795	1.273.297.271	138.763.505
Trade payables	294.947.677	298.342.903	270.426.312	21.929.252	5.987.339	-
Due to related parties	65.541.401	65.541.401	65.541.401	-	-	-
Other financial liabilities	40.441.177	40.441.177	40.381.088	-	60.089	-
Total liabilities	**2.389.328.135**	**2.638.351.931**	**720.075.680**	**500.168.047**	**1.279.344.699**	**138.763.505**

(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:

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Foreign Currency Position Table

	31 December 2009				31 December 2008			
	TL Equivalent	US Dollar	Euro	Others	TL Equivalent	US Dollar	Euro	Others
1. Trade receivables	229.940.199	68.279.921	48.820.260	21.664.715	213.288.468	58.050.057	54.525.602	8.770.958
2a. Monetary financial assets(cash and banks account included)	1.328.801.135	616.635.837	183.846.400	3.169.176	590.505.525	223.903.792	116.500.335	2.491.904
2b. Non monetary financial assets	1.518.580	1.008.554	-	-	-	-	-	-
3. Other	4.041.929	2.677.421	4.877	-	7.325.364	3.548.335	749.851	353.936
4. Current assets(1+2+3)	1.564.301.843	688.601.733	232.671.537	24.833.891	811.119.357	285.502.184	171.775.788	11.616.798
5. Trade receivables	-	-	-		-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	1.535.551	1.015.375	-	-
7. Other	33.548	22.281	-	-	6.240.316	1.944.717	1.541.162	-
8. Non-current assets (5+6+7)	33.548	22.281	-	-	7.775.867	2.960.092	1.541.162	-
9. Total assets (4+8)	**1.564.335.391**	**688.624.014**	**232.671.537**	**24.833.891**	**818.895.224**	**288.462.276**	**173.316.950**	**11.616.798**
10. Trade payables	20.159.819	3.820.308	6.117.192	1.192.611	24.493.454	2.723.509	8.784.267	1.569.334
11. Financial liabilities	360.976.459	85.602.721	107.431.493	189	446.475.146	110.646.433	130.185.209	444.049
12a. Other monetary liabilities	6.255.401	1.396.419	1.694.393	492.415	20.216.954	7.369.270	3.921.364	677.550
12b. Other non monetary liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	387.391.679	90.819.448	115.243.078	1.685.215	491.185.554	120.739.212	142.890.840	2.690.933
14. Trade payables	-	-	-	-	12.356.607	-	5.771.958	-
15. Financial liabilities	1.424.281.649	463.348.329	336.350.540	-	1.105.824.803	294.308.789	308.642.387	-
16a. Other monetary liabilities	-	-	-	-	30.026.889	-	14.026.013	-
16b. Other non monetary liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	1.424.281.649	463.348.329	336.350.540	-	1.148.208.299	294.308.789	328.440.358	-
18. Total liabilities (13+17)	**1.811.673.328**	**554.167.777**	**451.593.618**	**1.685.215**	**1.639.393.853**	**415.048.001**	**471.331.198**	**2.690.933**
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)	(247.337.937)	134.456.237	(218.922.081)	23.148.676	(820.498.629)	(126.585.725)	(298.014.248)	8.925.865
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	**(252.931.994)**	**130.747.981**	**(218.926.958)**	**23.148.676**	**(835.599.860)**	**(133.094.152)**	**(300.305.261)**	**8.571.929**
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-	-	-
23. Export	1.163.563.814	341.838.246	242.397.164	113.840.036	1.061.329.669	349.507.420	272.286.953	91.306.540
24. Import	345.233.861	78.509.053	101.142.462	6.345.994	460.840.140	222.795.354	86.907.802	6.887.328

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

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

The Group is mainly exposed to Euro and US Dollar risks. Effects of other currencies are immaterial.

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of the balance sheet date (31 December 2009: USD Dollar 1 = TL 1,5057 and Euro 1 = TL 2,1603, 31 December 2008: USD Dollar 1 = TL 1,5123 and Euro 1 = TL 2,1408).

The table below presents the Group’s sensitivity to a 10% deviation in foreign exchange rates (especially US Dollar and Euro). 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 2009			
	Profit/Loss		Equity	
	Foreign currency Appreciation	Foreign currency Devaluation	Foreign currency Appreciation	Foreign currency Devaluation
Change of US Dollar against TL by 10%				
1 - US Dollars net assets/liabilities	16.196.061	(16.196.061)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	**16.196.061**	**(16.196.061)**	**-**	**-**
Change of Euro against TL by 10%				
4 - Euro net assets/liabilities	(37.834.990)	37.834.990	92.108.698	(92.108.698)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro 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)**

	31 December 2008			
	Profit/Loss		Equity	
	Foreign currency Appreciation	Foreign currency Devaluation	Foreign currency Appreciation	Foreign currency Devaluation
Change of US Dollar against TL by 10%				
1 - US Dollars net assets/liabilities	(15.314.847)	(15.314.847)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	**(15.314.847)**	**15.314.847**	**-**	**-**
Change of Euro against TL by 10%				
4 - Euro net assets/liabilities	(51.039.112)	51.039.112	81.538.868	(81.538.868)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**(51.039.112)**	**51.039.112**	**81.538.868**	**(81.538.868)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets/liabilities	6	(6)	30.658.617	(30.658.617)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**6**	**(6)**	**30.658.617**	**(30.658.617)**
Total (3 + 6 + 9)	**(66.353.953)**	**66.353.953**	**112.197.485**	**(112.197.485)**

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

(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 were increased/ decreased by 1% for TL and 0,25% in for foreign currency borrowings 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 4.884.946 as of 31 December 2009 (31 December 2008: decrease/increase by TL 4.351.056).

Interest rate sensitivity

The Group's financial instruments with interest rate sensitivity are as follows:

	31 December 2009			
	Floating interest	Fixed interest	Non-interest bearing	Total
Financial assets	**-**	**1.990.789.594**	**197.388.409**	**2.189.696.585**
Cash and cash equivalents	-	1.316.477.575	88.306.141	1.404.783.716
Financial assets at fair value through profit or loss	-	-	-	-
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 receivables	-	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 loans	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

	31 December 2008			
	Floating interest	Fixed Interest	Non-interest bearing	Total
Financial assets	**-**	**1.303.394.426**	**145.735.077**	**1.449.129.503**
Cash and cash equivalents	-	615.319.726	55.156.921	670.476.647
Financial assets at fair value through profit or loss	-	-	-	-
Available for sale financial assets	-	-	90.578.156	90.578.156
Held to maturity financial assets	-	1.535.551	-	1.535.551
Trade receivables	-	657.553.444	-	657.553.444
Due from related receivables	-	18.892.392	-	18.892.392
Other receivables	-	10.093.313	-	10.093.313
Financial liabilities	**1.520.678.098**	**862.313.151**	**6.337.486**	**2.389.328.735**
Bank loans	1.520.678.098	461.382.296	6.337.486	1.988.397.880
Trade payables	-	294.947.677	-	294.947.677
Due to related parties	-	65.541.401	-	65.541.401
Other payables	-	40.441.777	-	40.441.777

(b.3.3) Other price risks

The Group is exposed to market price risk due to its equity share investments. Equity share investments are held for strategic purposes rather than trading purposes. The Company has an investment decision related to the acquisition of 5% of shares of its subsidiaries Trakya Cam Sanayi A.Ş., Anadolu Cam Sanayi A.Ş. and Soda Sanayi A.Ş. from ISE by considering the appropriate timing and conditions.

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2009

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

Equity price sensitivity

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

If the equity share 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 2009 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 500.236 (2008: TL 149.685 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.Fair Value of Financial Instruments and Hedge Accounting

Classes of Financial Instruments

31 December 2009	Assets and liabilities measured with effective interest method	Loans and receivables	Available for sale financial assets	Financial assets and liabilities at fair value through profit or loss	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
31 December 2008						
Financial assets						
Cash and cash equivalents	652.313.302	-	-	109.737	652.423.039	6
Trade receivables	-	657.553.444	-	-	657.553.444	10
Due from related parties	-	18.892.392	-	-	18.892.392	37
Financial investments	19.589.159	-	90.578.156	-	110.167.315	7
Financial liabilities						
Financial liabilities	1.988.397.880	-	-	-	1.988.397.880	8
Trade payables	294.947.677	-	-	-	294.947.677	10
Due to related parties	65.541.401	-	-	-	65.541.401	37

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

Fair Value of Financial Instruments

Valuation methods of financial assets at fair value through profit and loss

	31 December 2009			
Financial assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	109.082.268	6.252.947	-	102.829.321
Financial assets held to maturity	72.915.249	-	1.518.580	71.396.669
Total	**181.997.517**	**6.252.947**	**1.518.580**	**174.225.990**

	31 December 2008			
Financial assets	**Total**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	90.578.156	1.871.058	-	88.707.098
Financial assets held to maturity	19.589.159	-	1.535.551	18.053.608
Total	**110.167.315**	**1.871.058**	**1.535.551**	**106.760.706**

Fair value of financial assets and liabilities is determined as follows:

- First category: In determining the fair value of assets and liabilities, active market trading price is used for valuation purposes.
- Second category: In determining the fair value 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.
- Third category: In determining the fair value of assets and liabilities, data which is not based on market observation is used for valuation purposes.

40. Events after the Balance Sheet Date

According to the Joint Venture Agreement with Saint-Gobain, the Group has invested in a flat glass company in Egypt with a 14,87% initial participation, and its capital was registered on 10 January 2010. As a part of agreements with Saint-Gobain, the Group will continue to work on establishing projects of constructing flat glass and automotive glass plants in the Russian Federation.

Collective bargaining agreement of Soda and Kromsan Plants signed between Soda Sanayi A.Ş., one of the Group's subsidiary, and Petrol İş Sendikası was expired on 31 December 2009 and negotiations on the collective bargaining agreement related to the 1 January 2010 – 31 December 2011 period have also initiated.

One of the Group's subsidiaries, Trakya Cam Sanayii A.Ş has obtained its investment incentive on 29 January 2010 for the cold maintenance of TR – 1 Line in its Lüleburgaz Plant having an investment total of TL 28,8 Million. There are ongoing arrangements for the preparation of the related investment and investment is expected to be completed in the second half of 2010.

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 Company's consolidated financial statements as of 31 December 2009 reviewed by independent auditors and the annual report prepared in accordance with the Capital Markets Board's Communiqué Serial: XI, No: 29 are reviewed 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 used by the Company and the accompanying financial statements are authorized by the CFO, İbrahim Babayiğit, and the Holding Accounting Manager, Mükremin Şimşek, and the accompanying financial statements were approved for the public disclosure upon the decision of the Board of Directors issued on 9 April 2010.

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Distribution of 2009 Profit

Esteemed Shareholders

Our company has closed its accounts for fiscal year 2009 with a net profit of TL 111,808,768.

We submit, subject to your consideration and approval, that the net consolidated balance sheet profit in the amount of TL 111,808,768 shown in our 2009 consolidated balance sheet prepared in accordance with Capital Markets Board (CMB) communique XI: 29 concerning financial reporting standards in capital markets be set aside in the manner indicated below as per CMB regulations concerning profit distributions and article 29 of our articles of incorporation and that a dividend in the amount of TL 44,000,000 (gross) be distributed to our shareholders as bonus shares.

1. Profit for the Period (excluding non-controlling interests)	147,357,236
2. Taxes Payable	(35,548,468)
3. Net Profit for the Period	**111,808,768**
4. First Legal Reserves	(2,823,349)
5. Net Distributable Profit for the Period	**108,985,419**
6. Donations Made During the Fiscal Year	155,442
7. Net Distributable Profit for First Dividends Including Donations	**109,140,861**
8. First Dividend to Shareholders	**(44,000,000)**
9. Extraordinary Reserves	**64,985,419**

Yours sincerely,

Prof. Dr. Ahmet Kırman
Chairman and Managing Director

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Board of Auditors' Report for 2009

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 1,100,000,000
Field of Activity	: To engage in industrial and commercial activities in the glass sector and in auxiliary, complementary fields; to participate in the capital and management of all kinds of industrial and commercial establishments.
Statutory auditors' names, surnames, terms of office and whether they have a shareholding interest in the company	: Gamze Yalçın (28.04.2009-27.04.2010) Tülin Akyol (28.04.2009-27.04.2010) 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: 10 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 9 February 2009, 8 September 2009 and 25 December 2009, 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 2009 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 30 January 2009, 9 February 2009, 31 March 2009, 27 April 2009, 4 June 2009, 3 July 2009, 27 July 2009, 8 September 2009, 7 October 2009, 2 November 2009, 25 November 2009, 25 December 2009 and 1 February 2010, 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 2009 – 31 December 2009 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 2009, 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 2009 – 31 December 2009 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

Gamze Yalçın **Tülin Akyol**

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
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 2009, 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 1 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.

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

Corporate Governance Principles Compliance Report

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

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 email 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 minority 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 2008 was held on the 28 April 2009, with a quorum of 73.33 %. 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/MkkComTr/assets/files/tr/yay/formlar/is_bilisim.pdf) 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.

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

Corporate Governance Principles Compliance Report

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 Minority 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. Minority 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
c) National and global economic conditions
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.

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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, 39 special case announcements have been made in accordance with the CMB Communiqué VIII:54 concerning “Public Disclosure of Special Cases” and 2 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
- Disclosure Policies
- Announcements

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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.	705,180,695	64.107
Efes Holding A.Ş.	42,254,979	3.841
Trakya Cam Sanayii A.Ş.	17,243,559	1.568
Çayırova Cam Sanayii A.Ş.	19,020,109	1.729
Camiş Madencilik A.Ş.	7,784,190	0.708
Cam Elyaf Sanayii A.Ş.	426,453	0.039
Paşabahçe Cam Sanayii ve Ticaret A.Ş.	5,692	0.001
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	4	0.000
Anadolu Hayat Emeklilik A.Ş.	550,273	0.050
Others	307,534,046	27.957
	1,100,000,000	**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 37 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
Özgün Çınar	Board Member
Köksal Burkan	Board Member
Yusuf Ziya Toprak	Board Member
Yılmaz Ertürk	Board Member
Murat Bilgiç	Board Member
Gamze Yalçın	Member of Audit Board
Tülin Akyol	Member of Audit Board
Gülsüm Azeri	Executive Vice President-Flat Glass
Azmi Taner Uz	Executive Vice President-Glassware
Teoman Yenigün	Executive Vice President-Glass Packaging
Tevfik Ateş Kut	Executive Vice President-Chemicals
İbrahim Babayiğit	Chief Financial Officer
Mehmet Ali Kara	Vice President-Strategic Planning
Yıldırım Teoman	Vice President-Research and Technology
Ali Nafiz Konuk	Vice President-Human Resources

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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.

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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 non-executive 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
Özgün Çınar (**)	Member
Köksal Burkan	Member
Yusuf Ziya Toprak (**)	Member
Yılmaz Ertürk	Member
Murat Bilgiç	Member

(*) Executive Member

(**) Member of Audit Committee

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 five 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 income statement) and evaluates past performance.

21. Risk Management and Internal Control Mechanisms

Risk management activities at our company are coordinated by a Risk Management Unit 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. "Şişecam Group Risk Regulations" and "Risk Policies" for the effective implementation of risk management throughout the group went into force in 2007. In line with these regulations and policies, the work involved in the preparation of a "Risk Catalogue" that defines the potential risks to which the group may be exposed has been completed. Detailed analysis is in progress for risks, which are prioritized based on their severity.

The members of the Internal Audit Unit under the Risk Management and Internal Audit Department 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. 47 meetings were carried out during the period. Invitation to meetings are done by the fastest means possible that is 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 company personnel in accordance with 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.

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25. Ethical Rules

Şişecam Group carries out its activities in accordance with the eight principles represented also in its logo: powerful, diversified, wholly integrated, high quality, trustworthy, modern, dynamic. Rules regarding the employees have been determined and disclosed to the employees by the "Human Resources Systems Regulations". These rules can be summarized as; compliance with all present and future rules, regulations, procedures and instructions of the company, consideration of the honor of the company in all relationships with each other, third persons and private life, non-disclosure of any and all information that has been obtained through their duties, on the workings, strategies, investments, customers, suppliers etc. of the company to anyone, not to undertake activities that can be described as "merchant", "trader", or "entrepreneur".

26. The Number, Structure and Independence of Committees Established in the BoD

To undertake the BoD duties in a healthy way, an Audit Committee comprised of three members has been established. This committee has no independent members of attributes stated in the CMB Corporate Governance Principles. The committee meets at least every three months, and audits the financial and operational activities of the company according to generally accepted standards.

27. Financial Benefits of the BoD

All rights, benefits and remuneration for the members of the BoD, according to the company AoA, are determined by the AGM.

In the 2008 ordinary AGM of the company convened on 28 April 2009, the monthly attendance fees to be paid to the members of the BoD have been determined and publicly disclosed.

The company does not extend credits or loans to the members of the BoD, no credit is given under the name personal loan through third persons, nor are any guarantees provided such as suretyship in their favor.

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Otocam Plant
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Trakya Glass Bulgaria EAD

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Processed Glass Plant
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