TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.

...confidence and determination

2008 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 the founder of the modern Turkish state, Kemal Atatürk. The year 2008 marked the 73rd anniversary of the Group.

In the first few decades of its establishment, Şişecam gave priority to meeting 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 maxim "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 rank 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 the help of 17,983 employees. Shares of the Group's flagship company, Şişecam, float on the ISE along with those of its subsidiaries, Trakya Cam, Anadolu Cam, Soda Sanayii and Denizli Cam. Over time, the Group intends to undertake public offerings of all its main business branches and expand its capital base.

Contents

...confidence and determination

Şişecam reached new heights in the conduct of its activities in 2008 despite the extraordinary business conditions that prevailed last year.

Glass production was up 15% year-to-year and reached 3.5 million tons while total sales also rose 16% and were worth USD 2.9 billion. **Total investments**, which are essential to the Group's future, amounted to **USD 490 million**.

While balanced and consistent policies carried out in light of business conditions ensured that the **core strengths** of the Group's activities **were maintained** and augmented, **weaker national currencies** in our regional markets had an adverse impact on our overall profitability.

The Group's activities as always were guided by its **vision of being a regional leader**. Group businesses further strengthened their positions by achieving **higher shares in their target markets** in line with their expanding production competencies. This is also unquestionably important in terms of the gains that are to be made in the future.

Şişecam has full confidence that it will be able to easily contend with all of the short-term cyclical difficulties that it faces. A strong structure and vision will play a great role in Şişecam's **confident and determined advance** into the future through the initiatives that it has launched, as will the valuable gains that it has made and the competencies that it has built up over the years.

The Year at a Glance

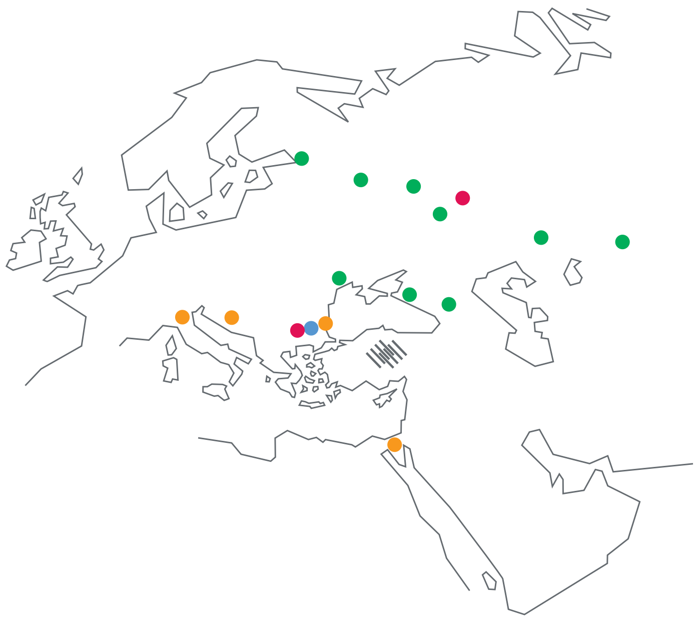
Regional Production, Global Presence

Şişecam has been registering rapid international growth and development in recent years in line with its "regional vision".

Although Şişecam's main production activities are located in eight countries, only 35% of its glass manufacturing currently takes place in countries other than Turkey. Nevertheless international sales (exports and sales from overseas production) accounted for 50% of total group sales in 2008 and this proportion continues to rise strongly.

There are significant advantages in this trend because it ensures the sustainability of our growth through the market flexibility that it entails. Although the European market is still very important, Şişecam products are now finding their way into an increasingly broader geographical area.

In 2008, exports were shipped to nearly 140 countries.



Sales by Destination (%)

- Domestic
- International

International Sales by Region (%)

- Europe
- Middle East+Africa
- Asia+Oceania
- Americas

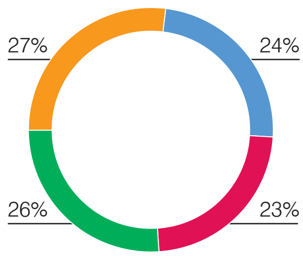
Flat Glass Business

+12%
USD growth

Trakya Cam, despite all the conjunctural difficulties that prevailed in 2008, continued its flat glass production activities while also increasing its market share. New flat glass plant investments were launched primarily to make laminated and architectural glass in keeping with the Company's strategy of increasing market share by offering more added-value products. An energy glass plant in Mersin and a second automotive glass plant in Bulgaria are slated for completion and to begin production during 2009. By means of these and similar undertakings, the Company will gain new momentum and flexibility in its production while also guaranteeing the sustainability of its high level of performance. The Company is working on new investment projects to further enhance its regional influence and it expects to finalize these in the course of the year.

Results by Businesses

Sales
USD 2.9 billion



Glassware Business

+12%
USD growth

Paşabahçe Cam **further bolstered its status as the world's third biggest manufacturer of glassware and increased both its output and its effectiveness despite a contracting and also increasingly more consolidated market.** The Paşabahçe Posuda expansion investment that was completed around midyear added new dimensions to the Company's dominance of the Russian market. The industrial glass furnace investment at Paşabahçe Eskişehir also went into production in early 2008 and has spurred growth in a new niche market. The Company is working attentively on wide-ranging projects with the aims of optimizing geographical placement, introducing new products and processes, and enhancing distribution effectiveness with the overall objective of worldwide competitive strength.

Glass Packaging Business

+18%
USD growth

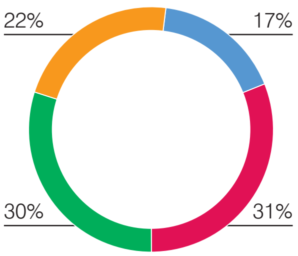
Anadolu Cam **maintained its solid position in glass packaging with the commissioning of two new production units within the framework of its vision of achieving regional leadership.** Production at the third furnace investment at the Bursa-Yenişehir plant began at midyear. The investment at the Ruscam Kuban plant in Russia was brought to completion and production is scheduled to begin in 2009. Kirishi, a newly acquired Russian firm, joined the Company in 2008 and has already increased market share in that country. All of these ventures have not only expanded the production competencies and scales but have also reinforced its dominant position in the Russian market as well. Attention is now being given to new regional projects mainly in Russia and Ukraine with an eye on long-term results.

Chemicals Business

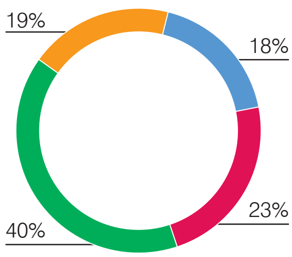
+28%
USD growth

Soda Sanayii **outperformed the targets set for it last year by expanding both its production capacities and its output levels.** Investments at Soda Lukavac in Bosnia-Herzegovina have increased production there. The Company's status as one of the world's biggest makers of leather-tanning chemicals, was expanded with the inauguration of chromium chemicals production at Sintan Kimya. The share of such added-value products in total sales has further increased. An expansion investment at the Camiş Elektrik Mersin Cogeneration Power Plant that is to be completed in the second half of 2009 will achieve cost advantages in the supply of steam. The Company is also involved in a variety of activities related to regional growth projects and opportunities.

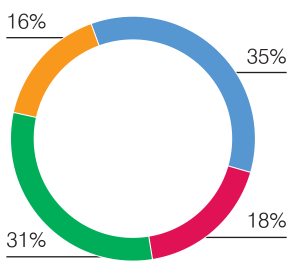
International Sales*
USD 1.4 billion



Investments
USD 490 million



EBITDA**
USD 664 million



● Flat Glass ● Glassware ● Glass Packaging ● Chemicals

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

Financial Indicators

Summarized Balance Sheet	2008		2007		2006	
	TL m	USD m	TL m	USD m	TL m	USD m
Current Assets	2,526	1,670	1,775	1,524	1,661	1,182
Non-current Assets	3,809	2,519	3,422	2,938	3,274	2,329
Total Assets	6,335	4,189	5,197	4,462	4,935	3,511
Current Liabilities	1,254	829	941	808	917	652
Non-current Liabilities	1,510	999	913	784	927	660
Equity	3,571	2,361	3,343	2,870	3,091	2,199
Parent Company	2,740	1,812	2,540	2,181	2,356	1,676
Minority Interest	831	549	803	689	735	523
Total Liabilities and Equity	6,335	4,189	5,197	4,462	4,935	3,511

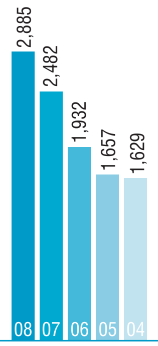
Summarized Income Statement	2008		2007		2006	
	TL m	USD m	TL m	USD m	TL m	USD m
Sales Revenue	3,743	2,885	3,228	2,482	2,761	1,932
Cost of Sales	(2,642)	(2,037)	(2,268)	(1,744)	(1,898)	(1,328)
Gross Profit/(Loss)	1,101	848	960	738	863	604
Operating Expenses	(649)	(500)	(575)	(442)	(594)	(416)
Operating Profit/(Loss)	452	348	385	296	269	188
Share in Net Profit/(Loss) of Investments Accounted for Under Equity Method	4	3	13	10	14	10
Financial Income/(Expenses)	(199)	(153)	56	43	(30)	(21)
Profit/(Loss) Before Taxation from Continued Operations	257	198	454	349	253	177
Tax Benefit/(Charge) from Continued Operations	(68)	(52)	(85)	(65)	27	19
Current Tax Benefit/(Charge)	(83)	(64)	(79)	(61)	(65)	(45)
Deferred Tax Benefit/(Charge)	15	12	(6)	(4)	92	64
Profit/(Loss) for the Period	189	146	369	284	280	196
Attributable to:	189	146	369	284	280	196
Minority Interest	30	23	91	70	81	57
Parent Company	159	123	278	214	199	139
Earnings Before Interest and Taxes (EBIT)*	452	348	385	296	269	188
Depreciation	410	316	346	266	316	221
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)*	862	664	731	562	585	409
Cash Flow from Operations	248	191	386	297	404	283
Net Financial Debt	1,319	872	777	667	738	525

Financial Ratios (%)	2008	2007	2006
Current Assets/Current Liabilities	2.0	1.9	1.8
Total Liabilities/Total Assets	43.6	35.7	37.4
Total Liabilities/Equity	77.4	55.5	59.7
Net Financial Debt/Equity	36.9	23.2	23.9
Gross Profit/Sales Revenue	29.4	29.7	31.3
EBITDA*/Sales Revenue	23.0	22.6	21.2
EBIT*/Sales Revenue	12.1	11.9	9.7
Net Financial Debt/EBITDA*	1.5	1.1	1.3

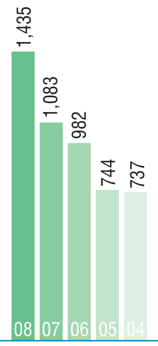
* Operating Profit/(Loss) has been used in the calculation of EBIT and EBITDA.

The Group's 2008 financial statements were prepared in accordance with IAS/IFRS standards as per Capital Markets Board communique XI:29. Some reclassifications and revisions were made in previous years' financial statements for comparison reasons.

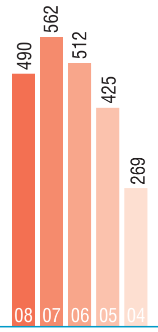
Sales
(USD m)



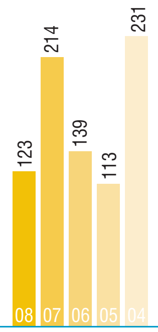
International Sales
(USD m)



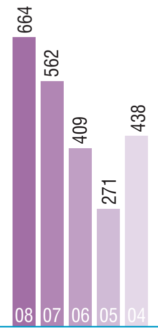
Investments
(USD m)



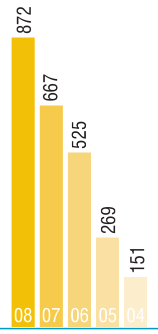
Parent Company
Profit/(Loss)**
(USD m)



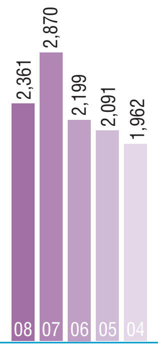
EBITDA**
(USD m)



Net Financial Debt
(USD m)

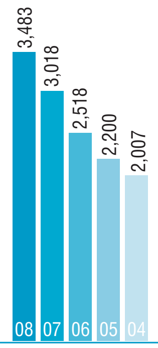


Equity
(USD m)

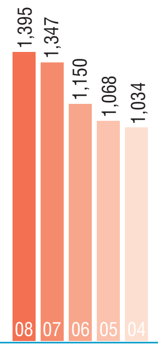


Number of
Employees

Glass Production
(000 Ton)

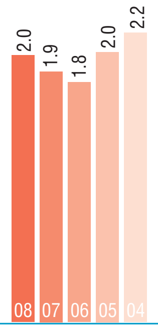


Chemicals Production
(000 Ton)

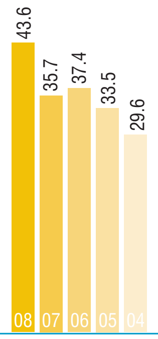


Financial Ratios

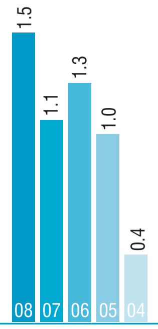
Current Assets/
Current Liabilities



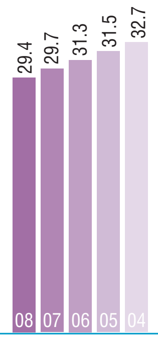
Total Liabilities/
Total Assets (%)



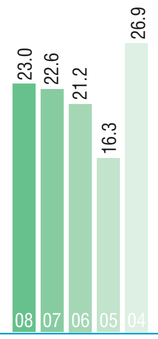
Net Financial
Debt/EBITDA**



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.

To Our Shareholders


In the **Flat Glass Business**, investments were completed at the Trakya Glass Bulgaria automotive glass plant and at the Trakya Yenişehir coated glass plant. Both plants will commence production in 2009.


In the **Glassware Business**, investments were completed on the second furnace at the Paşabahçe Posuda plant in Russia and on the industrial glass furnace investment at Paşabahçe Eskişehir. Both are currently in production.


In the **Glass Packaging Business**, Anadolu Cam commissioned a third furnace at its Yenişehir plant. Work on a new investment at the Ruscam Kuban plant at Krasnodar in Russia was completed with production scheduled to commence in 2009.


In the **Chemicals Business**, expansion investments at Soda Sanayii were completed and output there has been increased. Leather tanning chemical production has also begun at Sintan Kimya.

Dear Shareholders,

It is with great pleasure that we come before you on this occasion, the 73rd Ordinary General Meeting of our Company, and greet you all with our sincerest sentiments and respects.

We are conducting our meeting this year under conditions that bear the stamp of extraordinary economic developments, the likes of which have not been witnessed for many a year. The scope and depth of these developments, which should not really be considered a surprise, have already exceeded all expectations. So far indeed, that we must acknowledge that we shall never be able to go back and that we must now undergo a period of transformation in which brand-new balances and structures will emerge. It is also clear that this process is not going to be easy by any means.

Standing before you here under such conditions, we wish to state first of all that the results achieved by the Group last year were both consistent and satisfying. We are aware that this is what is expected of us no matter what circumstances may be. It should also be clear to all that these results were achieved thanks to the sound policies that have been adhered to over the years and to a professional approach to management.

We have a sound vision which is based, to put it succinctly, on “regional leadership and strong performance”. We are in the midst of a process of specialization that is being nourished by economies of scale. Not only do we fulfill all the dictates of ethical industrial activities in tangible terms but we also have consistency in management and an enviable corporate culture. We believe that all of these elements are the key to our success. It is also our opinion that the line of development that our Group has shown in recent years confirms this.

As a continuation of that line, our Group took its activities to new heights in 2008, increased its production and business volumes, accelerated its regional expansion and increased its market shares, and both maintained and augmented the underlying strength of its activities through balanced and consistent policies. We leave it to you, our esteemed shareholders, to recognize the worth of having achieved all of this in the midst of an economic climate that was by no means helpful.

Dear Shareholders,

One indication of the level of globalization that has been reached in the world economy is to be seen in the current worldwide recession, the dimensions of which are unprecedented. What started out last year as an “emergency” in the US financial services sector sent out shock waves that spread all over the world and seriously affected national economies’ real sectors as well. The ensuing sharp and sudden correction of the unsustainable imbalances which, as we said above, were characteristic of the global economy in recent years, was especially surprising; no less so was the degree, contrary to a commonly accepted conventional wisdom, to which the US economy is still a major determinant of the international economic climate.

The expectation now is that the unexpectedly protracted impact of the global economic crisis will progressively be alleviated by coordinated measures that are to be taken by the G-20 countries. Be that as it may, economic growth will be negative in 2009 for the first time after many years, a fact that underscores the difficulties that are being faced.

As for the Turkish economy, it ground to a halt in 2008 after a period of rapid growth followed by a slowdown. That was growth which was not based on domestic saving and this fact made the economic expansion unsustainable because it upset economic balances, not least of which was the current account deficit, with the result that the Turkish economy joined the rest of the world in recession as well. In addition to international efforts to deal with the current crisis, there needs to be the contribution of measures taken at the national level too. In our opinion, maintaining the strong EU and IMF anchors and undertaking structural reforms should be foremost among those measures. We wish to reemphasize that it is vitally important to complete structural reforms -progress in which has been slowing down in recent years-, to keep the competitive strength of our national industry vigorous, and to make our country a center of attraction for industrial investment. In addition, the burdens with which industry is fraught must be reduced, public sector finance must remain viable by means of solutions that balance all needs, and development potential must be kept alive.

The Şişecam Group is well known for its concern about maintaining and increasing its competitive strength. If Şişecam has risen to a distinguished position today in the world’s glass industry, such sensitivity has played an important role. In fact, all of our policies and strategies ranging from specialization to economies of scale, from regional vision to activity globalization, and from R&D focus to new-generation products are erected on the principle of continuously developing our competitive strength. Our efforts in this direction continued without exception in 2008 as well. Just as we take measures as required by current circumstances so too do we always maintain an approach to performance that never loses sight

To Our Shareholders

We rank among the world's best companies in the sector in terms of performance.

of medium and long-term enduring gains. As may be appreciated, this balanced attitude is a fundamental management principle of ours that has led our Group to success after success.

Dear Shareholders,

We come before you with business results which, to one degree or another, were certainly affected by the difficult conditions of an extraordinary period. As we have mentioned, our results represent new heights of achievement in terms of a number of indicators but what is even more important than that is the fact that in any comparison among the world's leading companies in our sector, our own performance ranks among the very best. It is here that economic and commercial sustainability most clearly reveals itself.

At this point we think it beneficial to touch upon some of the consolidated indicators that summarize our 2008 business results in a general sense.

Our sales revenues amounted to USD 2.9 billion, that corresponds to about a 16% year-to-year rise. Our international sales last year rose to 50% of the total.

Our glass production was also up 15% and approached the 3.5 million ton level. 35% of our output was produced in our overseas units.

Our investment expenditures, spread out among eight different countries, amounted to USD 490 million.

The number of our employees reached 17,983, a 6% year-on-year rise that was the result of company acquisitions. 30% of the Group's workforce is employed abroad.

Our net financial debt was up 31% and reached USD 872 million, a result attributable both to the growth in our business volume and to our investment outlays.

Our financial performance remained strong even though our main company posted a net profit of only USD 123 million. This net profit figure suffered essentially from devaluation of the currency units of the countries in which our Group is active. By comparison, our earnings before interest, taxes, depreciation, and amortization were a high USD 664 million. We want to particularly emphasize here that our Group has fully preserved both its strong ability to generate funds and its very sound financial structure and that it continues to maintain a prudent stance capable of easily dealing with every difficulty.

Having thus summarized our Group's consolidated figures and overall appearance in 2008, we should also report on the activities of Group companies that are responsible for the conduct of our principal business activities.

Trakya Cam, despite all the conjunctural difficulties that prevailed in 2008, continued its flat glass production activities while also increasing its market share.

New flat glass plant investments were launched primarily to make laminated and architectural glass in keeping with the Company's strategy of increasing market share by offering more added-value products. An energy glass plant in Mersin and a second automotive glass plant in Bulgaria are slated for completion and are to begin production during 2009. By means of these and similar undertakings, the Company will gain new momentum and flexibility in its production while also guaranteeing the sustainability of its high level of performance. The Company is working on new investment projects to further enhance its regional influence and it expects to finalize these in the course of the new year.

Paşabahçe Cam further bolstered its status as the world's third biggest manufacturer of glassware and increased both its output and its effectiveness despite a contracting and also increasingly more consolidated market. The Paşabahçe Posuda expansion investment that was completed around midyear added new dimensions to the Company's dominance of the Russian market. The industrial glass furnace investment at Paşabahçe Eskişehir also went into production in early 2008 and has spurred growth in a new niche market. The Company is working attentively on wide-ranging projects with the aims of optimizing geographical placement, introducing new products and processes, and enhancing distribution effectiveness with the overall aim of worldwide competitive strength.

We have both the strength and the adaptability to successfully overcome the difficult period that the world economy is going through.

Anadolu Cam maintained its solid position in glass packaging with the commissioning of two new production units within the framework of its vision of achieving regional leadership. Production at the third furnace investment at the Bursa-Yenişehir plant began at midyear. The investment at the Ruscam Kuban plant in Russia was brought to completion and production is scheduled to begin in 2009. Kirishi, a newly acquired Russian firm, joined the Company in 2008 and has already increased market share in that country. All of these ventures have not only expanded the production competencies and scales but have also reinforced its dominant position in the Russian market as well. Attention is now being given to new regional projects mainly in Russia and Ukraine with an eye on long-term results.

Soda Sanayii outperformed the targets set for it last year by expanding both its production capacities and its output levels in its soda ash and chromium chemicals units. Investments at Soda Lukavac in Bosnia-Herzegovina have increased production there. The Company's status as one of the world's biggest makers of leather-tanning chemicals, was expanded with the inauguration of chromium chemicals production at Sintan Kimya and the share of such added-value products in total sales has already increased. An expansion investment at the Camiş Elektrik Mersin Cogeneration Power Plant that is to be completed in the second half of 2009 will achieve cost advantages in the supply of steam. The Company is also involved in a variety of activities related to regional growth projects and opportunities.

Dear Shareholders,

We are in the midst of a difficult process in which the global economy is caught up in a recession that is affecting every country. Difficult times such as these are also when major transformations and restructurings take place, when balances change, and when new winners -and new losers- make their appearance. That is how it will be this time too. Once again it will be proven that survival and success are synonymous with adaptability.

In the course of its line of development over the years, our Group has more than demonstrated that it possesses this adaptability. Having well perceived the trends and changes in the economy and in its lines of business, it has risen to a distinguished position by always accommodating their dictates at the highest standards. However as is embodied in our vision, there is still a long way to go and much that we expect to achieve. The nature of our business is such as to make it so.

For this reason, wholehearted efforts continue to be made in the current recession environment to shape an even stronger and more brilliant Şişecam for the future. We have all the experience, resources, means, and self-confidence needed to accomplish this. The current crisis must inevitably have an impact on our Group in the short term. While we have a sound structure capable of minimizing that impact, there will also be times when we shall need to act with greater deliberation. None of this however will alter either our confidence in Şişecam's bright future or our commitment to fulfill its corporate vision.

As has always been true, the greatest driving force behind our Group's ability to achieve its goals will be the efforts that our employees and all our other stakeholders make with the same confidence and determination. In particular, the superior efforts and sacrifices that our employees have made in making Şişecam what it is today constitute the greatest possible assurance of our future. For that, we express our gratitude to all our employees.

As we express our conviction, with the same sentiments and thoughts, that our business partners will also continue to support Şişecam with their customary esteem and confidence, we extend our boundless thanks to all our stakeholders and our appreciation and respects to you all.

Prof. Dr. Ahmet Kırman
Chairman and Managing Director

A. Doğan Arıkan
Member and President

Board of Directors

Prof. Dr. Ahmet Kırman*
Chairman and Managing Director

(50) Ahmet Kırman is a graduate of Ankara University (Faculty of Law), holds a master's degree in EU competition law and a doctorate in commercial law, and is a professor of financial law. He served as a member of the Ankara University Faculty of Political Sciences as well as a Department Head, Chairman, and Institute Director there. He is currently a member of the Law Faculty of Galatasaray University.

Prof. Kırman's career began at İşbank, where he served for many years in the areas of banking, insurance, and industrial operations. He currently serves as a Chairman and Board Member of many financial and industrial concerns, foremost among them being İşbank, Milli Reasürans T.A.Ş., and Petrol Ofisi A.Ş.

Prof. Kırman is a trustee of TEPAV and a Chairman and Member of BTHE and of İAV. He has many published books.

Alev Yaraman
Vice Chairman

(61) 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.

A. Doğan Arıkan
Member and President

(59) A. Doğan Arıkan is a graduate of Middle East Technical University (Department of Business Administration). He began his career at the State Meteorology Institute in 1972. After serving in a variety of management positions at İşbank in 1973-1987, Mr. Arıkan became General Manager of MEPA and İDÇ A.Ş. in 1987 and remained in that position until 2000, when he was appointed to his current position as the President of Şişecam.

* Audit Committee members.

The members of Board of Directors are appointed for the period 25 April 2008 - 25 April 2011, and their authorities are defined in accordance with the Commercial Code and the Articles of Association of Şişecam.

Yusuf Ziya Toprak*
Member
(65) 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 capacities, Mr. Toprak served as General Manager of Yatırım Finansman Menkul Değerler (1997-1999) and as a Vice President for İşbank (2000-2003).

Özgün Çınar*
Member
(39) Özgün Çınar is a graduate of Ankara University (Faculty of Political Sciences, Department of Business Administration) and holds a master's degree in 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. After serving in a number of management positions at the same department, he joined Petrol Ofisi. Mr. Çınar is currently the Unit Manager of İşbank's Subsidiaries Department.

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

Yılmaz Ertürk
Member
(44) 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 Manager of the International Banking Department since 2008.

Management

A. Doğan Arıkan
President
(59) A. Doğan Arıkan is a graduate of Middle East Technical University (Department of Business Administration). He began his career at the State Meteorology Institute in 1972. After serving in a variety of management positions at İşbank in 1973-1987, Mr. Arıkan became General Manager of MEPA and İDÇ A.Ş. in 1987 and remained in that position until 2000, when he was appointed to his current position as the President of Şişecam.

Gülsüm Azeri
Executive Vice President-Flat Glass
(57) 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.

A. Taner Uz
Executive Vice President-Glassware
(55) 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.

Mehmet Kara
Vice President-Strategic Planning
(58) 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.

Teoman Yenigün
Executive Vice President-Glass Packaging

(56) 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.

Dr. Ateş Kut
Executive Vice President-Chemicals

(59) 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.

İbrahim Babayiğit
Chief Financial Officer

(49) 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.

Dr. Yıldırım Teoman
Vice President-Research and Technology

(54) 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.

Ali Nafiz Konuk
Vice President-Human Resources

(61) 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

Flat Glass Business that accounts for 4% of the global flat glass production capacity, ranks among the world's top eight and Europe's top four leading manufacturers.

Trakya Cam's extensive product line gives it a presence in every aspect of everyday life. The Company further strengthened its activities with the introduction of new products and product combinations designed for a variety of sectors.

Flat Glass Business

Trakya Cam doubled its international sales of flat glass on a year-to-year basis.

Trakya Cam Consolidated Highlights*

USD m	2008	2007	2006
Sales Revenue	752	670	503
International Sales	240	175	187
Gross Profit/(Loss)	244	236	182
Operating Profit/(Loss)	143	163	96
Parent Company Profit/(Loss)	93	133	102
EBITDA	234	232	145
Net Financial Debt	155	220	164
Equity	846	977	714
Total Assets	1,189	1,422	1,092
Investments	88	150	184
Number of Employees	2,886	2,961	2,810

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

Worldwide demand for flat glass grows at an average annual rate of 4%.

Flat glass has significant importance for mainly construction and automotive industries and other industries that it is input to such as energy, home appliances, furniture, agriculture and health.

While the worldwide flat glass demand has been growing by 4% on average annually, the developing countries perform higher growth rates than the average growth, as it has been the case in the previous years.

Looking at production and consumption increases on a regional basis, developing regions such as Asia-Pacific and Eastern Europe take the first place, with China in the lead. Among the developed countries, the sector remains brisk with stronger emphasis on high-quality products and specialty glasses providing a variety of applications through advanced technologies. China is still maintaining its leadership position in terms of both capacity and consumption figures.

2009 is expected to be a difficult year for the world flat glass market.

Despite the fact that flat glass market will go through a difficult year in 2009 due to the current global crisis, it is expected to recover and resume growth for the years ahead.

In terms of consumption and growth potential, Russia, Turkey, Middle East and Balkans are among the regions that stand out in the world flat glass market. Being the second biggest market in the region with 1 million tons, Turkey comes after Russia, which is the biggest flat glass market with a demand of 2.2 million tons.

Trakya Cam: A manufacturer having 4% share in the worldwide capacity

Trakya Cam ranks among the world's top eight producers, accounting for 4% of the global flat glass production capacity, and Europe's top four leading producers with 13,1 % share.

Trakya Cam that is the leader in the Turkish flat glass market and the pioneer in the region also in 2008, carried out its production and investment activities in its fourteen plants at five different locations; four in Turkey (Lüleburgaz, Mersin, Yenişehir, Çayırova) and one in Bulgaria.

During 2008, Trakya Cam:

- Opened sales offices in Greece and Romania and thus expanded its regional organization.
- Increased both its production and sales capacities significantly by utilizing its 5th and 6th float lines full-year and also its coated glass plant, which were put into operation in 2007 via its subsidiary Trakya Yenişehir.
- Inaugurated in October a laminated glass plant in Yenişehir, which will be serving the construction industry, and also established a separate production center to produce glass for architectural applications, to be put into operation at the beginning of 2009.
- Operated the flat glass (inaugurated in 2006), the processed glass and mirror (commissioned in 2007) plants within the glass complex of its subsidiary in Bulgaria, Trakya Glass Bulgaria EAD, at full capacity. With the flat glass, mirror and appliances glass products manufactured at these plants, mainly the demand in Bulgaria and the Balkans was satisfied, and exports to European countries were realized.

International sales volume was doubled.

Trakya Cam's international flat glass sales realized from its plants in Bulgaria and Turkey doubled in terms of quantity in 2008 as compared to the previous year.

A sustainable strong position in the automotive glass market

Turkey has become a production hub for the world's leading automotive manufacturers. In parallel to this development, Turkey's automotive market has been fully integrated into the global market and has become a big market that nearly every international brand is competing.

Intensive work continued on developing products that lead to energy-conservation architectural solutions that will help combat the global warming and environmental pollution that threaten our planet.

Trakya Otocam continued to lead the Turkish market with branded automotive glass products while reinforcing its strong and trusted position as a supplier to international automotives manufacturers.

Trakya automotive glass plant supplies glass to such leading and prestigious names of the sector as Ford, Renault, Toyota, Hyundai, Fiat, Daimler, and Mercedes as its customers.

The global economic crisis that started to affect our country in the second half of last year, has shown its effects especially on the automotive sector and caused sales to drop dramatically in Europe, which is the main market for the motor vehicles produced in Turkey. In parallel to the drop in demand, motor vehicle inventories in Europe, which is an indicator of sales sustainability and market growth, also declined with the consequence that manufacturers responded to deteriorated demand by output reduction.

In line with these developments in the automotive sector, Trakya Cam's automotive glass sales were also affected and thus contracted slightly in 2008.

Trakya Cam's objective in the automotive glass segment is to strengthen its competitive position by developing new products and its technical competency, and thus to maintain its strong position in the automotive glass market.

The situation of the construction sector

After registering year-on-year growth of 5.7% in 2007, the Turkish construction sector experienced a slight contraction of 1.1% in the first nine months of 2008. However, the decline in the sector's business volume at the end of the year reached to 7.6%, due to the dramatic contraction of the economy in the last quarter.

Parallel to the results engendered by the global economic crisis, it is expected that the contraction trend in the sector will continue. In addition to the slowdown in the sector as a whole, a drop in construction permits, which also means a drop in the construction of new buildings, has also been experienced. In 2008, the whole-year decline in new construction permits issued was 11%.

Flat glass consumption in Turkey decreased by 4%.

As a result of the contraction in the construction, automotive and home appliances sectors, flat glass consumption in Turkey went down by 4% in 2008.

Despite this shrinkage in the market, Trakya Cam's domestic flat glass and coated glass sales were realized at the level of 2007, through gaining shares from the imports, Similarly, Trakya Cam's laminated glass and mirror sales were kept at the same level of 2007.

Flat Glass Business

Figured glass production and processing investments have begun at Mersin to manufacture the low-iron energy glass that is used in solar batteries and collectors.

Trakya Cam's exports of glass for home appliances increased by16% in 2008, even the refrigerator and oven segments of the European home appliances market contracted by 3%. Trakya Cam's energy glass sales volume for solar cell and collector markets more than doubled their level of 2007. In the rapidly growing solar cells market, international sales of Trakya Cam, which are primarily to Europe, tripled through increased production of the existing customers and gain of new customers.

New product development has been constantly continuing.

Trakya Cam continued its efforts to develop new products and technologies. In this context;

• Production of low-iron float glass, which is used in the energy sector, has been tested for the first time and successful results were achieved.
• After a series of developments, environment-friendly mirror has become ready for commercial production.
• Clear glass and green glass with 1.6 mm thickness, implementation of which has become widespread in windscreens, was successfully manufactured on a commercial basis.

In the framework of R&D activities being undertaken at Trakya Automotive Glass plant, encapsulated glass for the new Toyota Verso, glass edge finishing by a 6-axis robot, radar-reflective glass for combat ships, and embedded-wire heated windshields with automatic busbar laying were developed with local resources.

Energy and the environment

In connection with the rising energy costs in recent years, there has been increasing demand for energy-saving applications in the construction of buildings. In line with this trend, implementation of various types of coated glass which provide heat and solar control in buildings instead of standard flat glass is becoming more important.

Trakya Cam engages in ongoing efforts to encourage the use of such energy-saving products through national media sources and by means of direct-publicity activities. As is the case in all developed countries, laws and regulations making the use of insulating glasses mandatory have been introduced in Turkey, while various additional activities are being carried out for the purpose of energy saving and environmental protection.

The revision of "TS 825 Thermal Insulation Rules Standard" making the use of insulating glass in new buildings mandatory with better insulation values was completed. The new standard went into effect as of August 2008.

Besides, upon the Energy Efficiency Law, which came into force on 2 May 2007, buildings are now required to have an "energy identity certificate". The related regulation is expected to go into effect in December 2009.

In parallel to these developments, demand for Trakya Cam's new-generation insulating glasses with higher performances, such as "low-e 1.1" (ısıcam sinerji) and "solar low-e 1.1" (ısıcam konfor) that are produced at Trakya Cam's Yenişehir Coated Glass Plant is expected to increase.

Intensive publicity & promotion activities

As part of its publicity & promotion activities, Trakya Cam participated in leading national and international fairs with its stands exhibiting glass solutions for energy saving, security, noise control, aesthetics, etc., in the fields of construction, automotive and energy glasses, which constitute the Company's core business activities.

The Company's publicity & promotion activities in Bulgaria included corporate and product advertising that were supported by means of articles published in sector-specific magazines.

Trakya Automotive Glass plant has participated to the Turkish Suppliers Expo 2008 fair, organized by Daimler in Sindelfingen (22-23 July 2008) and to the Toyota Sub Manufacturers Quality Development Symposium.

Tuzla facility of Trakya Automotive Glass plant, has been awarded with Toyota Project Management Prize Honorable Mention for its studies within the context of new projects, also been deemed worthy of Q1 Quality Status by the Ford company.

Growth strategies and investments

The Flat Glass Business acts in the direction of its vision;
• To be the leader or one of the leading suppliers of all basic and high-quality flat glass products (figured glass, mirror, laminated glass, coated glass, glass for architectural applications) in its major markets and an important regional player in its ambitious markets.
• To be the leader in automotive glass and glass for other vehicles in Turkey and a strong glass systems supplier to the expanding automotive focal points in Europe.
• To be an important supplier to system producers regarding specialized glass and coatings used in solar energy production in energy glass.
• To be a strong glass supplier to the manufacturers of home appliances sector growing in Turkey, Europe and in our region.

Brand promotion activities focusing on product identity continued in an increasingly greater range of product groups.

Under the heading of advertising & promotion: consumer-oriented printed materials were redesigned to make them easier to understand and more effective; at national and international trade fairs, the Business exhibited glass solutions incorporating a broad range of energy conservation, security, noise-control, and aesthetic features.

In the first stage of Bulgaria Automotive Glass Plant investment which has started in 2008, tempered rear and side glasses will be produced. When the project is completed, the plant will serve automotive manufacturers in Turkey and in Central/Eastern Europe. Therefore, with Trakya and Bulgaria plants, an automotive glass business with bifocal production activity will be established.

New facilities to produce glass for home appliances and architectural applications will be completed and put into operation by mid 2009 in Yenişehir.

In line with a decision to jointly develop flat glass activities in Egypt and Russia, a memorandum of understanding was signed to participate in Saint Gobain Glass's investment project that it carries with a local partner in Egypt and to set up a joint venture in order to build a float glass production line in Russia, in the Republic of Tatarstan.

For photovoltaic (pv) systems

In line with the world's limited energy resources, their geographical concentration, rising energy prices and growing concerns over environment and climate change, today, energy has become one of the most important subjects of national and international agendas, with particular attention given to both providing energy efficiency and promoting alternative energy sources.

Important national and international policies have been formulated to encourage energy efficiency and to develop renewable energy sources.

The most significant growth in renewable energy resources has been in photovoltaic (pv) systems. Over the last ten years, the total installed capacity of photovoltaic systems has increased by eleven-fold and is expected to increase further by 27% per year until 2010.

In this context, in 2008, a decision was taken and works have been initiated to add a low-iron energy figured glass furnace and an energy glass processing plant next to the existing figured glass line in Mersin, to supply low-iron figured glass demand of developing photovoltaic (pv) markets in renewable energy sector, in Europe. The project is planned to be completed by the end of 2009.

Cold-repair of 3rd float glass line in Trakya Cam Mersin plant

As 3rd float glass line at Trakya Cam Mersin plant completed its twelfth-year of economic life, cold-repair investment of this furnace started in September 2008.

In addition to standard cold-repair, with a set of other investments realized, the furnace will be capable of producing pyrolitic glass, low-iron float glass for the photovoltaic (pv) markets and on-line TCO (transparent conducting oxide) coatings to be used in thin-film photovoltaic (pv) technology.

Glassware Business

Paşabahçe Cam

One of the world's top three producers, the Şişecam Glassware Business continued to grow and increase its sales in international markets.

Paşabahçe, the shining side of glass, makes itself an indispensable part of people's everyday lives with products that are at the leading edge of worldwide trends and tastes.


Paşabahçe

Glassware Business

Expansion investments commissioned in Turkey and the Russian Federation have resulted in production increases.

Glassware Business Combined Highlights*

USD m	2008	2007	2006
Sales Revenue	709	635	551
International Sales	438	339	303
Gross Profit/(Loss)	241	203	196
Operating Profit/(Loss)	46	18	38
Current Profit/(Loss)	(8)	15	14
EBITDA	108	80	97
Net Financial Debt	210	126	64
Equity	653	787	649
Total Assets	1,289	1,186	973
Investments	114	96	74
Number of Employees	5,874	5,752	5,619

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

Paşabahçe Cam Consolidated Highlights*

USD m	2008	2007	2006
Sales Revenue	604	520	472
International Sales	412	317	279
Gross Profit/(Loss)	184	154	143
Operating Profit/(Loss)	45	16	55
Parent Company Profit/(Loss)	(9)	14	11
EBITDA	99	69	98
Net Financial Debt	239	194	137
Equity	377	490	400
Total Assets	950	834	704
Investments	102	78	61
Number of Employees	4,386	4,162	4,042

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

The global economic crisis had an adverse impact on the worldwide demand for glassware.

Volatility in financial system which began in the United States, spread to Europe, and then turned into a global economic crisis as they affected countries everywhere had a deep and palpably adverse impact on the worldwide demand for glassware in 2008.

Dramatic declines in consumer confidence led to equally dramatic cutbacks in consumer spending with the result that demand in the United States slowed and the glassware market shrank. The slowdown in the European glassware market began around mid-2008 while in developing economies, which hitherto had been witness to robust growth, demand began to fall off and flatten out towards the end of the year.

The global crisis led to rapid declines in some segments, particularly in the case of high-end products like crystal and in high-end retail items and products for the catering industry. By comparison, demand in the promotional items segment and in the retail chain utilitarian segment remained relatively unaffected for most of the year though even there it began to fall off in the last quarter too.

In addition to severe declines in demand, the crisis also accelerated the move towards rationalization in the sector by exerting downward pressure on prices and by squeezing profit margins as a result of higher fuel and energy costs, which surged especially during the first half-year.

Many manufacturers cut back production in 2008, while shutting unproductive plants down completely. There was a rise in the number of firms put up for sale on account of financial distress. Companies that only recently had been aggressively pursuing growth put their investment projects on hold as they refocused their attentions on cost-cutting and economizing measures.

The Turkish market grew 5%.

The Turkish glassware market grew 5% in 2008. That market growth however was largely the result of a rapid rise in low-cost glassware imported from Asia and the Far East during the first half of the year in response to a then excessively overvalued Turkish Lira.

As the global crisis began to have an impact on national economies at the macro level and to depress consumer spending, we were witness to a strong decline in the demand for glassware. In an effort to keep up their own sales, local manufacturers turned their attentions to promotions and campaigns. In the meantime, imports dropped off rapidly in the second half-year.

Paşabahçe Cam: One of the world's top three

One of the world's top three manufacturers of glassware, Paşabahçe Cam continued to grow in 2008 despite the difficulties that plagued the sector's markets everywhere because of the global economic crisis.

Denizli Cam creates fine, handmade glassware that is fully in harmony with the Business' design policy of "new products that forever embody both originality and quality".

Combining aesthetics and functionality in one "fine and durable" design and specially crafted from lead-free crystal, f&d brand "fine and durable" products enable users discover the "Art of Drinking with f&d".

Just as they do every year, Paşabahçe Cam's spring and fall 2008 collections once again revealed the Company's innovative approach to the creation of fashionable glassware products that add joy to life.

Strong, double-digit growth

Paşabahçe Cam carries out its production activities in Turkey at plants located in Kırklareli, Eskişehir, and Mersin. The Company also has factories in Bulgaria and Russia. Paşabahçe Cam's sales to international markets were up 30% on a USD basis in 2008. Such strong, double-digit growth is a particularly remarkable success in the midst of a global economic downturn.

The biggest contributors to this strong growth were the Company's sales to the European and Middle Eastern markets. Already a strong contender in these countries, Paşabahçe Cam continued to build up its market share.

Despite competition from imports brought on by an excessively overvalued Turkish Lira during a large part of the year and notwithstanding otherwise sluggish consumer demand, sales to the Company's home market in Turkey maintained their previous year's level in terms of quantity while the rise in their value was consistent with inflation.

A 10% increase in production

Paşabahçe Cam's total glassware production in 2008 was up 10%. Two growth projects started last year were brought to completion and commenced production during 2008. The new capacity created by these investments is what triggered the 10% rise in production by nourishing output increases in the Company's local and foreign operations.

Second furnace investment in Posuda

The first of the Company's growth projects was the second furnace investment which was undertaken at the Posuda factory in Russia and which was completed and commissioned at midyear 2008. This furnace investment, which involves new production processes hitherto unused by local manufacturers in Russia, more than doubled the capacity of the Posuda plant. This new capacity investment, which involved expenditures on the order of USD 60 million, represents an important step that brings Paşabahçe Cam considerably closer to its goal of being the leading producer in the Russian Federation and throughout the CIS region, where market growth potential is seen to be enormous.

As a result of an acquisition made in late 2003, Paşabahçe Cam achieved the status of a local manufacturer in Russia. It still enjoys the advantage of being the only local manufacturer in which there is a foreign capital interest.

By making the best possible use of this advantage along with its increased production capacity, Paşabahçe Cam will be focusing on:

- Taking market share away from imports by offering an expanded product line made possible by its new production processes
- Rapidly increasing overall market share by reaching more customers through an expanded distribution network in a rapidly growing market.

Glassware Business

Improving operational productivity and reducing costs are two issues that are high on the Business' agenda.

Beginning in the second half of 2008 the Company began production of two piece stemware and jugs in the new furnace. Plates will go into production as well during 2009.

New furnace investment at the Eskişehir factory
Another Paşabahçe Cam growth project is a new furnace investment at its Eskişehir factory. Commissioned in March of the year, the investment's fixed capital cost was on the order of USD 25 million.

This new furnace is capable of producing the complete range of glass needed by the industry including but not limited to washing machine door windows, glass blocks and pavers, blender jars, and frying pan lids.

In the washing machine glass windows market, Paşabahçe Cam is a supplier for the world's biggest Turkish and international brands. Due to the growth in its customer portfolio, the Company also commissioned a second industrial press line for its new furnace.

Glass blocks and glass pavers manufactured under the Lara trademark are supplied in clear, matt blue, and pink colors and come in five different patterns. They are used in a wide range of applications that include structural facades, stair enclosures, interior partitions, and shower stalls. In Turkey, Paşabahçe Cam works with 29 of the country's leading suppliers of construction materials. The Company also exports its goods to nearby countries such as Iraq, Syria, Greece, Azerbaijan, and Saudi Arabia.

Enterprise resource planning project completed.
In 2008 Paşabahçe Cam also completed the enterprise resource planning (ERP) project that it had undertaken. Embracing its operations both in Turkey and Bulgaria, the ERP system went live in August as planned.

2009 goal: Increase sales volumes
Despite the adversities in the world economy and the uncertainties in global market conditions, Paşabahçe Cam's goal is to increase its overall sales in 2009 while also giving attention to investments that will improve operational and logistical productivity and lower costs, while reducing the need for operating capital through more effective stocks and receivables management in its ongoing effort to widen profit margins.

In line with its vision of being the world's strongest glassware producer whose experience and skills are fully focused on glass, Paşabahçe Cam will continue to assess and take advantage of opportunities within the framework of its strategy of pursuing growth through regional acquisitions in order to protect and enhance its competitive strength and to boost its global market share.

Denizli Cam: The home of fine handmade crystal glass.
The other major manufacturer in the Glassware Business is Denizli Cam, which produces handmade crystal giftware, decorative objects, and tableware that appeal to the high-end market.

Due to the rapid contraction witnessed in this segment of the market in 2008, Denizli Cam's sales in Turkey were down about 10% year-on-year.

Although luxury glassware is a product whose demand is extremely susceptible to economic conditions, the Company's international sales rose 4% on a USD basis despite the global crisis last year.

Denizli Cam's goal for 2009 is to increase its overall sales. By taking advantage of opportunities created as a result of supply-side contractions brought on by producers that have pulled out of the sector, the Company will be continuing with project-based activities in national and international markets while giving greater attention to marketing Denizli-brand products to the retail segments of other countries.

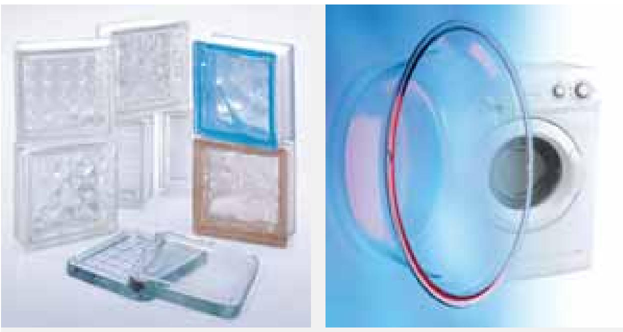
Paşabahçe Mağazaları: The leader of specialized retailing
A dramatic cutback in consumer spending had a direct impact on the retailing sector in 2008. Paşabahçe Mağazaları, the leader of the specialized retailing sector, did suffer from the business downturn last year but nevertheless managed to maintain its sales at their 2007 levels. Paşabahçe Mağazaları continued its efforts to support its growth and development, corporate image, and Paşabahçe trademark by opening two new stores (Alsancak-İzmir and Tuzla-İstanbul) in 2008.

"Lifestyle" and "Boutique" concepts
In line with its "Lifestyle" concept, Paşabahçe Mağazaları achieves a high level of customer satisfaction through superior service quality as well as by means of an array of fashionable home, tableware, kitchenware, and decorative objects that reflect current trends.

Paşabahçe Mağazaları

The theme of the Paşabahçe Mağazaları "History, Culture & Glass Collection" in 2008 was the unity and togetherness in Anatolian culture symbolized by "Noah's Pudding".

Camiş Ambalaj successfully integrates every aspect of glass container production from creative design and trial production to full-scale manufacturing, sales, and after-sales services.



Thanks to a new industrial glass furnace investment at the Paşabahçe Eskişehir plant, the Business is now manufacturing glass blocks under the Lara trademark whose visual and transparency features make a wide range of aesthetic and practical solutions possible. Sight glass produced by the same furnace is also supplied to leading washing machine manufacturers.

In line with its "Boutique" concept, Paşabahçe Mağazaları offers products that are both decorative and collectible while giving greater attention to cultural values. The Company's prestigious line of limited-edition wares was augmented with the 2008 addition of its "Aşure" collection. This collection attracted tremendous interest when it was exhibited at the Aya İrini Museum during the year while also reinforcing Paşabahçe Mağazaları's stature as a purveyor of culture and cultural products.

Paşabahçe Mağazaları's goal in 2009 is to maintain its leading position in the specialized retailing sector.

Camiş Ambalaj: Manufacturing high-quality paper and cardboard packaging

Camiş Ambalaj serves some of Turkey's leading firms in addition to keeping Group companies supplied with the high-quality paper and cardboard packaging that they require.

Despite the overall contraction experienced in Turkish manufacturing industries in 2008, Camiş Ambalaj successfully maintained both its production and its sales levels while holding on to its leading position in Turkey's paper and cardboard packaging sector.

The success of Camiş Ambalaj's developmental and creative efforts was recognized by its receipt of two Turkish Standards Institute "Golden Packaging" awards in 2008.

Camiş Ambalaj produces offset-printed cardboard and laminated consumer packaging, high-quality flexo-printed corrugated consumer and transport packaging, tray and multipack packaging for automatic filling line applications, and display packaging. Thanks to the modernization and cost-reduction investments that it undertook last year, the Company increased its production capacity and efficiency.

Camiş Ambalaj carried out a new offset printing machine investment at its Tuzla factory in 2008 in line with its ongoing efforts to increase market share by producing lower-cost but more attractive packaging.

It is expected that the global economic crisis will continue to have an adverse impact on Turkish manufacturing industries in 2009. That being so, Camiş Ambalaj's goal this year will be to maintain its existing sales levels.

Glass Packaging Business

Anadolu Cam

As a leading supplier of glass packaging in the region, its production capacity has reached 1.9 million tons a year.

Healthier and more environment-friendly, glass packaging also adds value to their contents while making it possible to satisfy the diverse tastes and needs of consumers with a host of design options.

Glass Packaging Business

Intensive investment activities continued throughout the region while new plants were completed and went into operation.

Anadolu Cam Consolidated Highlights*

USD m	2008	2007	2006
Sales Revenue	812	687	475
International Sales	434	330	214
Gross Profit/(Loss)	217	188	119
Operating Profit/(Loss)	100	95	36
Parent Company Profit/(Loss)	8	55	27
EBITDA	203	181	101
Net Financial Debt	444	321	230
Equity	458	631	492
Total Assets	1,080	1,112	874
Investments	194	197	140
Number of Employees	5,365	4,701	4,548

* 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.

Global consolidation in the glass packaging industry

Glass packaging accounts for a USD 34 billion share of global packaging industry business volume worth nearly USD 410 billion a year.

The consolidation process continues in the global packaging sector not just in Europe but also globally. It is expected that this process will bring about more rationalization in the sector and enhance the competitive strength of glass packaging.

Major glass packaging producers which have been growing in developing geographies in the previous years focused on rationalization in existing plants and cost-reduction activities during 2008.

The Group defines the geographical scope of its glass packaging operations as the Russian Federation, the Balkans, the Turkic Republics, Eastern Europe, and the Middle East.

1.9 million tons/year production capacity

Anadolu Cam as the leading glass packaging producer in her operating area, achieved 1.9 million tons a year production capacity including:

• Total capacity of 795,000 tons/year at 3 plants in Turkey,
• Total capacity of 1,075,000 tons/year at 5 plants in the Russian Federation,
• Total capacity of 30,000 tons/year at 1 plant in Georgia.

Production constrained by global crisis.

Since the second half of 2008 the financial turmoil that hammered the world's developed economies became increasingly more severe as its effects spread around the world into the developing economies as well. Besides the financial markets, impacts of the crisis were felt significantly in the real sector.

Adverse economic conditions in domestic and international markets and contraction in demand, especially in the last months of the year, led to production decrease in the plants both reduction in Turkey and Russia. Total production was 1.6 million tons in 2008. 45% of the sales revenues were derived from international operations.

Investments continue without interruption.

Growth investments continued. Total investment outlays in 2008 amounted to USD 194 million, of which more than half (USD 100 million) was spent in Russia. Employing about 5,400 people at its plants in homeland and abroad Anadolu Cam is among the top five companies in the world in glass packaging production.

Strong position in the national market

Anadolu Cam's strong position in the domestic market founds the basis of its move towards growth. The Group carries out its local operations under the name of Anadolu Cam through nine furnaces at three plants located in İstanbul, Mersin, and Bursa-Yenişehir.

The investment drive continues in Bursa-Yenişehir.

The investment drive which started in 2006 in Bursa-Yenişehir continues a pace. In order to meet the increasing demand of glass bottles of the mineral water sector, which has been experiencing double-digit growth in recent years, a furnace with a capacity of 120,000 tons a year was commissioned at the Yenişehir plant in 2006. Second furnace investment aimed at meeting the growing market demand was swiftly completed and started operation in May 2007.

The third furnace also with 120,000 tons/year capacity was initiated in order to meet rising demand for high quality bottles with special designs, parallel with the growth expectations of the domestic market. The furnace was commissioned in June 2008. Along with this investment total annual capacity of Anadolu Cam Yenişehir Plant increased to 360,000 tons/year.

Because of the wide range of options and possibilities that they offer and their ability to deliver immediate solutions to the need to create differentiation in highly competitive markets, glass packaging continues to be the preferred choice of the world's leading food and drinks brands.

The Alaçatı fruit juice bottle, which received the Turkish Standards Institute's 21st annual "Golden Packaging" award, was cited for its ease of use and for a body design that was as visually pleasing as it was functional.

Quality, productivity, and cost-control investments in the home market

Anadolu Cam has invested a total of USD 90 million in the projects aiming quality improvement, increasing production efficiency, and lowering costs in the conduct of its domestic operations.

A project was conducted on the existing pharmaceutical lines of the Topkapı plant to increase competitive strength as a supplier to the pharmaceuticals industry by providing the specialized glass packaging that the industry demands and by improving overall production quality. This investment was completed during 2008.

Domestic sales volume reached 630,000 tons.

In 2008, 67,000 tons of glass was sold abroad and 630,000 tons in the domestic market. Anadolu Cam's Total sales reached 697,000 tons in 2008, with a 6% rise. The highest growth rates in sales were experienced in wine, mineral water, and food sectors and export sales.

Design work on 847 new products

Design work for 847 new products for domestic and foreign markets was carried out at Glass Packaging Design Center while mould designs for 128 products were completed and 107 products were manufactured. Joint design projects with universities are implemented.

The design, production, and marketing triangle…

Under the heading of design, production, and marketing activities, development projects were identified for the improving areas as, glass-production competencies, products with new features, creating new markets, undertaking innovations independently, and making technological progress. In line with these studies, work began on projects under five headings.

• Turkish Olive Oil Bottle Design Project, one of the most important activities carried out in 2008 was conducted with the aim of increasing bottled olive oil sales in Turkey. Designs created by Turkey's several leading designers will be launched to the market during 2009.
• Mineral water sector promotional activities continued in 2008.
• Anadolu Cam received an award at 21st annual "Golden Packaging" contest held by the TSE İzmir Regional Directorate this year for the fruit juice bottle which was designed for Alaçatı fruit juice produced by the company Çeşme Bağcılık.
• Anadolu Cam took part in the 2nd Eurasian Olive, Olive Oil, and Processes Fair and in the 14th TÜYAP Packaging Industry Fair during 2008.

Mina plant operates with one furnace.

The operational results of the Mina plant in Georgia, the Business' first international operation, suffered from tension between Georgia and Russia since 2006 and were adversely affected by the hostilities that broke out in August last year.

Glass Packaging Business

Ruscam has become the leading glass container manufacturer in the Russian Federation in terms of both technology and production volumes.

The factory's total sales decreased year on year and was realized around 29,000 tons. The old furnace, which was recommissioned after undergoing repairs in 1998 and which had an annual production capacity of 20,000 tons, was shut down in July for technical reasons. The plant, whose production is intended primarily for the domestic market, continues to operate with a single furnace whose capacity is 30,000 tons/year.

An investment move in the Russian Federation

Anadolu Cam defines its basic strategy in the field of glass packaging as "to raise permanently its scale and to be the leading manufacturer in the region" continues to move into the Russian Federation in line with its strategy.

Having embarked on operations in Russia since 2002,which is one of the most attractive growing markets for foreign investors, Anadolu Cam has now reached an annual production capacity of 1 million tons through 10 furnaces at a total of 5 plants with a total of USD 400 million investment since 6 years.

As the leading domestic producer of glass packaging, Anadolu Cam conducts its activities in the Russian Federation under the name of "Ruscam". Supplying glass packaging that meets the product standards of the world's developed economies, Ruscam played an important role in the development of the Russian beer market by carrying out its glass demand efficiently and quickly. Ruscam has also contributed to the glass container market by technological infrastructure and introducing lightweight glass bottles that were also more robust.

Production capacity of Ruscam Gorokhovets has tripled since 2002.

Production capacity of the Ruscam Gorokhovets plant, the Group's first investment in the Russian Federation, has tripled since it started operations in 2002. The plant produces amber and green glass bottles by the most advanced production technologies with three furnaces and an annual capacity of 300,000 tons.

Production capacity of Ruscam Pokrovsky is 200,000 tons/year.

The total annual capacity of Ruscam Pokrovsky plant that was purchased at the beginning of 2004, reached 200,000 tons/year with the addition of the second furnace which started operation in the second half of 2005 to meet the rapid growth in the demand for beer bottles. Amber and green bottles for beer and other alcoholic beverages are also manufactured at this plant.

Ruscam Ufa's production capacity has reached 360,000 tons/year.

Ruscam Ufa plant is located in Ufa, the capital of the Republic of Bashkortostan. Investment was launched in 2005. Its annual production capacity has reached 360,000 tons with the addition of 3 new furnaces year to year, each with a capacity of 120,000 tons/year. The plant produces amber and green bottles for beer and other alcoholic beverages sectors.

Second furnace investment at the Ruscam Kirishi

Acquired at the beginning of 2008 and located in the city of Kirishi in the Leningradskaya region, the Ruscam Kirishi factory has a production capacity of 95,000 tons year. In line with the growing demand for glass packaging in the region, investment of the second furnace with a capacity of 120,000 tons/year has been started and is planned to be commissioned in 2010.

The first furnace investment in the Krasnodar region has been completed.

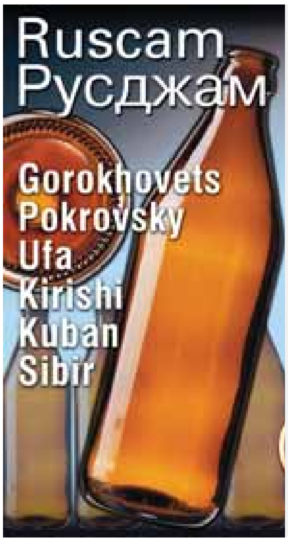
As a major industrial center of the Russian Federation, Krasnodar is a region characterized by highly diversified production and accelerated economic and cultural development. In the last quarter of 2007, investment started for two furnaces and the first furnace with the capacity of 120,000 tons has been completed. Due to the rapidly changing market conditions in the current global economic crisis, the plant started operation in May 2009.

Anadolu Cam is a partner of Balkum Plant which has a capacity of 800,000 tons a year, 350,000 tons of which is suitable for glass packaging production. The plant produces high quality and economic sand to raise glass packaging production in the Russian Federation.

The leading supplier of glass packaging

Anadolu Cam currently the leading producer of glass packaging in the Russian Federation is:

- The leader glass packaging supplier with an advanced technological infrastructure and an annual production capacity of more than 1 million tons through 39 lines and 10 furnaces at a total of 5 plants,
- The premier supplier of the domestic and international brewers active in the Russian Federation.
- Provides direct employment for 2,600 people.
- In 2008 total sales were 812,000 tons with a growth of 10% y-o-y on tonnage and of 19% on turnover.



Plants in Russia and Georgia have been playing an important role in the growth and development of the beer and wine market in those countries by giving producers the ability to carry out their filling operations efficiently and fast.

The Business' activities in collaboration with university design departments once again provided students with opportunities to come up with creative, functional, and original designs.

OMCO-İstanbul, a joint venture in which the Business has a stake, produces the high-quality, competitively-priced glass container and glassware molds demanded by customers.

In addition to the direct contribution that it makes to the Russian Treasury as taxes (USD 60 million/year in VAT and USD 25 million/year in corporate tax), also creates about USD 115 million added value for the Russian economy in the form of maintenance and repair, cleaning, security and other social services, directly-paid salaries, and raw material logistics.

Capacity recovery investments which were undertaken at the Ruscam Gorokhovets, Pokrovsky, and Ufa plants in 2008 for a total cost of USD 15 million generated an additional 40,000 tons/year production capacity.

Creating capacity in developing markets in line with customers' geographical expansion

Anadolu Cam defines its strategy in the Russian market as "being the biggest supplier by rapid growth and developing the market".

In line with this strategy, the Group seeks to create new capacities in the developing markets in line with the geographical expansion of her customers.

The Novosibirsk glass packaging plant project which was started in 2008, plans to meet the demand of beer and high alcoholic drinks bottles in the Siberia region.

Glass container plant in Ukraine

A new furnace investment in Ukraine's Odessa province is another project being carried out as part of the Group growth strategy. Under this project, whose objective is to meet the demand for wine, champagne, and beer bottles in the Odessa region, a new furnace with a production capacity of 90,000 tons a year will be commissioned in 2010.

International corporation in glass molding

OMCO-İstanbul, the 50/50 joint venture between Anadolu Cam and Belgium based OMCO International NV, realized USD 31 million sales from the production of high-quality glass packaging and glassware moulds at competitive prices in the international market.

Environment related activities

The Group conducts its activities in compliance with ISO 14001 Environmental Management System standards. As an environmentally conscious manufacturer, the Company undertakes a range of investments at all of its plants in order to prevent waste harming the environment, in pursuance with the regulations in effect. Emphasis is placed in studies aimed at increasing the use of recycled glass in the glass production, due to the positive impact on the environment but also as a means to lower costs at the same time, as well as supporting its contribution to the general economy through energy saving.

Investments will continue in 2009.

Investments worth a total of about USD 70 million are planned for 2009. These investments are to be carried out under the heading of ongoing growth investments and as modernization and cost-reduction projects at the Business' facilities both in the domestic market and abroad.

Undergoing rapid growth in its vital geography, the Group launched an enterprise resource planning (ERP) project in 2008 in order to address its expanding business requirements faster and to acquire the infrastructure that will further support its competitive strength. The project is planned to be completed by the end of 2009.

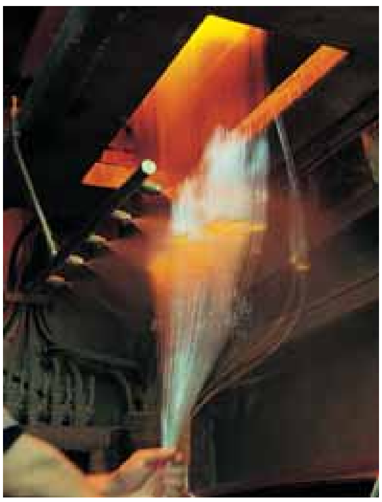
Chemicals Business

Soda Sanayii

The Chemicals Business continued to expand its activities at more than 20 plants in five countries through capacity increases and new products.

We are committed to environment, human health and safety

The products supplied by the Business serve as essential inputs for many industrial activities.



Chemicals Business

Soda Sanayii's continuing investments in 2008 have positioned it as the most important producer in the region.

Chemicals Business Combined Highlights*

USD m	2008	2007	2006
Sales Revenue	855	668	489
International Sales	323	286	254
Gross Profit/(Loss)	148	91	84
Operating Profit/(Loss)	55	12	51
Current Profit/(Loss)	33	18	59
EBITDA	108	57	86
Net Financial Debt	172	102	21
Equity	577	703	600
Total Assets	994	1,077	879
Investments	93	103	106
Number of Employees	3,390	3,153	3,141

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

Soda Sanayii Consolidated Highlights*

USD m	2008	2007	2006
Sales Revenue	499	351	287
International Sales	288	236	204
Gross Profit/(Loss)	100	49	63
Operating Profit/(Loss)	48	7	32
Parent Company Profit/(Loss)	35	12	46
EBITDA	78	32	51
Net Financial Debt	121	83	35
Equity	328	369	317
Total Assets	571	561	452
Investments	48	60	72
Number of Employees	1,909	1,787	1,802

* Includes Soda Sanayii, Şişecam Bulgaria, Oxyvit Kimya, Şişecam Soda Lukavac and ASMAŞ.

Expanding activities

The Şişecam Chemicals Business continued to expand its activities being carried out at more than 20 plants in five countries during 2008 through capacity increases and new products (white sodium sulfate and additional chromium chemicals).

The Business produces soda ash, chromium chemicals, glass fiber and polyester, industrial raw materials, electricity, steam, vitamin K3 derivatives, sodium metabisulfite, synthetic tanning agents, and heavy-duty machinery.

Successful results in soda ash and chromium chemicals

Soda Sanayii posted successful results in 2008 in its soda ash product and chromium chemicals business lines.

Owing to a modest shortfall on the supply side, worldwide soda ash product prices followed an upwards trend during the first quarter of 2008. Even though the effects of the global economic crisis had begun to make themselves felt by the last quarter, the Company's Mersin plant nevertheless completed the year with a performance that was well above targets. Last year Soda Sanayii made full use of all of the production capacity at its Mersin and Lukavac (Bosnia) plants as well as its 25% share of the output of its production Joint Venture Sodi, Bulgaria and the Company sold all of its production to domestic and international customers.

A heavy soda ash capacity increase investment at Mersin Soda was commissioned at the beginning of 2008. Refined sodium bicarbonate capacity was also increased with the result that Soda Sanayii has further strengthened its position as the most important producer in the region. In line with a strategic decision to sell soda ash itself directly to market, operations of silicates unit were suspended in 2008.

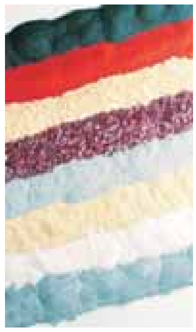
Soda Lukavac has fulfilled all of its investment commitments.

All of the investments to which Bosnian-based Soda Lukavac had committed itself when undergoing privatization have been fulfilled successfully and on schedule.

Among the investments that were completed are a new heavy soda ash plant, lime kilns, a cooling tower, warehouses, a carbonization column, distillation and absorption units, brine purification ponds, instrumentation and modernization projects, and information technology projects.

In line with the importance given to environmental health and safety at the plant, new projects were evaluated for compliance with Bosnia & Herzegovina laws and regulations. In the conduct of these activities the Company had the benefit of the Industrial R&D Projects Support Program of the Technology and Innovation Office (TEYDEB) of the Scientific and Technical Research Council of Turkey.

Soda Sanayii-Mersin



Soda ash and chromium chemicals are among the most important products made by the Business. They are essential inputs in manufacturing processes ranging from heavy industry to detergent making and leather tanning.

Sodium bichromate production increased 10%.

In addition to capacity maximization projects undertaken in previous years, in 2008 an expansion investment was completed that contributed towards a 10% rise in Kromsan's production capacity of sodium bichromate, the Company's main product. The chromic acid plant's installed capacity was also increased so as to enable it to boost its output by a third.

The world leader in basic chromium sulfate

With Kromsan in Mersin and Cromital in Parma (Italy), the Şişecam Chemicals Business is the world's leading producer of basic chromium sulfate (BCS).

A newly-developed addition to the BCS product portfolio is Ecol-Tan, a specialized compound that offers many advantages in leather tanning. Trademark and patent applications for Ecol-Tan have been made and marketing of the product will begin by midyear 2009.

A new product: White sodium sulfate

An investment that had been undertaken to transform the sodium sulfate that Kromsan produces as a by-product into white sodium sulfate, a high added-value product that is used both in the Şişecam Group's glass-making operations and in the detergent and textile manufacturing sectors was commissioned in 2008. As a result of this project, a former by-product has been added to Kromsan's product lineup and now contributes to the Company's turnover.

A plant has been set up at Soda Sanayii to produce the large quantities of oxygen that the Company uses in its manufacturing operations at a significantly lower cost inhouse.

Trisurfin goes on the market.

Kromsan has begun introducing new chromium chemicals in line with market demand. A new product called "Trisurfin" came onto market and production of chromium chloride and chromium nitrate has started.

In line with efforts to develop new products for the chrome plating industry, a chrome plating laboratory is being set up within Kromsan. This project as well as the Company's other product development activities for the leather-making industry have been approved for participation in the Industrial R&D Projects Support Program of the Technology and Innovation Office (TEYDEB) of the Scientific and Technical Research Council of Turkey.

REACH

Preliminary registrations have been filed for 3 of Soda Sanayii's and 23 of Kromsan's products under the European Union's REACH directive.

Business companies active in chromium chemicals took part in national and international fairs and events such as the China Leather Development Forum, ACLE, FIMEC, the Guangzhou, Tanning Tech, the Vietnam Leather and Footwear Fair, and the İstanbul Leather Fair.

Chemicals Business

The scope of activities was broadened and extended with the inauguration of Sintan Kimya and the acquisition of ASMAŞ.

Cam Elyaf: Products with a wide range of uses

Şişecam Chemicals Business company Cam Elyaf produces glass fiber and unsaturated polyester resin. These products are main ingredients of composite materials, which having considerable comparative physical performance and/or cost advantages with respect to substitute engineering materials have a wide range of application areas, such as automotive, construction, maritime, industrial products and outdoor furniture. Glass fiber is a material particularly preferred because of its durability, lightness, corrosion resistance and low cost.

Investments increase capacity and enhance productivity.

In 2008 the Company completed a cold repairs investment on its first furnace as had been programmed. This project increased production capacity as well. An uninterruptible power supply investment designed to overcome the serious impact that power outages were having on the production efficiency of furnace 1 was completed and commissioned at year-end. Another investment to make improvements in the air-conditioning system of the fiber-spinning section of furnace 2 also resulted in a productivity increase.

Important investments were made in polyester production as well and the R-2 reactor was renovated. A changeover that was made from gaseous to liquid nitrogen resulted in more efficient and economical production.

Sales remained stable despite of the difficult business environment.

Although 2008 was a difficult year, the Company's sales nevertheless maintained their 2007 level. At the same time, intensive efforts continued to reach new customers and new national markets.

R&D activities at Cam Elyaf continued at full pace. New products and technical application solutions were also developed in line with customers' needs.

Interest in renewable energy and in irrigation projects (the latter being associated with global warming) has been increasing in recent years both in Turkey and abroad. Anticipating that such undertakings will increase the demand for polyester and glass fiber products, Cam Elyaf has been shaping its R&D activities in line with such sectoral requirements.

As in previous years, Cam Elyaf took part in the KOMPOİST 08 composite products and raw materials trade fair organized by the Glassfiber Reinforced Plastics Manufacturers Association.

The Industrial Raw Materials Business in 2008

Mining companies made significant progress in 2008 in line with their vision of meeting the growing needs of glass-making companies for industrial raw materials in line with their domestic and international growth, achieving greater product and customer diversification, and transforming mineral extraction activities into profitable business lines.

Cam-Ser Madencilik, having joined the Business in 2007, provides with its feldspar and kaolin reserve long term guaranty for raw material requirements of Şişecam Group companies. These products of Cam-ser will also be marketed to ceramics and cement sectors both in Turkey and abroad.

Capacity utilization at Camiş Madencilik was increased while the scope of the Company's operations was broadened by improving sales of products designated to customers other than in glass sector.

Investments at Bilecik Glass and Glass Fiber raw material preparation plant were completed and the plant's total production capacity has been increased as planned.

The capacity of the Balıkesir-Düvertepe plant was expanded in order to meet the increasing needs of the Cam Elyaf factory as well as to keep up with growing market demand.

In Mersin region, limestone and dolomite production has been consolidated in our facility in Tarsus Industrial zone and in Trakya region sand production has been consolidated in Çatalca-Yalıköy plant.

Camiş Egypt developed its reserve potential with new licenses while also continuing to increase both its product diversity and production capacity.

Camiş Madencilik has been awarded OHSAS 18001 Occupational Health & Safety Assessment Series certification in line with a project to install such systems throughout the Şişecam Group.

Under the heading of mineral exploration and reserve development, drilling and detailed geological studies were carried out at Cam-Ser Madencilik's feldspar fields. As a result of these activities, there was a noticeable increase in the Company's proven reserves.

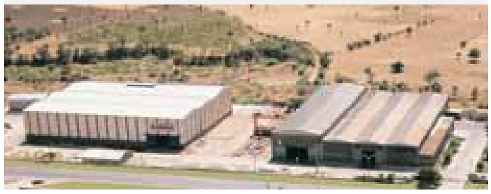
Camiş Madencilik took part in the "Mining Turkey 2008" fair and exhibited 48 different products and specimens.


Mersin Cogeneration Plant


Yalıköy Sand Grinding Plant

The Business is engaged in a wide range of manufacturing activities from glass fiber and polyester to industrial inputs, from energy to vitamin K3 derivatives, and from leather-tanning chemicals to heavy-duty machinery and equipment.

İzmir-based ASMAŞ, whose factories produce heavy-duty machinery and equipment, joined the Business in 2008.



Second production line activities at the Mersin Cogeneration Plant
Camiş Elektrik Üretim continued its activities to set up a second production line at the Mersin Cogeneration Power Plant.

Machinery and equipment procurement and on-site construction work continued without interruption with the aim of commissioning the plant's second production line in the second half of 2009. With this second line, the Company's electricity output will double and there will be a substantial increase in its steam production as well.

Changes continued to take place in the vitamin K3 sector.
The vitamin K3 sector, one of Oxyvit Kimya's two product lines, was the scene of important changes in 2008. The supply-side shortfalls from which the sector suffered in 2007 were overcome in 2008 as new capacity came on stream around midyear and a number of manufacturers who had suspended their activities resumed regular production.

During 2008, the course of production was dictated by sales. While sales developed in line with budget projections in the first half of the year, they slowed down in the second as customers chose to run down their stocks in response to the global economic crisis.

A 22% share of the world's vitamin K3 market
In 2008 Oxyvit Kimya controlled a 22% share of the worldwide market for vitamin K3. Although consumer habits are certain to change as the current global economic crisis unfolds, there is likely to be an increased demand for poultry meat as a cheaper source of protein. For this reason, it is thought that vitamin K3 demand will not suffer greatly from the crisis.

Design changes in the sodium metabisulfite unit
Oxyvit Kimya's other product line is sodium metabisulfite. Design changes were made in the Company's production unit last year and a new system was brought on line. As a result of this system change, product quality was greatly improved and the plant was made ready for the increased sales that are expected to take place in 2009.

Last year Oxyvit Kimya continued to take part in the sector's leading trade and specialty fairs. The Company was an exhibitor at the IPE Atlanta 2008 and the Eurotier/Hannover fairs, it also attended the VIV-China fair and the TUYEM Poultry Husbandry Congress in Turkey.

Oxyvit Kimya has been awarded ISO 14001 Environmental Management System certification and it successfully passed the audits of its existing FAMI-QS and ISO 9001-2000 Quality Management System certificates.

Syntan production has begun.
Sintan Kimya, founded in 2006 for manufacturing syntans (tanning agents) at the leatherworking industries free zone in İzmir-Menemen, has completed the initial investment and started production.

The company participated in events such as the Shanghai Leather Fair, the Vietnam Footwear and Leather Goods Fair, the Bologna Leather Fair and the İstanbul Leather Fair. Sintan Kimya recently launched its own website.

The arrival of ASMAŞ has further diversified the Business' competencies.
Originally founded in 1976, İzmir-based ASMAŞ joined the Chemicals Business in 2008.

With its team of specialist technical personnel and manufacturing certifications, the Company is one of the leading producers of heavy-duty machinery in its region.

Because of its proven product/service quality and timely deliveries, ASMAŞ is a preferred service provider in the areas of turnkey plant delivery, project and technology production, and equipment manufacturing for a wide range of industrial applications and sectors, including soda ash.

Other important sectors served by ASMAŞ are iron & steel, cement, energy, and defense.

Research-Technology

R&D activities pay off through projects that lead to new and better technologies, more environment-friendly manufacturing processes, and economically more efficient production.

R&D activities today are being driven to a significant degree by concerns over global warming and the exhaustion of fossil fuel reserves.

In addition to being matters of the utmost concern to scientists, politicians, economists, and even sociologists, global warming and the exhaustion of fossil fuel reserves also have major implications for the glass-making industry as well as for the industry's products and its manufacturing processes and activities.

R&D activities aimed at improving the performances of glass used to control heating and cooling costs in buildings and vehicles with regard to sunlight and heat transmittance properties, enhancing their heat-resistance and heat-insulation properties, reducing their costs, and developing features that will expand and diversify the scope of their use.

The fastest-growing area of R&D: Solar power

The conversion of sunlight into usable energy by means of photovoltaic and thermal systems is one of the fastest-growing areas of current R&D activities today. Such efforts are especially concentrated on looking for ways to maximize the efficiency of solar collectors and solar cells. These include developing frosted glass that is highly transparent and non-reflective to light and solar energy and producing and improving transparent conducting oxide coated low-iron float glass. Another area of current and intense R&D interest in the area of renewable energy sources is concerned with the production of glass fiber-reinforced plastics (composites) that can be used to make the vanes of wind-powered electrical turbines.

One of the most serious disadvantages limiting the usefulness of glass is its fragility. Considerable progress is being made on this front however through R&D activities that also investigate ways to make glass products thinner and thus also lighter and cheaper.

National and international collaborations

The scope and effectiveness of R&D activities are considerably broadened through national and international collaborations with institutes and universities as well as by means of pre-competitive collaborations with other glassmakers.

Glass-making is not just an energy-intensive industry but also one that currently makes heavy use of fossil fuels as well. Given the environmental-impact concerns mentioned elsewhere above, this attribute remains an important focal point of the industry's R&D activities. Among the subjects being investigated are melting technologies that are completely different from existing ones; techniques that speed up the melting, refining, and homogenization processes; more effective sensors and control systems; recovery of waste heat (for example by preheating cullet); more durable refractors; and extending furnaces' useful lifetimes. Because of the costs involved in such R&D activities, some of these projects are being undertaken by consortiums and/or under EU framework agreements.

In line with the requirements of product and production technologies, efforts were made to develop glass compositions, to make use of new coloring and decolorising technologies and sources of raw materials, and to increase geographical expansion and improve energy use efficiency. TS/EN ISO/EC 17025-accredited analysis services make up the backbone not only of all R&D activities but also of technical support in production, problem-solving, product certification, and customer services.

The fundamental philosophy of R&D and engineering projects

The fundamental philosophy underlying all the R&D and engineering projects undertaken in 2008 was to ensure that all ongoing efforts to lower product costs and increase product quality and all new growth investments were equipped with

modern technology, maximized capital productivity, and contributed towards production within the targeted time frame.

During 2008, new furnace designs and production control technologies were implemented which focused on the human and environmental health aspects of production while enhancing energy and production efficiencies and reducing costs through the use of advanced technology.

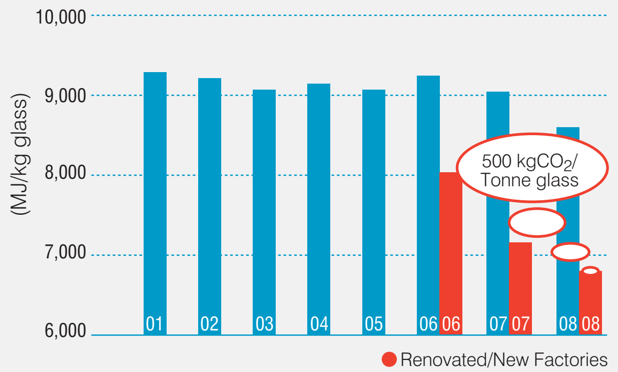
In the soda ash and chromium chemicals business lines, the possibilities of using reduced-chloride solid waste from soda ash production in the cement, concrete, and building materials sector were explored. Also looked into were ways to cut costs by reducing the amount of calcium hydroxide in solid waste. Through the use of purification technology specially developed for that purpose, it has become possible to use the sodium sulfate that is a byproduct of chromium chemicals production as a problem-free input in the Group's glass foundries and by others. Product development work was completed on specialty chemicals used in chrome plating and passivation. Work continued on developing a new product that will completely transform leather tanning.

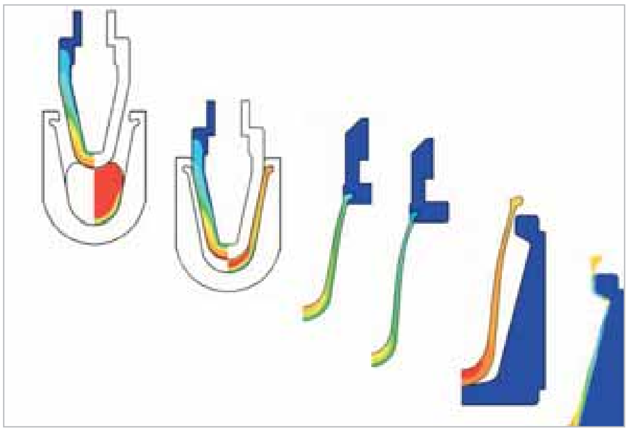
R&D outlays increased 9% in 2008.

The Şişecam Group's R&D activities are carried out by 215 specialists, 145 of whom are employed directly by Şişecam while the remaining 70 are assigned to individual business groups.

About 0.6% of the Şişecam Group's turnover is regularly devoted to R&D activities, a figure that is well above worldwide sectoral averages. R&D outlays in 2008 were up 9% year-on and amounted to about TRY 23 million in value. This figure does not include expenditures directly related to putting new products into production or to the cost of trial runs on existing production lines.

Total Energy Per Unit Product





Forming of glass in mold.

Human Resources

We have created workplaces that nurture employee performance, job satisfaction, and engagement to the Company.

The essential tenets of Şişecam HR policy are to:

• Create a global Şişecam culture
• Develop employee competencies in such a way as to have a positive impact on employee performance
• Make use of sophisticated, sustainable methods that are supported by technology
• Create a workforce that is effective and productive
• 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.
• Enhance employee satisfaction and engagement.

Developments in 2008

• Under the heading of restructuring activities, the PA Consulting Group completed its study of the Şişecam Group's human resources functions and submitted a detailed report of its findings to the Board of Directors.
• In line with PA's recommendations, an application project concerning a performance evaluation system was launched and a Performance Evaluation System Project Team was formed under the leadership of the Vice President-Human Resources.
• A separate project team was formed that will be responsible for developing policies and practices applicable to personnel who are seconded to temporary assignments in other countries.
• Staff positions for a risk management unit, an internal audit unit, and an auxiliary internal audit unit under the Risk Management and Internal Audit Department were created. Appointments were made to fill positions in the risk management and auxiliary internal audit units.
• Technological support and development activities were carried out to make a variety of human resources-related practices and reports more effective and productive.

Training: A tool with strategic important for the Şişecam Group

Training activities at the Şişecam Group are planned and conducted on a year by year basis with the aims of increasing organizational productivity and effectiveness and of creating an organization that is made up of individuals who are perceptive about the competitive environment, who are skilled in the use of technology, who are aware of quality, and who can be team players. Employees are provided with in-house and extramural training opportunities in the areas of organizational development, management, occupational and personal development.

Training highlights in 2008

• The Training Department conducted 243 seminar courses for 3,160 employees and it provided a total of 30,092 man-hours of training time.
• The Computer Support Services Department provided 780 man-hours of training time during which 51 people took part in computer-related training.
• Individual Group companies provided in-house training for their personnel that consisted predominantly of on-the-job training. A total of 122,343 man-hours of such training was provided to a total of 49,179 attendees.
• Support was provided for the e-MBA project in the form of foreign language training for employees.
• A total of 153,215 man-hours of training time was provided throughout the Group to a total of 52,390 attendees.

Strong industrial relations contribute to Şişecam's competitive strength.

During 2008 the Şişecam Group again engaged in efforts to maintain and develop labor peace at its workplaces in line with the Group's industrial relations policies and strategies. Şişecam's demonstrated attitudes and approaches towards industrial relations continued to make important contributions towards preserving the Group's competitive strength throughout its vital habitat.

Developments in collective bargaining agreements

Şişecam continued to manage its collective bargaining agreements with an overall approach that is mindful of the interests of all shareholders 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 periods of time with respect to collective labor agreements with the trade unions indicated below. New agreements succeeded the old ones immediately when the latter expired on 31 December 2007.

• Petrol-İş Sendikası at Soda and Kromsan plants
• Çimse-İş Sendikası at Denizli Cam
• Kristal-İş Sendikası at workplaces covered by the 21st Glass Group Collective Labor Agreement.

None of the new agreements entailed significant changes in the existing governing provisions. During the first year of their implementation, the agreements call for the following pay and fringe benefit rises:

Pay rises:
• Average 12% at Soda and Kromsan plants
• Average 11% at Denizli Cam
• Average 13% at Glass Group workplaces

Fringe benefit rises:
• 15% at Glass Group workplaces and Soda and Kromsan plants
• 18% at Denizli Cam.

Under all three agreements, both pay and fringe benefits are to be increased in the second year by the annualized rise in the consumer price index published by the Turkish Statistical Institute.

The collective labor agreement which expired on 31 August 2008 and covered the firm of ASMAŞ, that joined the Şişecam Group in 2008, was renewed with the mutual consent of the MESS employers' association and the Türk Metal trade union.

Negotiations are currently in progress at this time with Selüloz İş Sendikası concerning the collective labor agreement at the Camiş Ambalaj Tuzla and Eskişehir plants (which expired on 31 August 2008) and with Kristal-İş Sendikası at the Anadolu Cam Yenişehir Plant (which expired on 31 December 2008).

Negotiations are currently in progress at this time with authorized unions concerning the employees of the following Group operations that are to be shut down due to economic, functional, and/or technological reasons: Cam İşleme ve Kaplamalı Camlar Plant, Camiş Madencilik Kırklareli Züccaciye Kumu quarry, Mersin Kalker Dolomit Hazırlama quarry.

Collective labor agreements at the Trakya Glass Bulgaria EAD Plant in Bulgaria and at the Posuda Plant in Russia are currently in negotiation. Efforts will be made to successfully finalize these agreements in line both with the companies' financial means and with local conditions.

The adverse impact of the global economic crisis

The measures to be taken at workplaces in the face of the contraction in demand brought on by the current global economic crisis represented issues of the utmost importance to which the Şişecam Group had to give urgent attention in the conduct of its industrial relations. Discussions were held with trade unions over ways to lighten the impact of the crisis on workplaces that suffered the most from the fall in demand. It was decided to allow paid vacation time in 2009 to be taken early as a first step after which other measures would be phased in as circumstances dictated.

Human resources manager meetings

Four coordination meetings were held during the year for the Group's human resources managers at which participants were given information about recent changes in the legal framework and in practices. Ideas were also exchanged on the latest developments in industrial relations.

Şişecam managers also took part in a variety of seminars and meetings during the year. At these gatherings, close attention was given to current developments which participants subsequently reported back to their workplaces.

In 2009…

Despite the difficulties inherent in foreseeing the extent to which the growing severity of the global economic crisis will have an impact on its business, the Şişecam Group intends to keep a close watch on the course of developments and of the market conditions that result from them and to make changes in its strategies to deal with them in line with the needs of its business operations. The Group will make every possible effort to:

• Ensure that its business operations emerge from the crisis with their assets and competitive strengths unimpaired
• Minimize the impact that the crisis has on its employees.

Efforts to protect and maintain labor peace at the Group's workplaces will continue in 2009 without letup. In line with this, the Group will give priority to its attempts to reach negotiated understandings that are in line with national and company conditions as it engages in talks with trade unions over collective labor agreements that are currently up for discussion.

Occupational Health and Safety

With the introduction of our OHSAS 18001 system, it has become easier to achieve desired results in the area of workplace 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 unchangeable element of its managerial approach, Şişecam, aims to continuously improve the work climate and conditions in line with technological changes and developments, at informing its employees and all parties it is in relation with, thus contributing to the establishment of a "culture of health and safety" in all segments of the society through the strict implementation of legislation, standards and contemporary management systems in the field of occupational health and safety.

The number of industrial operations with OHSAS 18001 Occupational Health & Safety Assessment Series certification has reached 17.

An important focal point of attention at the Şişecam Group in 2008 was obtaining OHSAS 18001 Occupational Health & Safety Assessment Series certifications for the Group's industrial operations that had not yet received them.

As a result of these efforts, another nine workplaces were duly certified during 2008. This brings the number of groupwise industrial operations with OHSAS 18001 Occupational Health & Safety Assessment Series certification to 17. Work is currently in progress to obtain certifications for the remaining seven workplaces and it is expected that this will be completed by the end of July 2009.

Occupational health and safety at 25 industrial workplaces…

Occupational health and safety-related activities were carried out all year long in 2008 in line with the annual program and with requests from workplaces and in keeping with the principle of making constant improvements on such matters in all of the Group's operations. Efforts were to further develop and improve all work environments in light of the requirements of laws and regulations and as provided for under EU standards,

Measurements, observations, and analyses were carried out in 25 of the Group's industrial workplaces and in outlying facilities associated with them. The findings of these studies together with recommendations about measures that needed to be taken were reported to operation management units. Such efforts made significant contributions towards reducing work-related accidents and illnesses among Group employees.

Occupational Health and Safety Training…

As in previous years, intensive training on occupational health and safety issues continued to be provided throughout 2008 both to the Group's own blue and white collar personnel and to the employees of independent contractors. The objective of such training was to reduce work-related accidents and illnesses by improving health and safety-related awareness, attitudes, and behavior and by gaining the support and involvement of participants by reminding them of their authorities and responsibilities on such issues.

Emergency Management Organization activities

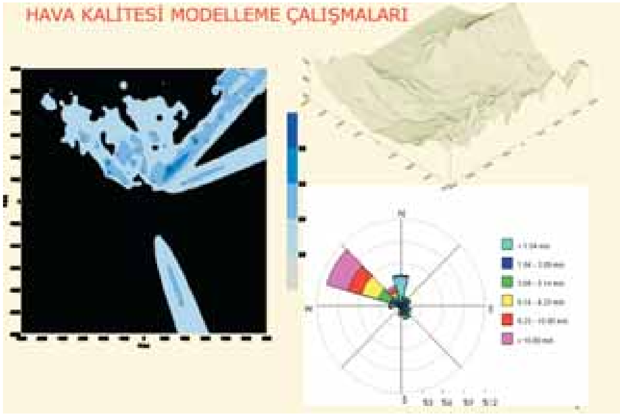
Emergency Management Organization activities related to workplaces continued during the year. Support was provided to keep emergency management systems current, to improve drill and training procedures, and to coordinate efforts both within the Group and with outside agencies and organizations.

Occupational Health and Safety in 2009…

During 2009, OHSAS 18001 Occupational Health & Safety Assessment Series certification activities will continue as will occupational health and safety-related measurements, observations, and training. Statistics concerning work-related accidents and the results of employees' regular medical checkups will be analyzed in the ongoing effort to achieve the goals set by the Şişecam Group in this area.

Environment

Intensive efforts continued to make more productive use of natural resources and to prevent pollution at its source.



Environmental Policy

As an organization that is aware of its responsibility towards environmental values, Şişecam believes in the need to maintain the world as a place the future generation can live in. This approach is considered as 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.

Improving environmental performance

In line with the Group's Environment Policy and acting on its principle of sustainable growth, Şişecam Group companies last year continued to improve their environmental performance while carrying on with their committed efforts to make productive use of natural resources and prevent pollution at its source.

Along with efforts to reduce production effluents at their source, those that cannot be dealt with in this way are disposed of in accordance with environmental criteria as well as in full compliance with the requirements of environment laws, regulations, and administrative provisions.

To protect water resources that are being continuously depleted by global warming, treated water discharged from waste water treatment plants is reused in manufacturing processes or for irrigation. This has resulted in significant savings in terms of water use.

Group companies reduce their carbon footprints through energy conservation measures.

In energy-intensive industries such as the ones in which Şişecam is involved, energy conservation measures can significantly reduce CO2 emissions and the greenhouse effects that they cause. For this reason, careful attention is always given to the issues of maintaining the most efficient burning conditions during melting processes and of the amount of recycled glass (cullet) that is used in manufacturing.

In keeping with efforts to recycle the packaging that is used when manufactured goods are marketed, last year about 6,000 tons of paper and cardboard packaging, 950 tons of plastic packaging, 5 tons of aluminum packaging, and 0.7 tons of composite packaging were recovered for reuse. TRL 222,320 that was paid to ÇEVKO through recycling was, in turn, donated to training, publicity, and awareness activities aimed at students drawing their attention to importance of recycling projects.

Successful compliance with environmental-impact auditing standards

In addition to the internal auditing to which Group companies are subjected under their ISO 14001 Environmental Management System certifications, the companies also underwent and successfully passed the surveillance and documentation audits of independent certification agencies and the scheduled and unscheduled environmental audits carried out by the Turkish environment and forests ministry.

Flue gas emissions given off by Group operations are regularly measured and detailed records of the results are maintained along with other operation-related information. Thanks to the body of data that has been collected over the years, it is possible to identify the impact that changes in design and operating conditions can have on emissions and to take corrective measures accordingly.

Work continued on an experimental project being undertaken with TÜBİTAK support to reduce the NOx emissions produced by the Group's glass melting furnaces. The positive results obtained from these experimental efforts to reduce NOx emissions at their source have already had a successful impact on plant operating conditions.

Full legal compliance in all countries of operation

Şişecam Group companies both in Turkey and abroad continued to comply fully with the environment-related terms of their operating licenses as provided for under applicable Turkish, EU, and other national laws and regulations. Şişecam also plays an active role in the formulation of draft legislation concerning environmental issues.

Şişecam keeps a close watch on developments taking place concerning the European Union's REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) directive, which is applicable in all EU member countries. Every possible effort is made to ensure that Group companies' production activities in EU countries and that all goods exported to EU countries are in full compliance with EU laws and regulations.

IT and Communication

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



Indispensable elements of all effective, productive, and sustainable economic activity

Recognizing that computer and communication systems provide the platform for the conduct and management of Şişecam's business, a close watch is maintained on worldwide technological developments, trends, and practices in these areas. During 2008, work continued on further developing Group companies' computer and communication technology infrastructure and applications.

Procurement processes related to business continuity and end point security applications designed to ensure that the Group's computer and communication infrastructure remains in constant and secure operation have been completed. Installation work is now in progress. Under the same heading, system technologies continued to be upgraded in order to consolidate and ruggedize servers, to backup data, and to deal with emergencies.

Other computer and communication system activities carried out last year included creating a centralized web-based structure for the human resources, procurement, and materials management systems used in Group companies; broadening the scope of the data that is capable of being transferred in electronic format; and undertaking additional development work as needed by Şişecam units in the areas of budget consolidation, finance, training, and health services.

Şişecam Group portal

A centralized web portal that will serve all Şişecam Group companies is now in development. Task flow applications are now in place for procurements and human resources systems. Management Center and Group company financial reporting and decision support systems are now being developed and expanded in line with requirements.

Enterprise resource planning system technology change and upgrading

A comprehensive enterprise resource planning (ERP) system is employed to ensure that all Group companies' sales, inventories, orders, shipping, and production operational processes are conducted within the framework of an integrated structure; to make it easier to manage changes and developments as they occur; to foster a more real-time and cost-based business management style; and to speed up operational decision-making processes. A project to change and upgrade the technology used in this system was undertaken and completed first in the Chemicals and then in the Glassware Businesses. Project work is now in progress in the Glass packaging and Flat Glass Businesses. The inclusion of the Şişecam Group's budgeting and planning processes will begin in 2009.

Software that was developed to enhance inter-unit communication in order to shorten product design processes in the Group's domestic and international operations is now up and running.

Türkiye Şişe ve Cam Fabrikaları A.Ş.
and Its Subsidiaries
Consolidated Financial Statements
For The Year Ended 31 December 2008

Deloitte.

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CONVENIENCE TRANSLATION OF THE REPORT AND
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 financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş. ("the Company") and its subsidiaries (together "the Group") comprising the consolidated balance sheet as of 31 December 2008, and the consolidated statement of income, consolidated statement of changes in equity and consolidated statement of 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 subsidiaries, joint ventures and associates which are operating in foreign countries and accounted for by using the line by line consolidation, proportionate consolidation and equity method of accounting respectively. The assets and net sales of the aforementioned entities included in the accompanying consolidated financial statements constitute 14% of the Group's consolidated assets and net sales as of 31 December 2008. 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.

Opinion
In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries as of 31 December 2008 and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting standards determined by the Capital Markets Board.

Istanbul, 10 April 2009

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

Gökhan Alpman
Partner

Member of
Deloitte Touche Tohmatsu

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Consolidated Balance Sheet as of 31 December 2008
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	Notes	Current Period 31 December 2008	Previous Period 31 December 2007
Current Assets		**2.526.049.506**	**1.775.186.961**
Cash and cash equivalents	6	652.423.039	433.736.538
Financial investments	7	18.053.608	6.218.205
Trade receivables	10	656.577.898	555.765.468
Other receivables	11, 37	27.746.423	28.608.040
Inventories	13	944.145.806	620.650.989
Other current assets	15, 26	227.102.732	130.207.721
Non-current Assets		**3.809.081.576**	**3.422.195.017**
Trade receivables	10	975.546	2.741.686
Other receivables	11	1.239.282	1.103.241
Financial investments	7	92.113.707	92.862.252
Investments accounted for under equity method	16	135.764.743	115.669.697
Tangible fixed assets	18	3.498.077.749	3.113.339.153
Intangible assets	19	21.754.992	22.222.031
Goodwill	20	19.447.575	19.211.454
Deferred tax assets	35	18.399.729	27.966.784
Other non-current assets	26	21.308.253	27.078.719
TOTAL ASSETS		**6.335.131.082**	**5.197.381.978**

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 2008
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	Notes	Current Period 31 December 2008	Previous Period 31 December 2007
Current Liabilities		**1.253.934.482**	**940.771.149**
Financial liabilities	8	743.556.385	589.941.519
Trade payables	10	289.310.468	217.823.482
Other payables	11, 37	105.922.489	56.766.490
Current income tax liabilities	35	26.251.530	13.215.114
Provisions	22	9.031.360	3.910.834
Provisions for employee termination benefits	24	7.350.179	4.433.637
Other current liabilities	15, 26	72.512.071	54.680.073
Non-current Liabilities		**1.509.640.534**	**913.519.146**
Financial liabilities	8	1.244.841.495	627.703.036
Trade payables	10	5.637.209	5.706.332
Other payables	11	60.089	96.295
Provisions for employee termination benefits	24	144.294.534	140.835.844
Deferred tax liabilities	35	114.085.163	138.569.928
Other non-current liabilities	26	722.044	607.711
EQUITY	**27**	**3.571.556.066**	**3.343.091.683**
Total Equity Attributable to Equity Holders' of the Parent		**2.740.407.207**	**2.539.892.949**
Share capital		1.006.222.184	1.006.222.184
Inflation adjustments to share capital		241.425.784	241.425.784
Treasury shares (-)		(40.687.973)	(40.687.973)
Share premium in excess of par		527.051	527.051
Revaluation funds		(324.068)	3.049.050
Currency translation reserve		31.330.801	(17.870.460)
Restricted reserves appropriated from profits		73.826.407	25.866.187
Retained earnings		1.269.367.765	1.043.461.359
Net profit / (loss) for the period		158.719.256	277.899.767
Minority Interest		**831.148.859**	**803.198.734**
TOTAL LIABILITIES AND EQUITY		**6.335.131.082**	**5.197.381.978**

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

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

Consolidated Income Statement for the Year Ended 31 December 2008

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

Continued Operations	Notes	Current Period 1 January - 31 December 2008	Previous Period 1 January 31 December 2007
Sales revenue	28	3.743.714.048	3.227.908.897
Cost of sales (-)	28	(2.642.276.309)	(2.267.427.858)
Gross Profit / (Loss)		**1.101.437.739**	**960.481.039**
Marketing, sales and distribution expenses (-)	29, 30	(248.531.010)	(261.491.379)
General administrative expenses (-)	29, 30	(349.323.227)	(315.411.299)
Research and development expenses (-)	29, 30	(27.786.753)	(21.249.709)
Other operating income	31	8.090.868	75.790.802
Other operating expenses (-)	31	(32.187.537)	(53.416.388)
Operating Profit / (Loss)		**451.700.080**	**384.703.066**
Share in net profit / (loss) of investments accounted for under equity method	16	4.035.776	12.485.272
Financial income	32	443.593.162	242.463.196
Financial expenses (-)	33	(642.450.457)	(186.567.813)
Profit / (Loss) before Taxation from Continued Operations		**256.878.561**	**453.083.721**
Tax benefit / (charge) from continued operations		**(68.069.853)**	**(84.653.139)**
- Current tax benefit / (charge)	35	(83.339.741)	(78.817.958)
- Deferred tax benefit / (charge)	35	15.269.888	(5.835.181)
Profit / (Loss) for the Period		**188.808.708**	**368.430.582**
Attributable to:			
- Minority interest	27	30.089.452	90.530.815
- Equity holders of the parent		158.719.256	277.899.767
Earning / (loss) per share	36	0,1577	0,2762

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 2008

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

	Share Capital	Inflation Adjustments to Share Capital	Treasury Shares (-)	Share Premium in Excess of Par	Revaluation Fund	Currency Translation Reserve	Restricted Reserves Appropriated from Profits	Retained Earnings	Net Profit / (Loss) for the Period	Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total
Balance as of 1 January 2007	**423.500.000**	**203.295.578**	**(620.857)**	**527.051**	**390.400**	**25.424.782**	**12.737.578**	**1.492.018.441**	**199.323.396**	**2.356.596.369**	**734.644.333**	**3.091.240.702**
Currency translation reserves	-	-	-	-	-	(43.295.242)	-	-	-	(43.295.242)	(2.150.707)	(45.445.949)
Increase in the fair value of available for sale financial investments	-	-	-	-	2.658.650	-	-	-	-	2.658.650	-	2.658.650
Effect of change in effective rate	-	-	-	-	-	-	-	(22.826.825)	-	(22.826.825)	22.826.825	-
Business combination effects of entities under common control	56.806.184	59.251.465	(40.067.116)	-	-	-	9.319.621	(53.013.629)	-	32.296.525	(13.906.328)	18.390.197
Net loss recognized directly in equity	**56.806.184**	**59.251.465**	**(40.067.116)**	**-**	**2.658.650**	**(43.295.242)**	**9.319.621**	**(75.840.454)**	**-**	**(31.166.892)**	**6.769.790**	**(24.397.102)**
Net profit for the period	-	-	-	-	-	-	-	-	277.899.767	277.899.767	90.530.815	368.430.582
Total net profit for the period	**56.806.184**	**59.251.465**	**(40.067.116)**	**-**	**2.658.650**	**(43.295.242)**	**9.319.621**	**(75.840.454)**	**277.899.767**	**246.732.875**	**97.300.605**	**344.033.480**
Non-cash share capital increases	525.916.000	(21.121.259)	-	-	-	-	-	(504.794.741)	-	-	-	-
Transfers to legal reserves	-	-	-	-	-	-	3.808.988	195.514.408	(199.323.396)	-	5.750.683	5.750.683
Dividends paid	-	-	-	-	-	-	-	(63.436.295)	-	(63.436.295)	(34.496.887)	(97.933.182)
Balance as of 31 December 2007	**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**
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**
Currency translation reserve	-	-	-	-	-	49.201.261	-	-	-	49.201.261	24.573.218	73.774.479
Decrease in the fair value of available for sale assets	-	-	-	-	(3.373.118)	-	-	-	-	(3.373.118)	-	(3.373.118)
Business combination effects of entities under common control	-	-	-	-	-	-	-	(4.033.141)	-	(4.033.141)	(14.495.853)	(18.528.994)
Net loss recognized directly in equity	**-**	**-**	**-**	**-**	**(3.373.118)**	**49.201.261**		**(4.033.141)**	**-**	**41.795.002**	**10.077.365**	**51.872.367**
Net profit for the period	-	-	-	-	-	-	-	-	158.719.256	158.719.256	30.089.452	188.808.708
Total net profit for the period	**-**	**-**	**-**	**-**	**(3.373.118)**	**49.201.261**	**-**	**(4.033.141)**	**158.719.256**	**200.514.258**	**40.166.817**	**240.681.075**
Share capital increase	-	-	-	-	-	-	-	-	-	-	35.862.268	35.862.268
Transfers to legal reserves	-	-	-	-	-	-	47.960.220	229.939.547	(277.899.767)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(48.078.960)	(48.078.960)
Balance as of 31 December 2008	**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**

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Consolidated Cash Flow Statement for the Year Ended 31 December 2008
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period 1 January - 31 December 2008	Previous Period 1 January - 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		188.808.708	368.430.582
Adjustments to reconcile net profit / (loss) to net cash generated by operating activities			
- Depreciation and amortization expenses	18, 19	410.334.795	345.896.472
- Impairment of tangible fixed assets	18	4.334.847	301.000
- Loss on sales of tangible fixed assets	31	(3.656.232)	-
- Foreign currency differences related with financial liabilities	8	15.215.500	(89.688.097)
- Provision for employment termination benefits	24	23.862.677	27.821.636
- Change in allowance for doubtful receivables	10	1.767.917	(1.691.609)
- Change in allowance for diminution in value of inventories	13	8.962.217	(1.547.055)
- Change in sundry provisions	22	8.037.068	(1.411.854)
- Change in other miscellaneous income accruals	26	(7.457.689)	(8.404.149)
- Valuation of financial assets held to maturity	7	(346.150)	253.799
- Deferred income	26	(33.149.373)	(21.201.638)
- Goodwill recognized as income	20	-	(2.666.210)
- Profit gain from subsidiary disposal	32	-	(69.245.374)
- Interest income	32	(30.378.313)	(25.789.095)
- Interest expenses	33	119.968.395	76.038.256
- Allowance for financial asset impairment	7	-	386.077
- Allowance for impairment of goodwill	20	2.545.875	517.805
- Dividend income	32	(973.484)	(1.506.434)
- (Income) / loss from investments accounted for under equity method	16	(4.035.776)	(12.485.272)
- Accrued taxation	35	68.069.853	84.653.139
Operating cash flows provided before changes in working capital		**771.910.835**	**668.661.979**
- Trade receivables	10	(89.165.348)	(96.295.070)
- Inventories	13	(326.298.446)	(83.723.125)
- Due from related parties	37	(4.381.152)	(7.087.794)
- Other receivables and current assets	11, 26	(57.073.420)	(14.566.832)
- Trade payables	10	67.584.640	25.358.638
- Due to related parties	37	41.372.703	6.474.417
- Other payables and expense accruals	11, 35, 22, 26	39.805.490	36.239.614
Cash generated from operations		**443.755.302**	**535.061.827**
- Interest paid	33	(88.073.333)	(52.301.432)
- Taxes paid	26, 35	(86.504.047)	(78.974.550)
- Employee termination benefits paid	24	(20.990.053)	(17.359.805)
Net cash provided by operating activities		**248.187.869**	**386.426.040**

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

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

Consolidated Cash Flow Statement for the Year Ended 31 December 2008

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

	Notes	Current Period 1 January - 31 December 2008	Previous Period 1 January - 31 December 2007
CASH FLOWS FROM INVESTING ACTIVITIES			
- Changes in financial assets held for trading (net)	7	(11.835.403)	27.477
- Changes in financial assets (net)	16	6.791.860	(2.114.785)
- Acquisitions of subsidiary	18	(19.521.168)	(15.143.577)
- Effect of acquisition of entities under common control		(13.405.760)	-
- Acquisitions of tangible fixed assets	18	(737.738.326)	(622.967.547)
- Acquisitions of intangible assets	19	(2.816.759)	(6.579.431)
- Proceeds from sales of tangible fixed assets	18	99.794.463	75.150.589
- Proceeds from sales of intangible assets	19	107.456	2.742.214
- Dividend income	32	772.919	1.328.685
- Interest received	32	29.041.108	24.605.033
- Effect of sales of subsidiary and associate		-	133.271.469
- Changes in other investing activities	26	5.770.466	(19.421.411)
- Change in currency translation reserve	18, 19, 27	(86.233.303)	30.175.064
Net cash used in investing activities		**(729.272.447)**	**(398.926.220)**
CASH FLOWS FROM FINANCING ACTIVITIES			
- New financial liabilities raised	8	1.248.925.294	782.540.458
- Repayment of financial liabilities	8	(562.876.322)	(751.705.399)
- Dividends paid		-	(63.436.295)
- Changes in minority interest (net)	27	12.477.036	(31.384.754)
Net cash (used in) / provided by financing activities		**698.526.008**	**(63.985.990)**
Net change in cash and cash equivalents	6	217.441.430	(76.486.170)
Cash and cash equivalents at the beginning of the period	6	430.141.451	506.627.621
Cash and cash equivalents at the end of the period		**647.582.881**	**430.141.451**

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 2008

(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 43 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 73 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest private commercial banks in Turkey. 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

Details of the number of the personnel are as follows:

	31 December 2008	31 December 2007
Personnel charged by the monthly pay	5.823	5.445
Personnel charged by the hour	12.160	11.583
Total	**17.983**	**17.028**

Approval of Financial Statements
The Company's consolidated financial statements as of 31 December 2008 audited 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 applied by the Company and the accompanying financial statements are authorized by the CFO, İbrahim Babayiğit, and the Holding Accounting Manager, Mükremin Şimşek and approved for the public announcement by the Board of Directors on 10 April 2009.

The General Assembly has the authority to amend financial statements.

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008

(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	Other
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 Sanayii 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
Brewer Pivdenna (Odessa) UK	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 Sanayi 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 2008

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

	31 December 2008		31 December 2007	
Company name	Ratio of direct ownership (%)	Ratio of effective ownership (%)	Ratio of direct ownership (%)	Ratio of effective ownership (%)
Trakya Cam Sanayii A.Ş.	68,20	67,64	67,11	66,55
Trakya Yenişehir Cam San. A.Ş.	100	72,50	100	71,57
Çayırova Cam Sanayii A.Ş.	68,4	59,30	68,4	58,99
Trakya Polatlı Cam Sanayii A.Ş.	100	72,51	100	71,59
Trakya Glass Bulgaria EAD	100	75,92	100	75,13
Trakya Cam Investment B.V.	100	75,92	100	75,13
Trakya Investment B.V.I.O	100	67,64	-	-
Trakya Glass Logistics EAD	100	75,92	100	75,13
Trakya Glass Kuban OOO	100	75.92	-	-
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99,36	95,22	99,36	95,14
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	100	96,69	100	96,63
Paşabahçe Mağazaları A.Ş.	100	88,43	100	88,41
Camiş Ambalaj Sanayii A.Ş.	100	100	100	100
Denizli Cam San. ve Tic. A.Ş.	51	44,55	51	44,51
Paşabahçe Investment B.V.	100	95,22	100	95,14
OOO Posuda	100	95,22	100	95,14
Anadolu Cam Sanayii A.Ş.	79,91	79,26	79,82	79,16
Anadolu Cam Yenişehir San. A.Ş.	100	82,36	100	82,28
Anadolu Cam Investment B.V.	51,85	41,10	51,85	41,05
AC Glass Invest B.V.	100	40,42	-	-
Balsand B.V.	51	40,42	51	40,37
JSC Mina	80,64	63,92	80,64	63,84
OOO Ruscam Gorokhovets	99,72	40,98	99,72	40,93
OOO Ruscam Kuban	100	40,42	51	40,37
OJSC Ruscam Pokrovsky	100	40,42	100	40,37
OAO Ruscam Krishisky	100	40,42	-	-
OOO Ruscam Sibir	100	40,42	-	-
OOO Ruscam Ufa	100	40,42	100	40,37
Brewer Pivdennna (Odessa) UK	100	40,42	-	-
Soda Sanayii A.Ş.	85,05	82,06	84,96	81,96
Şişecam Bulgaria Ltd.	100	82,06	100	81,96
Cam Elyaf Sanayii A.Ş.	98,35	90,24	98,35	89,99
Camiş Madencilik A.Ş.	21,54	18,66	21,54	18,57
Camiş Egypt Mining Ltd. Co.	99,7	18,60	99,7	18,51
Camiş Elektrik Üretim A.Ş.	100	82,52	100	82,10
Madencilik San. ve Tic. A.Ş.	100	98,82	100	98,79
Şişecam Soda Lukavac DOO	78,34	64,29	78,34	64,21
Asmaş Ağır Sanayi Makineleri A.Ş.	98,77	83,75	-	-
Camser Madencilik A.Ş.	100	18,95	100	18,86
Şişecam Dış Ticaret A.Ş.	100	99,95	100	99,95
Camiş Limited	100	98,57	100	98,54
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100	99,86	100	99,86

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

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	31 December 2008		31 December 2007	
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 2008		31 December 2007	
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	20,49

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 legislation in those countries.

The Capital Markets Board ("CMB") Communiqué Serial: XI, No: 29 "Communiqué on Financial Reporting Standards in Capital Markets" ("Communiqué Serial: XI, No: 29") provides principles and standards on the preparation and presentation of financial statements. The Communiqué is applicable commencing from the first interim financial statements prepared subsequent to 1 January 2008, and Communiqué Serial: XI, No: 25 "Communiqué on Capital Market Accounting Standards" ("Communiqué Serial: XI, No: 25") is annulled by the application of this communiqué. As per this communiqué, the financial statements should be prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union ("EU"). However companies will apply IASs/IFRSs until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"). In this respect, Turkish Accounting / Financial Reporting Standards issued by TASB that 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. In this respect, certain reclassifications have been made to the previous period's financial statements prepared in accordance with Communiqué Serial: XI, No: 27, which is supplementary to Communiqué Serial: XI, No: 25.

Financial statements are prepared in accordance with the historical costs principle, except the revaluation of some tangible assets and financial instruments.

Presentation and Functional Currency

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

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008

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

In accordance with Law No: 5083 "Monetary Unit of the Turkish Republic" ("Law No: 5083"), the name of the Turkish Republic's monetary unit and its sub-currency unit was changed to the New Turkish Lira ("YTL") and the New Turkish Cent ("YKR"), respectively. However, in accordance with the additional decision of the Council of Ministers declared on Official Gazette dated on 22 August 2008 and numbered 26975 in regards to "Removal of the phase "New" in the New Turkish Lira and the New Turkish Cent and Its Application Principles", the phase "New" used in the Turkish Republic's monetary unit is removed both from YTL and YKR effective from 1 January 2009. Therefore, the accompanying consolidated financial statements are prepared and presented in TL accordingly.

Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the resolution numbered 11/367 dated 17 March 2005, the CMB stated that companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) effective from 1 January 2005 are not subject to inflation accounting. Based on that statement, IAS 29 "Financial Reporting in Hyperinflationary Economies" is no longer valid as of 1 January 2005 in the accompanying consolidated financial statements.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries) as explained in Note 1. 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 line with those used by other members of the Group.

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

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

Under IAS 21 "The Effects of the Changes of 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. The exchange differences are written as an income or loss for the related period.

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

	31 December 2008		31 December 2007	
Currency	**Year End**	**Period Average**	**Year End**	**Period Average**
US DOLLAR	1,51230	1,29758	1,16470	1,30151
EURO	2,14080	1,89693	1,71020	1,77818
BULGARIAN LEVA	1,09457	0,96988	0,87441	0,90917
EGYPTIAN POUND	0,27989	0,23959	0,21159	0,23154
RUSSIAN RUBLE	0,05147	0,04416	0,04745	0,05302
GEORGIAN LARI	0,90720	0,77839	0,73178	0,81774
UKRAINIAN HRYVNIA	0,19640	0,01844	-	-
CONVERTIBLE MARK	1,09457	0,96988	0,87441	0,90917

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 2008 are presented in Note 1.

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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 for 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 2008 are presented in Note 1.

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. The 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 made in the accounting policies are applied retrospectively and the previous period's financial statements are restated accordingly.

2.3 Changes in the Accounting Estimates and Errors

If the application of changes in 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 that are detected 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

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

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Although the following standards and amendments and interpretations to published standards should be applied for accounting periods beginning on or after 1 January 2008, they are not adopted by the Group since they are not related to the Group's operations:

- IFRIC 11, "IFRS 2 - Group and treasury share",
- IFRIC 12, "Service Concession Arrangements",
- IFRIC 14, "IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction".

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

• IFRS 8, "Operating segments"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 15, "Agreements for the construction of real estate"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 16, "Hedges of a net investment in a foreign operation"	Effective for annual periods beginning on or after 1 November 2008
• IFRIC 17, "Distributions of non-cash assets to owners"	Effective for annual periods beginning on or after 1 July 2009
• IFRS 2, "Share-based Payment" Amendment relating to vesting conditions and cancellations"	Effective for annual periods beginning on or after 1 January 2009
• IFRS 1, "First-time Adoption of International Financial Reporting Standards" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009
• IFRS 3, "Business Combinations"	
• IAS 27, "Consolidated and Separate Financial Statements	
• IAS 28, "Investments in Associates"	
• IAS 31 "Interests in Joint Ventures" Comprehensive revision on applying the acquisition method	Effective for annual periods beginning on or after 1 July 2009
• IAS 23, "(Amendment) Borrowing costs" Comprehensive revision to prohibit immediate expensing	Effective for annual periods beginning on or after 1 January 2009
• IAS 27, "Consolidated and Separate Financial Statements" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 2009

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

• IAS 1, "Presentation of Financial Statements"	Effective for annual periods beginning on or after 1 January 2009
• IAS 32, "Financial Instruments: Presentation" Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	
• IAS 1, "Presentation of Financial Statements" Comprehensive revision including requiring a statement of comprehensive income	Effective for annual periods beginning on or after 1 January 2009
• IAS 39, "Financial Instruments: Recognition and Measurement" Amendments for eligible hedged items	Effective for annual periods beginning on or after 1 January 2009

The Group's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

IFRS 3, "Business Combinations"
Costs related with acquisitions shall be presented under profit and loss statement when occurred and changes in the contingent costs recorded at the time of inception shall be recorded under profit and loss statement instead of correction from goodwill.

IFRS 8, "Operating Segments"
IAS 14 "Segment Reporting" is replaced with IFRS 8 "Operating Segments". This standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The potential impact of the first-time application of IFRS 8 is currently being reviewed by the Group.

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 continuing 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 using the weighted average method. Cost comprises purchase cost and, where applicable, conversion costs and those overheads that have been incurred in bringing the inventories to their present conditions.

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.

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

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 recorded at amortized cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

Available-for-sale financial assets

Investments other than held-to-maturity financial assets, held for fair value through profit or loss and loans and receivables are classified as available-for-sale, and are measured at subsequent reporting dates at fair value except for available-for-sale investments that do not have quoted prices in active an market and whose fair values can not be reliably measured are carried at cost. Gains and losses on available for sale financial assets at amortized cost are recognized in the income statement. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

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Fair value of available for sale monetary assets denominated in foreign currency is determined in that foreign currency and converted using the spot rate at the reporting date. Change in fair value attributable to conversion differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

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.

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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. The cost of the 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 effected 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 minority shareholders in the acquiree is initially measured at the minority's 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. Income statements 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

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

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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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.

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

Events After Balance Sheet Date
Events after balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for publication, even if any event after balance sheet date occurred subsequent to an announcement on the Group's profit or following any financial information disclosed to public.

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

Provisions, Contingent Liabilities and Contingent Assets
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.

Segmental Information
A reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

A business segment or geographical segment should be identified as a reportable segment if a majority of its revenue is earned from sales to external customers and if its revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments; or its segment result, whether profit or loss, is 10% or more of the combined result of all segments in profit or the combined result of all segments in loss, whichever is the greater in absolute amount; or its assets are 10% or more of the total assets of all segments.

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.

For management purposes, the Group is currently organized into five operating businesses; flat glass, glassware, glass packaging, chemicals and other including import, export, insurance agency and investment agency. These divisions are the basis of which the Group reports its primary segment information (Note 5).

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 income statement 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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. The 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.

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 No: 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.

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

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.

Cash Flows Statement

The Group prepares cash flow statements 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 netting off from the retained earnings in the period in which they are approved and disclosed.

2.6 Significant Accounting Estimates

The Group uses assumptions and makes estimations related to future events. Results of the accounting estimates are similarly the same with the ones that are rarely realized. 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 33.149.373 as of 31 December 2008 (31 December 2007: TL 21.201.638).

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 676.428 and if the actualized proportion is decreased, the revenue to be recognized in the period would be decreased by TL 676.428 (31 December 2007: None).

3. Business Combinations

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
Current assets	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	2.627.938
Incurred costs related to acquisition, which are capitalized	239.044
Translation adjustment	(84.986)
Goodwill as of 31 December 2008,	**2.781.996**

Net cash paid for the acquisition of subsidiary	
Total cash paid	17.966.992
Cash and cash equivalent received	(701.846)
Net cash outflow	**17.265.146**

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In the context of IFRS 3, the Group acquired the entire shares of Brewer Pivdenna (Odessa) UK on of 29 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
Current assets	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**

Business combinations realized in 2007

During the period between 1 January - 31 December 2007, the equity shares held by the Company's subsidiaries, Camiş Madencilik A.Ş. and Çayırova Cam Sanayii A.Ş., having a carrying amount of TRY 70.871.783 (12.973.080 and 57.898.703) were transferred to Cam Pazarlama A.Ş. in accordance with Article 19 (3)b "Partial Dissolution" of the Corporate Tax Law No: 5520, Articles No: 303 - 396 of the Turkish Commercial Code, and the Communiqué on" Rules and Principles in Partial Dissolution Transactions" of Ministry of Finance and Ministry of Industry and Commerce.

During the period between 1 January - 31 December 2007, Trakya Cam Sanayii A.Ş. was merged with Camiş Lojistik Hizmetleri ve Ticaret A.Ş. through the transfer all of the assets and liabilities of the subsidiary in accordance with Article 451 of the Turkish Commercial Code, Articles 18, 19 and 20 of the Corporate Tax Law and the Capital Markets Board Communiqué No: I/31 "Principles of Business Combinations". Since this merge is a business combination of entities under common control, it is not accounted for in accordance with IFRS 3 "Business Combinations".

During the period between 1 January - 31 December 2007, the Company was merged with Cam Pazarlama A.Ş. through the transfer all of the assets and liabilities of the subsidiary in accordance with Article 451 of the Turkish Commercial Code, Articles 18, 19 and 20 of the Corporate Tax Law and the Capital Markets Board Communiqué No: I/31 "Principles of Business Combinations". Since this merge is a business combination of entities under common control, it is not accounted for in accordance with IFRS 3 "Business Combinations".

The Group acquired 1,25% of Solvay Şişecam Holding AG shares from the European Bank of Reconstruction and Development, and all shares of Camser Madencilik A.Ş. were held by the Gürbüz family in the related period.

In this respect, the Group acquired 1,25% shares of its associate Solvay Şişecam Holding AG, in addition to 23,75% shares held formerly by the Group, from the European Bank of Reconstruction and Development ("EBRD") in consideration of US Dollars 2.098.765 (TL 2.864.815) on 13 April 2007. The associate is accounted for under the equity method prior to and as of 31 December 2007. TL 2.466.050 of negative goodwill amount arising from the acquisition of shares of which the Group previously had measured as the fair value of TL 5.330.865 for a consideration of TL 2.864.815 is recognized as an income in the prior year's profit and loss (Note 31).

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The Group acquired all shares of Camser Madencilik A.Ş. in February 2007 from the Gürbüz family in consideration of TL 15.344.641. The calculation of goodwill arising from this acquisition is given below.

	Carrying Value	Fair Value	Group's Share
Cash and cash equivalents	201.064	201.064	201.064
Trade receivables and due from related parties	2.102.494	2.102.494	2.102.494
Other receivables	337.188	337.188	337.188
Inventories	1.528.993	1.528.993	1.528.993
Other current assets	31.414	31.414	31.414
Tangible assets (net)	1.124.925	1.124.925	1.124.925
Intangible assets (net)	207.760	207.760	207.760
Financial liabilities	(1.786.935)	(1.786.935)	(1.786.935)
Trade payables and due to related parties	(1.118.458)	(1.118.458)	(1.118.458)
Other liabilities (net)	(105.900)	(105.900)	(105.900)
Provisions	(252.138)	(252.138)	(252.138)
Deferred tax asset / (liability) (net)	139.191	139.191	139.191
Net asset total	**2.409.598**	**2.409.598**	**2.409.598**
Mining yards	-	13.135.203	13.135.203
Total net assets acquired			**15.544.801**
Total cash paid			**15.344.641**
Positive / (negative) goodwill (*)			**(200.160)**

Net cash paid due to acquisition of subsidiary	**31 December 2006**
Total cash paid	(15.344.641)
Cash and cash equivalents acquired	201.064
Net cash outflow	**(15.143.577)**

(*) Negative goodwill calculated for the acquisition of Camser Madencilik A.Ş. amounting to TL 200.160 in the current period is accounted as an income in the other income / (loss) accounts (Note 31).

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, balance sheet and income statement amounts of the participations subject to joint management are gathered with similar accounts in the financial statements of the Group considering the share of the Group acquired directly and/or via its subsidiaries. Subsequent to such transactions, capital and profit-loss amounts, except for the figures of the main partnership, are excluded from the consolidated financial statements. Financial information related to the joint ventures presented below refers to whole financial information in their financial statements.

The nature of business, share percentages and summarized financial information of joint ventures accounted with the proportionate consolidation method are listed below:

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

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	31 December 2008		31 December 2007	
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

Summarized financial information of joint ventures

Oxyvit Kimya San. ve Tic. A.Ş.	**31 December 2008**	**31 December 2007**
Current assets	6.553.127	6.204.739
Non-current assets	10.722.089	9.543.760
Current liabilities	(637.993)	(871.358)
Non-current liabilities	(3.089.618)	(2.682.062)
Net assets	**13.547.605**	**12.195.079**

	1 January - 31 December 2008	**1 January - 31 December 2007**
Income	17.951.317	13.658.554
Expense (-)	(14.615.546)	(11.914.612)

Omco İstanbul Kalıp San. A.Ş.	**31 December 2008**	**31 December 2007**
Current assets	22.615.999	18.082.900
Non-current assets	9.037.677	9.869.910
Current liabilities	(3.294.449)	(3.110.400)
Non-current liabilities	(1.715.436)	(1.629.172)
Net assets	**26.643.791**	**23.213.238**

	1 January - 31 December 2008	**1 January - 31 December 2007**
Income	48.242.858	42.591.986
Expense (-)	(36.838.217)	(35.094.758)

OOO Balkum	**31 December 2008**	**31 December 2007**
Current assets	5.304.086	1.887.086
Non-current assets	7.679.787	7.804.339
Current liabilities	(6.915.060)	(2.044.699)
Non-current liabilities	-	(3.614.149)
Net assets	**6.068.813**	**4.032.577**

	1 January - 31 December 2008	**1 January - 31 December 2007**
Income	23.005.076	19.545.187
Expense (-)	(21.385.045)	(16.930.755)

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

5. Segment Information

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)	(645.577.429)	(769.302.668)	(917.107.230)	(76.857.068)	428.290.577	(2.642.276.309)
Gross profit / (loss) from continued operations	**317.051.469**	**274.028.498**	**285.179.616**	**192.303.769**	**6.293.690**	**26.580.697**	**1.101.437.739**
Operating expenses	(143.019.082)	(237.267.299)	(134.074.772)	(112.936.034)	(6.547.153)	8.203.350	(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 loss	(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**	**30.892.175**	**127.732.312**	**71.911.871**	**540.806**	**38.226.621**	**451.700.080**
Share in net profit / (loss) of investments accounted for under equity method	-	-	(387.037)	4.422.813	-	-	4.035.776
Financial 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 from continued operations	**146.649.989**	**(39.270.636)**	**11.592.960**	**57.869.492**	**53.580.102**	**26.456.654**	**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 from continued operations	**120.198.798**	**(40.046.436)**	**(8.659.694)**	**43.134.345**	**43.894.603**	**30.287.092**	**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.)

1 January - 31 December 2007	Flat Glass	Glassware	Glass Packaging	Chemicals	Other	Consolidation eliminations	Consolidated
Net external sales	872.627.463	811.198.463	888.319.145	648.065.857	7.697.969	-	3.227.908.897
Inter-segments sales	16.761.938	15.183.610	8.481.722	221.364.611	13.287.153	(275.079.034)	-
Total net sales	**889.389.401**	**826.382.073**	**896.800.867**	**869.430.468**	**20.985.122**	**(275.079.034)**	**3.227.908.897**
Cost of sales	(560.612.372)	(561.962.874)	(651.247.609)	(750.983.799)	(5.455.713)	262.834.509	(2.267.427.858)
Gross profit / (loss) from continued operations	**328.777.029**	**264.419.199**	**245.553.258**	**118.446.669**	**15.529.409**	**(12.244.525)**	**960.481.039**
Operating expenses	(149.699.001)	(237.056.919)	(108.749.131)	(107.621.646)	(1.232.731)	6.207.041	(598.152.387)
Other operating income	42.272.374	13.726.573	12.326.563	27.366.790	3.096.533	(22.998.031)	75.790.802
Other operating loss	(11.917.382)	(17.496.325)	(21.722.812)	(21.945.194)	(381.230)	20.046.555	(53.416.388)
Operating profit / (loss)	**209.433.020**	**23.592.528**	**127.407.878**	**16.246.619**	**17.011.981**	**(8.988.960)**	**384.703.066**
Share in net profit / (loss) of investments accounted for under equity method	-	-	132.399	12.352.873	-	-	12.485.272
Financial income / expenses (net)	5.799.791	4.298.055	(13.769.551)	(5.681.379)	67.937.632	(2.689.165)	55.895.383
Profit/ (loss) before taxation from continued operations	**215.232.811**	**27.890.583**	**113.770.726**	**22.918.113**	**84.949.613**	**(11.678.125)**	**453.083.721**
Current tax benefit / (charge)	(40.441.390)	(8.783.583)	(25.427.775)	(101.330)	(5.705.115)	(4.193.946)	(84.653.139)
Profit/ (loss) for the period from continued operations	**174.791.421**	**19.107.000**	**88.342.951**	**22.816.783**	**79.244.498**	**(15.872.071)**	**368.430.582**
Tangible fixed and intangible assets' acquisitions	171.258.267	112.355.098	223.760.690	120.089.247	2.083.676	-	629.546.978
Tangible fixed and intangible assets' depreciation and amortization charges	(92.272.103)	(80.715.208)	(111.658.471)	(58.333.727)	(2.916.963)	-	(345.896.472)
Balance sheet information (31 December 2007)							
Total assets	2.088.984.235	1.381.080.604	1.657.908.587	1.254.310.258	2.303.715.451	(3.488.617.157)	5.197.381.978
Total liabilities	583.503.879	464.810.965	622.962.924	435.549.313	702.930.449	(955.467.235)	1.854.290.295

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Geographical segment

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

1 January - 31 December 2007	Turkey	Russia and Georgia	Europe	Other	Total	Consolidation eliminations	Consolidated
Net sales	4.334.459.760	436.202.678	290.319.072	6.454.284	5.067.435.794	(1.839.526.897)	3.227.908.897
Acquisitions of tangible fixed and intangible assets	479.273.485	112.610.844	37.327.195	335.454	629.546.978	-	629.546.978
Amortization and depreciation of tangible fixed and intangible assets	(275.157.069)	(43.366.730)	(27.244.886)	(127.787)	(345.896.472)	-	(345.896.472)
Total assets (31 December 2007)	7.328.321.940	538.565.060	817.401.364	1.710.770	8.685.999.134	(3.488.617.156)	5.197.381.978

6. Cash and Cash Equivalents

	31 December 2008	31 December 2007
Cash on hand	311.778	305.201
Cash in banks	651.952.032	433.300.624
- Demand deposits	54.795.651	59.838.663
- Time deposits (with maturities three months or less)	597.156.381	373.461.961
B type mutual funds	109.737	73.521
Other liquid assets	49.492	57.192
	652.423.039	**433.736.538**

Time deposits

Currency	Interest rate (%)	Maturity	31 December 2008	31 December 2007
EURO	2,00 - 7,00	February 2009	264.736.947	169.187.858
US Dollars	1,00 - 6,50	March 2009	328.630.695	142.046.313
TL	16,00	January 2009	1.026.367	59.010.381
Other foreign currency in equivalents of TRY	8,00	January 2009	2.762.372	3.217.409
			597.156.381	**373.461.961**

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

Cash and cash equivalents as of 31 December 2008 and 31 December 2007 presented in the consolidated statement of cash flows are as follows:

	31 December 2008	31 December 2007
Liquid assets	652.423.039	433.736.538
Interest Accruals	(2.521.267)	(1.184.062)
Less: Blocked deposits	(2.318.891)	(2.411.025)
	647.582.881	**430.141.451**

Anadolu Cam Sanayii A.Ş.'s time deposits amounting to 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 (31 December 2007: TL 2.411.025).

7. Financial Investments

a) Current Financial Investments

Deposits with maturities three months or more	Interest rate (%)	Maturity	31 December 2008	31 December 2007
EURO	3,75 - 7,00	April - December 2009	4.295.558	6.210.023
US Dollars	2,25 - 6,50	April - June 2009	13.758.050	8.182
			18.053.608	**6.218.205**

b) Non-current Financial Investments

	31 December 2008	31 December 2007
a) Available for sale financial assets ("AFS")	90.578.156	91.672.851
b) Held to maturity financial investments	1.535.551	1.189.401
	92.113.707	**92.862.252**

b.1) Available for sale financial assets

AFSs carried at market price	Share (%)	31 December 2008	Share (%)	31 December 2007
İş Yatırım Menkul Değerler A.Ş.	1,45	1.438.158	1,45	4.712.998
İş Finansal Kiralama A.Ş.	<1	432.900	<1	1.173.893
		1.871.058		**5.886.891**

Unlisted AFSs carried at cost	Share(%)	31 December 2008	Share (%)	31 December 2007
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	56.053
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	<1	3.034
Sintan Kimya Sanayii ve Ticaret A.Ş.	21,00	1.584.000	21,00	1.056.000
Nemtaş Nemrut Liman İşletmeleri A.Ş.	<1	158.241	-	-
Other	-	52.865	-	42.068
Impairment of available for sale financial assets (2)	-	(156.611.825)	-	(156.611.825)
		83.595.398		**82.898.185**

(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.

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Unconsolidated subsidiaries	Share (%)	31 December 2008	Share (%)	31 December 2007
Mepa Merkezi Pazarlama A.Ş.	99,71	212.083	99,71	212.083
İstanbul Porselen Sanayii 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	324.524
Paşabahçe USA Inc.	100,00	162	100,00	162
Paşabahçe Mağazaları B.V.	100,00	1.451.583	100,00	95.508
Cromital S.p.A.	50,00	3.039.460	50,00	2.171.610
Paşabahçe Yatırım ve Pazarlama A.Ş.	100,00	500.000	100,00	500.000
Impairment of subsidiaries (-)		(9.444.370)		(9.113.445)
		5.111.700		**2.887.775**

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 Sanayii A.Ş. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements.

b.2) Held to maturity financial investments

	Nominal value	Maturity	31 December 2008	31 December 2007
Eurobond	1.000.000	June 2010	1.535.551	1.189.401

8. Financial Liabilities

Current financial liabilities	31 December 2008	31 December 2007
Current loans	467.721.024	294.580.526
Current portion of non-current loans	275.835.361	295.360.993
Total current loans	743.556.385	589.941.519
Non-current financial liabilities		
Non-current loans	1.244.841.495	627.703.036
Total financial liabilities	**1.988.397.880**	**1.217.644.555**

Short-term and long-term bank loans are summarized below.

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	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%.

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31 December 2007

Currency	Maturity	Interest rate (%) (*)	Current Liabilities	Non-current Liabilities
US Dollars	2008 - 2014	Libor + 0,45 - 4,25	131.681.068	127.447.303
EURO	2008 - 2016	Euribor + 0,40 - 3,65	430.710.626	500.255.733
TL	2008	14,00 - 15,00	27.549.825	-
			589.941.519	**627.703.036**

(*) Represents the cap and lower rates and weighted average cost of borrowing are for Euro are for Euribor + 1,41, for US Dollars Libor + 1,81, for TL 15,00%.

The borrowings are repayable as follows:

	31 December 2008	31 December 2007
Within 1 year	743.556.385	589.941.519
Within 1-2 years	286.051.709	158.597.258
Within 2-3 years	321.720.522	164.504.419
Within 3-4 years	271.712.997	111.840.428
Within 4-5 years	233.459.378	83.563.762
5 years and after	131.896.889	109.197.169
	1.988.397.880	**1.217.644.555**

Collaterals given for financial liabilities	31 December 2008	31 December 2007
Guarantee bonds	237.290.490	283.305.663
Mortgages	10.551.734	71.689.495
	247.842.224	**354.995.158**

9. Other Financial Liabilities

None.

10. Trade Receivables and Payables

Trade Receivables

Current trade receivables	31 December 2008	31 December 2007
Trade receivables	631.864.352	531.144.147
Notes receivable	39.061.829	36.927.475
Other trade receivables	172.621	171.203
Allowance for doubtful receivables (-)	(14.520.904)	(12.477.357)
	656.577.898	**555.765.468**

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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 105 days. For overdue payments exceeding the first 15 days, 1,5% of interest is charged on a monthly basis whereas 3% of interest is charged for overdue payments exceeding more than the first 15 days.

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

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

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

Average sale term for glass packaging products is 30 to 90 days. Annual interest rates of 30%, 30% and 48% for overdue payments exceeding the first 30 days, for the next 30 days, and for the overdue payments exceeding the maximum term period is charged to customers, respectively.

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

Average sale term for domestic sales of chrome products is 17 days on a foreign currency basis. Interest of 1% is charged for overdue payments on a monthly basis.

For export sales, the average term is 60 days regardless of the product line.

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 change in the credit quality of the trade receivable from the date credit was initially granted to the reporting date. The Group has no significant concentration 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 debts.

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

	2008	2007
Opening balance, 1 January	(12.477.357)	(14.207.943)
Effect of acquisition	(354.455)	-
Charge for the period	(3.833.277)	(8.347.186)
Collection	2.144.185	10.077.772
Closing balance, 31 December	**(14.520.904)**	**(12.477.357)**

The Group retains the following collaterals for its trade receivables:

	31 December 2008	31 December 2007
Letters of guarantee	246.870.679	209.227.968
Promissory notes and bills	14.986.858	10.272.831
Mortgages	14.178.036	13.086.829
Cash	2.026.878	1.754.154
Other	5.674.473	84.108
	283.736.924	**234.425.890**

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As of 31 December 2008, TL 125.174.098 (31 December 2007: TRY 46.411.184) of trade receivable amount was past due but not impaired. This is related to a various number of independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2008	31 December 2007
One month due	71.776.183	37.523.097
Due within 1-3 months	35.342.871	6.314.123
Due within 3-12 months	17.462.388	1.803.093
Due within 1-5 years	592.656	770.871
Total over due receivables	**125.174.098**	**46.411.184**
The part under guarantee with collateral etc.	**(37.075.697)**	**(17.967.295)**
Non-current trade receivables		
Trade receivables	975.546	2.741.686

Trade Payables

Current trade payables		
Trade payables	288.897.660	217.544.221
Other trade payables	412.808	279.261
	289.310.468	**217.823.482**
Non-current trade payables		
Trade payables	5.637.209	5.706.332

11. Other Receivables and Payables

Other current receivables	31 December 2008	31 December 2007
Due from personnel	2.817.070	1.657.725
Deposits and guarantees given	1.408.011	2.050.480
Due from related parties (Note 37)	18.892.392	14.511.239
Other doubtful receivables	278.630	205.084
Allowance for doubtful receivables (-)	(278.630)	(199.805)
Other current receivables	4.628.950	10.383.317
	27.746.423	**28.608.040**
Other non-current receivables		
Deposits and guarantees given	1.239.282	1.103.241
Other current payables		
Deposits and guarantees received	2.001.775	1.736.147
Due to personnel	9.337.820	10.310.947
Order advances received	22.624.263	12.839.795
Due to related parties (Note 37)	65.541.401	24.168.696
Other advances received	222.643	177.861
Other sundry payables	6.194.587	7.533.044
	105.922.489	**56.766.490**
Other non-current payables		
Deposits and guarantees received	25.103	18.007
Deferred liabilities to public	34.986	78.288
	60.089	**96.295**

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12. Receivables and Payables from Financial Sector Operations

None.

13. Inventories

	31 December 2008	31 December 2007
Raw materials	247.892.691	171.011.945
Work in process	33.502.421	33.567.271
Finished goods	586.596.498	357.984.078
Trade goods	34.393.281	31.471.172
Other inventories	56.984.011	32.877.402
Allowance for diminution in value of inventories (-)	(15.223.096)	(6.260.879)
	944.145.806	**620.650.989**

The movements of allowance for diminution in value of inventories are as follows:

	2008	2007
Opening balance, 1 January	(6.260.879)	(6.173.694)
Charge for the period	(9.562.575)	(4.560.767)
Released	600.358	4.473.582
Closing balance, 31 December	**(15.223.096)**	**(6.260.879)**

14. Biological Assets

None.

15. Assets Related to Ongoing Construction Contracts

Based on IAS 11, realized progress payments and costs of Asmaş Ağır Sanayi Makinaları A.Ş. are as follows:

	31 December 2008	31 December 2007
Contract costs incurred for work ongoing	88.234.579	-
Revenue recognized less costs recognized (net)	(602.673)	-
Less: Progress payments received (-)	(69.563.385)	-
	18.068.521	**-**

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

	31 December 2008	31 December 2007
Receivables from ongoing construction contracts (Note 26)	19.211.264	-
Allowance for projects in loss (Note 26)	(602.673)	-
Progress payments of ongoing construction contracts (Note 26)	(540.070)	-
	18.068.521	**-**

In this context, as of 31 December 2008, the guarantee letters given to progress payments amount to TL 19.047.244 and the advances received amount to TL 10.391.043.

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

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 2008	31 December 2007
OAO FormMat	9.791.841	9.744.730
Solvay Şişecam Holding AG	125.972.902	105.924.967
	135.764.743	**115.669.697**

In the impairment analysis of OAO FormMat's goodwill resulted from the acquisitions in the prior periods, OAO FormMat and OOO Balkum are identified as one cash generating unit because their sand extraction and processing operations are classified as a whole. Based on the OAO FormMat and OOO Balkum's current financial performance and budget forecasts, US Dollar future cash flow projections are prepared. As of 31 December 2008, 5% of growth rate for the forthcoming five years and 1% of growth rate for the following years are used in the calculation of cash flow projections. The Group used 12% in order to discount cash flow projections. Based on the analysis performed as of 31 December 2008, since the recoverable amount of goodwill is higher than the carrying value, there is no impairment.

The summarized financial table of subsidiaries accounted for under the equity method is as follows:

	OAO FormMat		Solvay Şişecam Holding AG	
	31 December 2008	**31 December 2007**	**31 December 2008**	**31 December 2007**
Total assets	3.469.644	3.587.315	748.581.760	504.917.534
Total liabilities	(2.299.525)	(1.780.704)	(244.690.156)	(81.217.667)
Net assets	**1.170.119**	**1.806.611**	**503.891.604**	**423.699.867**
Group's share ratio (%)				
- Direct ownership ratio (%)	48,46	48,46	25,00	25,00
- Indirect ownership ratio (%)	19,59	19,57	20,52	20,49
The Group's share in net assets	**567.040**	**875.484**	**125.972.902**	**105.924.967**
	2008	**2007**	**2008**	**2007**
Profit / (loss) for the period	(798.673)	273.212	17.691.251	50.115.197
The Group's share in profit / (loss) for the period	(387.037)	132.399	4.422.813	12.352.873

17. Investment Property

None.

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

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**

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

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 2007	**74.701.369**	**163.922.847**	**936.482.345**	**5.222.813.268**	**46.950.580**	**233.782.936**	**171.867.567**	**333.479.176**	**7.184.000.088**
Transfers (*)	-	2.532.273	(2.532.260)	(376.931)	244.140	132.778	-	-	-
Effect of acquisition of subsidiary	328.345	-	225.982	1.305.347	869.371	1.401.472	-	-	4.130.517
Exchange differences	(1.035.050)	(72.673)	(21.716.687)	(50.326.047)	(1.795.852)	(1.464.614)	(2.195)	(6.363.534)	(82.776.652)
Additions	208.448	12.462.935	16.684.080	123.391.354	6.075.704	15.273.930	15.403.487	433.467.609	622.967.547
Disposals	-	(183.846)	(13.503.659)	(483.733.548)	(2.375.199)	(33.553.275)	(12.484.080)	(36.697.645)	(582.531.252)
Effect of disposal of subsidiary	(2.162.562)	(617.861)	(13.587.036)	(46.240.339)	(612.180)	(3.186.713)	(3.941.415)	-	(70.348.106)
Transfers from construction in progress	41.849	12.630.284	122.035.739	411.767.755	1.214.137	8.862.362	24.260.089	(580.812.215)	-
Closing balance, 31 December 2007	**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**
Accumulated depreciation and impairment									
Opening balance, 1 January 2007	-	(77.689.855)	(266.775.171)	(3.531.304.167)	(23.417.519)	(179.843.608)	(105.436.221)	-	(4.184.466.541)
Transfers (*)	-	(30.954)	30.954	13.381	(6.350)	(7.031)	-	-	-
Effect of acquisition of subsidiary	-	-	(31.581)	(989.140)	(604.400)	(1.380.471)	-	-	(3.005.592)
Exchange differences	-	4.083	4.831.864	12.669.645	342.475	669.595	1.138	-	18.518.800
Charge for the period	-	(9.395.458)	(20.754.032)	(256.226.735)	(6.134.364)	(15.626.797)	(34.926.562)	-	(343.063.948)
Disposals	-	33.970	7.587.113	456.177.967	1.125.957	31.773.001	10.682.655	-	507.380.663
Effect of disposal of subsidiary	-	201.304	5.894.501	30.881.807	488.085	2.668.201	2.700.731	-	42.834.629
Provision for impairment	-	-	(301.000)	-	-	-	-	-	(301.000)
Closing balance, 31 December 2007	**-**	**(86.876.910)**	**(269.517.352)**	**(3.288.777.242)**	**(28.206.116)**	**(161.747.110)**	**(126.978.259)**	**-**	**(3.962.102.989)**
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**
Carrying value as of 31 December 2006	**74.701.369**	**86.232.992**	**669.707.174**	**1.691.509.101**	**23.533.061**	**53.939.328**	**66.431.346**	**333.479.176**	**2.999.533.547**

(*) The Group has reviewed the tangible assets of its subsidiaries and made a reclassification among land improvements, buildings, machinery and equipment, vehicles and furniture and fixtures.

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19. Intangible Assets

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**

Cost	Rights	Mine fields	Other intangible assets	Total
Opening balance, 1 January 2007	28.315.376	-	4.730.945	33.046.321
Effect of acquisition of subsidiary	321.388	13.135.203	-	13.456.591
Exchange differences	(46.527)	-	(16.876)	(63.403)
Additions	3.051.598	-	3.527.833	6.579.431
Disposals	(6.452.638)	-	(2.618.899)	(9.071.537)
Effect of sales of subsidiary	(123.183)	-	-	(123.183)
Closing balance, 31 December 2007	**25.066.014**	**13.135.203**	**5.623.003**	**43.824.220**
Accumulated amortization				
Opening balance, 1 January 2007	(23.092.436)	-	(1.949.842)	(25.042.278)
Effect of acquisition of subsidiary	(113.627)	-	-	(113.627)
Exchange differences	5.752	-	9.952	15.704
Charge for the period	(987.675)	(868.548)	(976.301)	(2.832.524)
Disposals	6.248.850	-	80.473	6.329.323
Effect of sales of subsidiary	41.213	-	-	41.213
Closing balance, 31 December 2007	**(17.897.923)**	**(868.548)**	**(2.835.718)**	**(21.602.189)**
Carrying value as of 31 December 2007	**7.168.091**	**12.266.655**	**2.787.285**	**22.222.031**
Carrying value as of 31 December 2006	**5.222.940**	**-**	**2.781.103**	**8.004.043**

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

20. Goodwill

Positive goodwill (net)	**2008**	**2007**
Opening balance, 1 January	19.211.454	19.729.259
Goodwill arising from the acquisition of subsidiaries in the current period (Note 3)	2.781.996	-
Impairment	(2.545.875)	(517.805)
Closing balance, 31 December	**19.447.575**	**19.211.454**

The Group has reviewed the goodwill amount arising from the acquisition of JSC Mina, which is founded in Georgia, in prior years for impairment analysis in the current period. Based on these analyses and considering the social and economical developments as well as the increasing competition, the Group has decided that the goodwill amount will not be recoverable and has recognized an impairment amount of TL 2.545.876 in the current period.

21. Government Grant and Incentives

Investment incentive certificates, which were based on the acquisition of tangible assets subject to depreciation, are revoked commencing from 1 January 2006. However, investment incentives as of 31 December 2005 that cannot be deducted in the financial year 2005 and carried forward to the financial year 2006 in accordance with the Provisional Article 69 of Income Withholding Tax Law, and investment incentive amounts to be calculated based on the requirements of the prevailing legislation at 31 December 2005 regarding the investment expenditures made subsequent to 1 January 2006 that are economically and technically related to the investments under the annulled Article 19 of Income Withholding Tax Law commencing prior to the afore-mentioned date and expenditures made subsequent to 1 January 2006 that are related to the investment incentive certificates obtained prior to 24 April 2003 are also be deductible against the 2006, 2007 and 2008's taxable income based on the prevailing Law (including the tax rate requirements) as of 31 December 2005 in order to maintain the vested rights attributable to entities.

Regardless of profit distribution, 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.

Research and development ("R&D") expenditures are regulated with Paragraph (a) of Article 1 in Section 10 of the Corporate Tax Law No: 5220. In accordance with the amendment in the aforementioned article with amendments to Article 5 of the Law No: 5746 "Incentives for Research and Development Activities", R&D reduction calculated over research and development expenses has been increased from 40% to 100%. The aforementioned law is effective beginning from 1 April 2008.

In the light of the aforementioned information, 100% of expenses related to technology and knowledge research and development recurring beginning from 2008 fiscal period are accounted as R&D reduction in the calculation of corporate tax base.

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.

The 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.

As per the Law No: 3218, companies authorized to operate in free zones are exempt from income and corporate tax provided that gains from these operations are limited with the license period, wages of employees working in these zones are exempt from income tax prior to 31 December 2008 and transactions related to these operations in free zones are exempt from all stamp taxes and duties prior to 31 December 2008. In addition, incomes of tax payers who are having operations in free zones are exempt from income and corporate tax until the end of the annual taxation period including the date of the full membership to the European Union.

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

22. Provisions, Contingent Assets and Liabilities

Provisions

Current provisions	31 December 2008	31 December 2007
Accrued expenses	5.327.810	2.967.580
Other provisions	3.703.550	943.254
	9.031.360	**3.910.834**

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

As of the balance sheet date, total risk of the lawsuit (including lawsuit above) filed and currently pending against the Group amounts to approximately TL 35.821.892 (31 December 2007: TRY 37.110.336). The Group Management does not provide any provisions since they believe that an unfavorable outcome of such lawsuit is remote.

Contingent liabilities as of 31 December 2008 and 31 December 2007 are as follows:

	31 December 2008	31 December 2007
Letter of guarantees given	97.911.366	24.410.805
Export commitment	341.064.465	294.361.548
Promissory notes and securities given	17.624.705	-
Letters of guarantees received for payables	8.681.540	-
Others	1.241.120	2.409.734
	466.523.196	**321.182.087**

The Company is jointly and severally the guarantor of a bank loan amounting to Euro 82.972.373 used by Trakya Glass Bulgaria EAD granted by the syndication banks led by IFC.

The Company signed a loan agreement with Societe Generale S.A. amounting to Euro 20 Million for Anadolu Cam Yenişehir Sanayi A.Ş. in order to provide finance for purchasing a glass oven for glass packaging. The loan amount has a maturity of 5 years with 2 years of non-payment period. The Company and Anadolu Cam Yenişehir Sanayi A.Ş. are jointly and severally the guarantors of the loan.

The Company signed a loan agreement amounting to equivalent of Euro 24 Million with a maturity of 10 years which requires no repayment within the first 2,5 years with the European Bank For Reconstruction and Development ("EBRD"), ABN-Ambro Bank N.V., and Calyonbank (Euro 10 Million, Euro 7 Million, Euro 7 Million respectively) in order to finance the glass oven investment of Russia based subsidiary, Ruscam-UFA LCC. The Company and Anadolu Cam Sanayii A.Ş. are jointly and severally the guarantors of the loan.

A loan agreement amounting to Euro 55.000.000 was signed with European Bank For Reconstruction and Development ("EBRD") on 7 March 2007 in order to finance the R&D investments of the Group companies, and Trakya Yenişehir Cam Sanayii A.Ş.'s sixth float line and coated glasses investment. The loan has a maturity of 8 years, and no repayment has been scheduled for the first 2 years. Anadolu Cam Sanayii A.Ş., Cam Elyaf Sanayii A.Ş., Trakya Cam Sanayii A.Ş., and Paşabahçe Cam Sanayii ve Ticaret A.Ş. are jointly and severally the guarantors of the loan.

A loan agreement amounting to US Dollars 40.000.000 was signed with IFC and Posuda LLC glassware plant established in Russian Federation in order to finance 2nd furnace investment of Posuda LLC. The loan has a maturity of 7 years, and no repayment has been scheduled for the first 2 years. The Company and Paşabahçe Cam San. ve Tic. A.Ş. are jointly and severally the guarantors of the loan received on behalf of Posuda LLC.

The Company completed the procedures and signed a loan agreement with the European Bank for Reconstruction and Development ("EBRD") for and amount of Euro 22.500.000 for the financing of the Glass Packaging Factory investment (Ruscam Kuban LLC) in Krasnodar Region of Russian Federation. The Company and Anadolu Cam Sanayii A.Ş. are jointly and severally the guarantors of the loan received on behalf of Ruscam Kuban LLC with a maturity of 7,5 years, and no repayment has been scheduled for the first 2,5 years.

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

The economic situation in the Russian Federation

The 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 affect 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.

As of 31 December 2008, the Group's management highly believes that their approach is appropriate for aforementioned legislations and will be able to maintain its tax, foreign exchange and custom legislations position.

23. Commitments

Stock Holding Commitments and Reimbursement Concessions

An agreement on 25 December 2004 was signed between Trakya Glass Bulgaria EAD (the "Company"), IFC, Trakya Cam Sanayii A.Ş., Investment B.V. and Paşabahçe Cam Sanayii A.Ş.

In accordance with the agreement, Trakya Cam Sanayii A.Ş. has a legal obligation of having at least 75% of Trakya Cam Investment B.V.'s total equity solely or together with Paşabahçe Cam Sanayii A.Ş. Also, Trakya Cam Investment B.V. has a legal obligation of having at least 75% of Trakya Glass Bulgaria EAD's total equity.

Payment of principals, interest and other expenses to IFC has a priority when compared to the payments in relation to the technical service agreement signed with Trakya Cam Sanayii A.Ş., Trakya Glass Bulgaria EAD and Paşabahçe Cam Sanayii A.Ş. Also dividend payments, additional investment expenditures and leasing agreements of Trakya Glass Bulgaria EAD depend on the completion of specific period of time and meeting the predetermined financial ratios.

Investment commitments

The Company's subsidiary, Trakya Glass Bulgaria EAD, has started an investment for the auto glass plant in 2008. In accordance with the agreement signed for the first phase of the investment, the Group has investment commitment amounting to TL 615.148 (Bulgarian Leva 562 thousands).

Other commitments

Soda Sanayii A.Ş., one of the Group's subsidiaries, has a construction right over its 32.552 square meters real estate, on behalf of Camiş Elektrik Üretim A.Ş. for 30 years.

Based on the agreement between the Company's subsidiary, Soda Sanayii A.Ş., and Botaş Boru Hatları ile Petrol Taşıma A.Ş., Soda Sanayii has a natural gas purchase commitment for 110.000.000 m3 within the period 1 January 2009 - 31 December 2009. Also, in accordance with the agreement, the ownership of system/equipments related to the "Connection of the Type A Station to the Botas Telecommunication and Scada System", which should be constructed by the subsidiary, belongs to Botas.

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24. Employee Benefits

Current

	31 December 2008	31 December 2007
Unused vacation provision	7.350.179	4.433.637

Non-current

Retirement pay provisions

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

The amount payable consists of one month's salary limited to a maximum of TRY 2.173,19 for each period of service as of 31 December 2008 (31 December 2007: TL 2.030,19). The retirement pay provision ceiling is revised semi-annually, and TL 2.260,05, which is effective from 1 January 2009, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2007; The retirement pay provision ceiling effective from 1 January 2008 amounts to TL 2.087,92).

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.

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 2008 and 31 December 2007, 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 were calculated assuming an annual inflation rate of 5,40% and a discount rate of 12%, the real discount rate is approximately 6,26% (2007: in order 5%, 11% and 5,71%). The anticipated rate of forfeitures is considered.

The movement of the employment termination benefits is as follows:

	2008	2007
Opening balance, 1 January	140.835.844	133.848.692
Effect of acquisition of subsidiary	586.066	252.138
Effect of disposal of subsidiary (-)	-	(3.726.817)
Actuarial loss/ (gain)	(3.743.406)	-
Service costs	19.713.271	20.377.280
Interest costs	7.892.812	7.444.356
Retirement payments made	(20.990.053)	(17.359.805)
Closing balance, 31 December	**144.294.534**	**140.835.844**

25. Pension Plans

None.

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

26. Other Assets and Liabilities

Other current assets	31 December 2008	31 December 2007
Prepaid expenses	5.817.440	6.118.967
Income accruals	20.518.744	13.061.055
Business advances	2.362.162	4.628.251
Order advances given for inventory	91.124.771	39.446.246
Prepaid taxes and dues	16.200.722	1.588.596
VAT carried forward	44.230.194	50.066.783
Deductible VAT on exports	27.490.153	14.779.522
Other	147.282	518.301
	207.891.468	**130.207.721**

Other non-current assets		
Prepaid expenses	1.556.764	1.557.882
Advances given for tangible fixed assets	19.751.489	25.520.837
	21.308.253	**27.078.719**

Other current liabilities		
Expense accruals	4.885.697	1.387.900
Deferred revenue	36.172.909	21.266.470
Taxes and dues payables	18.532.121	17.326.298
Social security premiums payable	10.997.595	14.388.128
VAT and other payables	697.499	164.450
Other	623.577	146.827
	71.909.398	**54.680.073**

Other non-current liabilities		
Deferred revenue	722.044	607.711

27. Equity

Equity components “Paid in capital”, “Restricted reserves appropriated from profits” and “Share 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, differences (such as; differences due to application of inflation accounting) resulted from the application of re-evaluations or remeasurements in accordance with IFRS, which are not subject to profit distribution or capital increase as of the date of this report, are presented in the “inflation adjustment to share capital” financial statement line if they are related with paid in capital and in the “retained earnings” financial statement line if they are related with 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.

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

a) Capital / Treasury Shares

The approved and paid-in capital of the Company consists of 100.622.218.400 shares issued on bearer with a nominal value of Kr 1 (Kr one) each.

	31 December 2008	31 December 2007
Registered capital ceiling	2.000.000.000	2.000.000.000
Approved and paid-in capital	1.006.222.184	1.006.222.184

	31 December 2008		31 December 2007	
Shareholders	**Amount TL**	**Share (%)**	**Amount TL**	**Share (%)**
T. İş Bankası A.Ş.	645.062.248	64,107	645.062.248	64,107
Efes Holding A.Ş.	38.652.635	3,841	38.652.635	3,841
Trakya Cam Sanayii A.Ş.	15.773.502	1,568	15.773.502	1,568
Çayırova Cam Sanayii A.Ş.	17.398.596	1,729	17.398.596	1,729
Camiş Madencilik A.Ş.	7.120.568	0,707	7.120.568	0,707
Cam Elyaf Sanayii A.Ş.	390.097	0,038	390.097	0,038
Paşabahçe Cam Sanayii ve Ticaret A.Ş.	5.207	0,000	5.207	0,000
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	3	0,000	3	0,000
Milli Reasürans T.A.Ş.	7.250	0,000	7.250	0,000
Anadolu Hayat Emeklilik A.Ş.	3.670	0,000	3.670	0,000
Other	281.808.408	28,010	281.808.408	28,010
Nominal capital	1.006.222.184	100,000	1.006.222.184	100,000
Restated capital differences	241.425.784		241.425.784	
Treasury shares (-)	(40.687.973)		(40.687.973)	
Adjusted capital	1.206.959.995		1.206.959.995	

b) Revaluation Funds

Revaluation fund on financial assets

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

Revaluation funds	**31 December 2008**	**31 December 2007**
Revaluation fund on financial assets	(324.068)	3.049.050
	(324.068)	**3.049.050**

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.

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

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"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 differences due to application of inflation accounting caused by the application reevaluations or remeasurements in accordance with IFRS, which are not subject to profit distribution or capital increase as of the date of this report, are presented in retained earnings.

Restricted reserves separated from profit	31 December 2008	31 December 2007
Legal reserves	31.158.779	25.866.187
Gains on sale of equity participations	42.667.628	-
Total of restricted reserves appropriated from profits attributable to Equity Holders' of the Parent	**73.826.407**	**25.866.187**

d) Retained Earnings / Accumulated Deficits

The Group's extraordinary reserves presented in the retained earnings that amount to TL 1.269.367.765 (31 December 2007: TL 1.043.461.359) is TL 220.234.705 (31 December 2007: TL 116.819.414).

Profit Distribution

In accordance with the Capital Markets Board's ("CMB") decision dated 9 January 2009, listed companies should apply the minimum profit distribution rate at 20% in relation to the distribution of profits generated from the operations of 2008 (31 December 2007: 20%). The aforementioned decision and Communiqué Serial: IV, No: 27 on Principles Regarding Distribution of Dividends and Interim Dividends ("Communiqué Serial: IV, No: 27") issued in order to set out the principles of profit distribution permit the distribution of profits either in the form of cash or of bonus shares which are to be issued through addition of dividends to capital or both in cash and in bonus shares with certain rates by keeping the remaining amount in the entity, depending on each entity's decision made in its general assembly meeting. The aforementioned decision and Communiqué Serial: IV, No: 27 also allow the first dividend amount to be retained within the entity without being subject to distribution if the related amount is less than 5% of the paid-in capital. However, primary dividend amount should be distributed in cash for companies that will distribute dividends out of profits generated from the operations of 2008 and have not made any dividend distributions but have increased their capital in the prior period and therefore have classified their shares as "old shares" and "new shares".

In addition, the aforementioned decision prohibits the presentation of profit of companies which are required to prepare consolidated financial statements and subject to calculation of net distributable profit in the parent company's consolidated financial statements by including profits of their subsidiaries, joint ventures and associates in the consolidated profits but excluding these profits from the net distributable profit since profit distribution proposals has not been approved by their general assemblies and also forbids the disclosure of such amounts both in the notes to the financial statements and in a separate paragraph in the independent auditor's report. The decision also allows companies to compute their distributable profit amounts by considering the net profit for the period presented in the publicly disclosed financial statements prepared in accordance with the Communiqué Serial: XI, No: 29, if such distributable profits could be fully recovered from resources subject to profit distribution in the statutory records.

In this respect, if the dividend amount calculated based on the CMB's regulation on the minimum profit distribution requirements over the net distributable profit calculated based on the CMB's regulations is fully recovered from the distributable profits presented in the statutory records, the Company should distribute the full amount; if not, the Company will only distribute the net distributable profit presented in the statutory records.

Reserves that is subject to profit distribution

The Company's net profit for the period and other reserves that could be subject to the profit distribution in its statutory books are presented below:

	2008	2007
Net profit for the period	115.027.374	105.851.845
Extraordinary reserves	220.234.705	116.819.414
	335.262.079	**222.671.259**

e) Minority Interest

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 minority interests in the consolidated financial statements by reducing from related equity components.

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Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries, which are not fully owned, are separately accounted for as minority 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 2008	1 January - 31 December 2007
Domestic sales	2.127.631.163	2.093.791.318
Export sales	1.862.571.931	1.403.525.776
Other revenues	5.320.115	6.302.633
Sales returns	(10.202.842)	(10.581.265)
Sales discount	(183.813.909)	(173.798.875)
Other deductions from sales	(57.792.410)	(91.330.690)
	3.743.714.048	**3.227.908.897**

Cost of sales		
Direct materials	(1.434.329.503)	(1.016.216.665)
Direct labor attributable to production	(219.276.703)	(162.296.082)
Production overheads	(684.253.007)	(398.031.487)
Depreciation and amortization expenses	(349.646.345)	(286.782.294)
Change in work-in-progress inventories	(64.851)	4.727.744
Change in finished goods inventories	227.322.125	45.703.577
Cost of goods sold	(2.460.248.284)	(1.812.895.207)
Cost of merchandises sold	(145.164.754)	(428.472.516)
Cost of services rendered (*)	(17.071.665)	(10.836.454)
Other costs	(19.791.606)	(15.223.681)
	(2.642.276.309)	**(2.267.427.858)**

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January - 31 December 2008 amount to TL 3.505.258 (31 December 2007: TL 1.631.028).

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

	1 January - 31 December 2008	1 January - 31 December 2007
Marketing, sales and distribution expenses	(248.531.010)	(261.491.379)
General administrative expenses	(349.323.227)	(315.411.299)
Research and development expenses	(27.786.753)	(21.249.709)
	(625.640.990)	**(598.152.387)**

30. Expenses by Nature

	1 January - 31 December 2008	1 January - 31 December 2007
Indirect material costs	(12.340.751)	(11.319.726)
Personnel expenses	(190.485.456)	(204.633.050)
Services rendered by third parties	(169.269.052)	(213.691.548)
Miscellaneous expenses	(196.362.539)	(111.024.913)
Depreciation and amortization expenses	(57.183.192)	(57.483.150)
	(625.640.990)	**(598.152.387)**

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

31. Other Operating Income / (Expenses)

Other operating income	1 January - 31 December 2008	1 January - 31 December 2007
Commission income	682.861	1.486.725
Provisions released	3.458.218	10.077.772
Insurance loss claims	2.111.661	24.298.674
Negative goodwill recognized as income	-	2.666.210
Other ordinary income and profits	1.838.128	37.261.421
	8.090.868	**75.790.802**

Other operating expenses	1 January - 31 December 2008	1 January - 31 December 2007
Commission expenses	(405.878)	(1.681.310)
Provision expenses	(10.097.065)	(8.347.186)
Tangible fixed asset disposal losses	(3.656.232)	-
Prior period expenses	-	(2.436.761)
Other ordinary expense and losses	(18.028.362)	(40.951.131)
	(32.187.537)	**(53.416.388)**

32. Financial Income

	1 January - 31 December 2008	1 January - 31 December 2007
Dividend income	973.484	1.506.434
Interest income	31.562.375	25.789.095
Subsidiary and available for sale assets' sales profit	23.910	71.911.584
Foreign exchange gains	405.559.171	139.089.067
Discount income	5.474.222	4.167.016
	443.593.162	**242.463.196**

33. Financial Expenses

	1 January - 31 December 2008	1 January - 31 December 2007
Interest expenses	(119.968.395)	(76.038.256)
Discount expenses	(8.441.312)	(3.829.650)
Foreign exchange losses	(514.040.743)	(106.616.881)
Marketable securities trading losses	(7)	(83.026)
	(642.450.457)	**(186.567.813)**

34. Assets Held for Sale and Discontinued Operations

The Group has no discontinued operations as of 31 December 2008 and 31 December 2007. However, Ferro Döküm Sanayii ve Ticaret A.Ş.'s shares that are held in the standalone financial statements of the Group's subsidiaries and accounted in the consolidated financial statements have been sold to Metallink Metal Sanayii Yatırımları A.Ş. on 17 July 2007 and the gain realized as a result of this transaction amounting to TL 35.724.959 is accounted under the financial income line of the income statement. The information related to this sale and calculation of gross gain is presented as below.

	Amount TL
Cash received	103.529.743
Net assets sold	(48.254.090)
Minority effect	(18.878.040)
Sales commissions and expenses	(672.654)
Sales profit	35.724.959

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

35. Tax Assets and Liabilities

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between 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, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2008	31 December 2007
Deferred tax assets	18.399.729	27.966.784
Deferred tax liabilities	(114.085.163)	(138.569.928)
Deferred tax liabilities (net)	(95.685.434)	(110.603.144)

Deferred tax (assets) / liabilities	31 December 2008	31 December 2007
Useful life and valuation differences on tangible fixed and intangible assets	(167.874.710)	(189.614.928)
Retirement pay provision	28.800.302	28.122.512
Investment incentives	-	27.422.602
Carry forward tax losses	24.133.018	6.912.909
Non-real portion of capitalized finance expenses	107.921	1.792.298
Restatement of inventories	11.373.586	7.699.113
Other	7.774.449	7.062.350
	(95.685.434)	**(110.603.144)**

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 (2007: 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.

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Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax was 10% starting from 24 April 2003. This rate was changed to 15% by Article 15 in the Code numbered 5520 commencing from 21 June 2006. However, until the resolution of council of ministers, it was used as 10%. After the resolution declared in the Official Gazette on 23 July 2006, this rate has been changed to 15% effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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 that are directly related to production facilities of the company within the scope of the investment incentive certificate. Investments without investment incentive certificates do not qualify for tax allowance.

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 the subsequent profitable years. Additionally, for investment incentives prior to 1 January 2006, the investment expenditures made after 1 January 2006, which are economically and technically related to the investments made in accordance with annulled Article 19 of Income Withholding Tax Law started before the afore-mentioned date, and expenditures made after 1 January 2006, which were related to the investment incentive certificates obtained prior to 24 April 2003 can be carried forward. However, companies can deduct carried forward outstanding allowance from the 2006, 2007 and 2008's taxable income. The investment incentive amount that cannot be deducted from the 2008's taxable income will not be carried forward to the following years.

The tax rate that the companies can use in the case of deducting the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be forfeited.

Since the Group benefits from the investment incentive considering the consolidated subsidiaries as separate entities, the Group has applied 20% or 30% of corporate tax rate based on the separate entity basis in 2007. Corporate tax rate of 20% has been applied in 2008.

Provision for taxation are as follows:

	31 December 2008	31 December 2007
Current tax liability	83.339.741	78.817.958
Less: Advance taxes	(57.088.211)	(65.602.844)
Tax provision in the balance sheet	26.251.530	13.215.114

	1 January - 31 December 2008	1 January - 31 December 2007
Current tax liability	(83.339.741)	(78.817.958)
Deferred tax benefit / (charge)	15.269.888	(5.835.181)
Taxation in the statement of income	(68.069.853)	(84.653.139)

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Reconciliation of taxation	1 January - 31 December 2008	1 January - 31 December 2007
Profit before taxation and minority interest	256.878.561	453.083.721
Effective tax rate	20%	20%
Expected taxation	(51.375.712)	(90.616.744)
Tax effects of		
- Non-deductible expenses	(10.678.061)	(21.677.809)
- Dividends and other non-taxable income	29.386.234	80.844.392
- Carry forward tax losses	(5.660.212)	(3.742.826)
- Investment incentives (*)	(11.571.101)	(4.536.586)
- Profit share of investments accounted for under the equity method	(807.155)	(2.990.264)
- Consolidation adjustments	(22.842.095)	(41.759.215)
- Foreign subsidiaries subject to different tax rates	5.448.616	2.476.607
- Different tax rates of subsidiaries utilized investment incentives	29.633	(2.650.694)
Taxation in the statement of income	(68.069.853)	(84.653.139)

36. Earnings Per Share

Earnings per share	1 January - 31 December 2008	1 January - 31 December 2007
Average number of shares in circulation during the period	1.006.222.184	1.006.222.184
Net profit for the period attributable to equity holders of the parent	158.719.256	277.899.767
Earning per share from continued and discontinued operations	0,1577	0,2762
Net profit for the period attributable to equity holders of the parent	158.719.256	277.899.767
Net profit for the calculation of earnings per share from continued operations	158.719.256	277.899.767
Average number of shares in circulation during the period	1.006.222.184	1.006.222.184
Profit for the period from continued operations	158.719.256	277.899.767
Earning per share from continued operations	0,1577	0,2762

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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. and İşbank GmbH	31 December 2008	31 December 2007
Demand deposits	29.669.883	49.351.074
Time deposits	498.635.118	376.324.323
	528.305.001	**425.675.397**

Borrowings received from related parties		
T. İş Bankası A.Ş.	230.502.303	216.165.578
İşbank GmbH	50.763.208	7.357.484
T. Sınai ve Kalkınma Bankası A.Ş.	1.497.651	-
	282.763.162	**223.523.062**

Due from related parties		
Paşabahçe Mağazaları B.V.	4.160.557	2.903.442
OOO Paşabahçe Mağazaları	165.370	127.360
Paşabahçe Mağazaları EOOD	973.996	530.390
Paşabahçe USA Inc.	509.839	256.108
Camiş Menkul Değerler A.Ş.	6.954	4.933
Cromital SPA	5.856.887	4.834.253
Sudel Invest	3.826	3.058
Şişecam Shanghai Trade Co. Ltd.	-	587.009
OAO FormMat	259.280	323.680
T. İş Bankası A.Ş.	3.610.261	3.491.072
İş Merkezleri Yönetim ve İşletim A.Ş.	1.054.701	1.534
Paşabahçe Yatırım ve Pazarlama A.Ş.	1.405.635	1.267.060
Sintan Kimya Sanayii ve Ticaret A.Ş.	118.209	10.330
Paşabahçe Glass GmbH	249.998	102.637
İstanbul Porselen Sanayii A.Ş.	129	43.319
Mepa Merkezi Pazarlama A.Ş.	16.217	14.442
Omco International N.V.	483.075	-
Other	17.458	10.612
	18.892.392	**14.511.239**

Due to related parties		
İstanbul Porselen Sanayii A.Ş.	2.902.319	2.833.778
Anadolu Anonim Türk Sigorta Şirketi	3.439.722	3.543.739
Avea İletişim Hizmetleri A.Ş.	61.347	47.150
İş Merkezleri Yönetim ve İşletim A.Ş.	169.174	404.407
Solvay Şişecam Holding A.G.	1.440.844	2.376.499
Şişecam Shanghai Trade Co. Ltd.	15.926	25.841
Paşabahçe Glass GmbH	60.298	35.131
Paşabahçe Mağazaları EOOD	33.208	26.529
Mosimmobillia	3.808.008	-
OOO Paşabahçe Mağazaları	105.286	81.086
Other	918.857	804.630
	12.954.989	**10.178.790**
Capital advances (Sudel Invest)	52.586.412	13.989.906
	65.541.401	**24.168.696**

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Other income from and expenses to related parties:

Interest income from related parties	1 January - 31 December 2008	1 January - 31 December 2007
İstanbul Porselen Sanayii A.Ş.	1.440	2.885
Mepa Merkezi Pazarlama A.Ş.	2.547	-
İşbank GmbH	5.787.131	1.023.002
Paşabahçe Mağazaları B.V.	170.141	252.930
Paşabahçe USA Inc.	6.873	25.711
Paşabahçe Yatırım ve Pazarlama A.Ş.	95.756	133.123
Sintan Kimya San. ve Tic. A.Ş.	-	1.344
T. İş Bankası A.Ş.	9.707.393	5.753.035
	15.771.281	**7.192.030**

Interest expense to related parties	1 January - 31 December 2008	1 January - 31 December 2007
İstanbul Porselen Sanayii A.Ş.	465.081	459.659
T. İş Bankası A.Ş.	6.048.681	1.173.011
İş Finansal Kiralama A.Ş.	-	6.363
Paşabahçe USA Inc.	-	42.156
Paşabahçe Yatırım ve Pazarlama A.Ş.	3.690	288.260
T. Sınai Kalkınma Bankası A.Ş.	221.283	-
İşbank GmbH	378.771	361
EBRD	473.851	-
Fortis Bank A.Ş.	1.679.946	-
IFC	2.415.098	-
	11.686.401	**1.969.810**

Other income from related parties	1 January - 31 December 2008	1 January - 31 December 2007
Anadolu Anonim Türk Sigorta Şirketi	5.410.724	5.006.867
Paşabahçe Mağazaları EOOD	337.130	353.260
T. İş Bankası A.Ş.	124.064	508.544
Cromital SPA	9.467	502.365
Sintan Kimya Sanayii ve Tic. A.Ş.	58.384	26.944
İş Merkezleri Yönetim ve İşletim A.Ş.	8.324.254	-
İşbank GmbH	10.789	-
OAO FormMat	165.019	-
Other	40.751	13.567
	14.480.582	**6.411.547**

Other expenses to related parties	1 January - 31 December 2008	1 January - 31 December 2007
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	9.488.552	9.554.011
Anadolu Anonim Türk Sigorta Şirketi	982.658	610.980
Anadolu Hayat Emeklilik Sigorta A.Ş.	75.720	65.104
T. İş Bankası A.Ş.	347.153	456.787
Tibaş Mens. Munz. Yard. Vakfı	710.808	413.090
İş Merkezleri Yönetim ve İşletim A.Ş.	5.946.590	3.252.493
Avea İletişim Hizmetleri A.Ş.	1.929	2.383
Camiş Menkul Değerler A.Ş.	22.607	90.232
Şişecam Shanghai Trade Co. Ltd.	716.790	577.264
OOO Paşabahçe Mağazaları	-	90.826
Solvay Şişecam Holding AG	16.844.446	14.724.797
OAO FormMat	1.998.114	-
Other	18.809	26.870
	37.154.176	**29.864.837**

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Compensation to key management personnel	1 January - 31 December 2008	1 January - 31 December 2007
Parent company	6.599.572	5.667.244
Consolidated entities	15.367.876	11.911.243
	21.967.448	**17.578.487**

38. Nature and Level of Risks Derived from Financial Instruments

a) Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Note 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 2008 and 31 December 2007, the Group's net debt / total equity ratios are as follows:

	31 December 2008	31 December 2007
Total liabilities	2.283.345.557	1.441.174.369
Less: Cash and cash equivalents	(652.423.039)	(433.736.538)
Net debt	1.630.922.518	1.007.437.831
Total equity	3.571.556.066	3.343.091.683
Net debt / total equity ratio	46%	30%

The Groups general strategy is not different from previous periods.

(b) Financial Risk Factors

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

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

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

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(b.1) Credit Risk

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

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

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.

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Credit risks exposed through types of financial instruments:	Receivables				
	Trade Receivables		Other Receivables		
31 December 2007	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)	-	558.507.154	14.511.239	15.200.042	433.374.145
- The part of maximum risk under guarantee with collaterals, etc.	-	(234.425.890)	-	(6.063)	-
A. Net book value of financial assets that are neither past due nor impaired	-	511.794.613	14.511.239	15.194.763	433.374.145
- The part under guarantee with collaterals, etc.	-	(216.419.130)	-	(6.063)	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	21.169	-	-	-
- The part under guarantee with collaterals, etc.	-	(8.995)	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	46.411.184	-	-	-
- The part under guarantee with collaterals, etc.	-	(17.967.295)	-	-	-
D. Net book value of impaired assets	-	280.188	-	5.279	-
- Past due (gross carrying amount)	-	12.757.545	-	205.084	-
- Impairment (-)	-	(12.477.357)	-	(199.805)	-
- The part under guarantee with collaterals, etc.	-	(30.470)	-	-	-
- 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 2008	31 December 2007
Letters of guarantee	246.870.679	209.227.968
Promissory notes and bills	14.986.858	10.272.831
Mortgages	14.178.036	13.086.829
Cash	2.026.878	1.754.154
Other	6.338.081	90.171
	284.400.532	**234.431.953**

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

	31 December 2008	31 December 2007
One month due	71.776.183	37.523.097
Due within 1-3 months	35.342.871	6.314.123
Due within 3-12 months	17.462.388	1.803.093
Due within 1-5 years	592.656	770.871
Total over due receivables	125.174.098	46.411.184
The part under guarantee with collateral etc.	**(37.075.697)**	**(17.967.295)**

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(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.

Liquidity risk tables

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

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

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 2008					
Maturities in accordance with contracts	**Carrying value**	**Total cash out flows 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**

	31 December 2007					
Maturities in accordance with contracts	**Carrying value**	**Total cash out flows 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	1.217.644.555	1.356.682.229	180.509.592	411.193.431	614.493.756	150.485.450
Trade payables	223.529.814	227.546.495	200.476.460	19.506.348	1.464.259	6.099.428
Due to related parties	24.168.696	24.168.696	24.168.696	-	-	-
Other financial liabilities	32.694.089	32.694.089	32.597.794	-	96.295	-
Total liabilities	**1.498.037.154**	**1.641.091.509**	**437.752.542**	**430.699.779**	**616.054.310**	**156.584.878**

(b.3) Market risk management

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

(b.3.1) Foreign currency risk management

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

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

Foreign Currency Position Table

	31 December 2008				31 December 2007			
	TL Equivalent	US Dollar	Euro	Others	TL Equivalent	US Dollar	Euro	Others
1. Trade receivables	213.288.468	58.050.057	54.525.602	8.770.958	171.157.487	67.598.828	52.193.289	3.164.169
2a. Monetary financial assets(cash and banks account included)	590.505.525	223.903.792	116.500.335	2.491.904	316.096.667	158.629.726	76.784.064	24.519
2b. Non monetary financial assets	-	-	-	-	-	-	-	-
3. Other	7.325.364	3.548.335	749.851	353.936	-	-	-	-
4. Current assets(1+2+3)	811.119.357	285.502.184	171.775.788	11.616.798	487.254.154	226.228.554	128.977.353	3.188.688
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non monetary financial assets	1.535.551	1.015.375	-	-	1.189.397	1.021.205	-	-
7. Other	6.240.316	1.944.717	1.541.162	-	-	-	-	-
8. Non-current assets (5+6+7)	7.775.867	2.960.092	1.541.162	-	1.189.397	1.021.205	-	-
9. Total assets (4+8)	818.895.224	288.462.276	173.316.950	11.616.798	488.443.551	227.249.759	128.977.353	3.188.688
10. Trade payables	24.493.454	2.723.509	8.784.267	1.569.334	12.651.495	2.352.187	5.783.581	20.823
11. Financial liabilities	446.475.146	110.646.433	130.185.209	444.049	454.947.567	113.060.074	189.022.628	-
12a. Other monetary liabilities	20.216.954	7.369.270	3.921.364	677.550	-	-	-	-
12b. Other non monetary liabilities	-	-	-	-	-	-	-	-
13. Current liabilities (10+11+12)	491.185.554	120.739.212	142.890.840	2.690.933	467.599.062	115.412.261	194.806.209	20.823
14. Trade payables	12.356.607	-	5.771.958	-	-	-	-	-
15. Financial liabilities	1.105.824.803	294.308.789	308.642.387	-	507.431.947	109.425.004	222.187.256	-
16a. Other monetary liabilities	30.026.889	-	14.026.013	-	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-	-	-	-	-
17. Non-current liabilities (14+15+16)	1.148.208.299	294.308.789	328.440.358	-	507.431.947	109.425.004	222.187.256	-
18. Total liabilities (13+17)	1.639.393.853	415.048.001	471.331.198	2.690.933	975.031.009	224.837.265	416.993.465	20.823
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)	(820.498.629)	(126.585.725)	(298.014.248)	8.925.865	(486.587.458)	2.412.494	(288.016.112)	3.167.865
21. Net foreign currency asset / (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(835.599.860)	(133.094.152)	(300.305.261)	8.571.929	(487.776.855)	1.391.289	(288.016.112)	3.167.865
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-	-	-
23. Export	1.061.329.669	349.507.420	272.286.953	91.306.540	958.383.020	291.084.592	280.720.949	80.361.130
24. Import	460.840.140	222.795.354	86.907.802	6.887.328	456.836.683	192.328.541	72.010.850	78.470.909

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

The Group is mainly exposed to Euro and US Dollars 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 2008: USD Dollar 1 = TL 1,5123 and Euro 1 = TL 2,1408, 31 December 2007: USD Dollar 1 = TL 1,1647 and Euro 1 = TL 1,7102).

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially US dollars 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 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	68.941.578	(68.941.578)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**(51.039.112)**	**51.039.112**	**68.941.578**	**(68.941.578)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets / liabilities	6	(6)	30.601.913	(30.601.913)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**6**	**(6)**	**30.601.913**	**(30.601.913)**
Total (3 + 6 + 9)	**(66.353.953)**	**66.353.953**	**99.543.491**	**(99.543.491)**

	31 December 2007			
	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	224.787	(224.787)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	**224.787**	**(224.787)**	**-**	**-**
Change of Euro against TL by 10%				
4 - Euro net assets / liabilities	(39.405.212)	39.405.212	48.944.463	(48.944.463)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**(39.405.212)**	**39.405.212**	**48.944.463**	**(48.944.463)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets / liabilities	-	-	24.963.957	(24.963.957)
8 - Other currencies hedged from risks (-)	-	-		
9 - Other currencies net effect (7 + 8)	**-**	**-**	**24.963.957**	**(24.963.957)**
Total (3 + 6 + 9)	**(39.180.425)**	**39.180.425**	**73.908.420**	**(73.908.420)**

(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% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and minority interest would decrease / increase by TL 4.351.056 as of 31 December 2008 (31 December 2007: decrease / increase by TL 2.898.821).

Interest rate sensitivity

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

	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 borrowings	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

	31 December 2007			
	Floating interest	Fixed interest	Non-interest bearing	Total
Financial assets	**-**	**969.161.523**	**151.873.907**	**1.121.035.430**
Cash and cash equivalents	-	379.753.687	60.201.056	439.954.743
Financial assets at fair value through profit or loss	-	-	-	
Available for sale financial assets	-	-	91.672.851	91.672.851
Held to maturity financial assets	-	1.189.401	-	1.189.401
Trade receivables	-	558.507.154	-	558.507.154
Due from related receivables	-	14.511.239	-	14.511.239
Other receivables	-	15.200.042	-	15.200.042
Financial liabilities	**923.064.032**	**567.522.145**	**7.450.977**	**1.498.037.154**
Bank borrowings	923.064.032	287.129.546	7.450.977	1.217.644.555
Trade payables	-	223.529.814	-	223.529.814
Due to related parties	-	24.168.696	-	24.168.696
Other payables	-	32.694.089	-	32.694.089

(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 Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Soda Sanayii 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 2008

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

Equity price sensitivity

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

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 31 December 2008, if equity share investments classified as available for sale assets would not be disposed of or as long as not impaired, net profit/loss would not be affected,

• Increases/decrease in the other equity funds would amount to TL 149.685 (2007; increase/decrease amounts to TL 470.951). This change is caused by 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

Categories of Financial Instruments

31 December 2008	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	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
31 December 2007						
Financial assets						
Cash and cash equivalents	433.663.017	-	-	73.521	433.736.538	6
Trade receivables	-	558.507.154	-	-	558.507.154	10
Due from related parties	-	14.511.239	-	-	14.511.239	37
Financial investments	7.407.606	-	91.672.851	-	99.080.457	7
Financial liabilities						
Financial liabilities	1.217.644.555	-	-	-	1.217.644.555	8
Trade payables	223.529.814	-	-	-	223.529.814	10
Due to related parties	24.168.696	-	-	-	24.168.696	37

Fair Value of Financial Instruments

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

• Fair value of financial assets and liabilities which are quoted in active and liquid markets are determined by quoted market prices in regular maturities and conditions.

• Fair value of financial assets and liabilities, except derivative instruments, is determined in accordance with the generally accepted pricing models. The aforementioned models are based on discounted cash flows using the data obtained from observable market transactions.

• Fair value of derivative instruments is determined based on the quoted prices. In the circumstances where market prices are not available, derivative instruments that do not contain options (forward and swap) are valued with discounted cash flow analysis based on the effective interest method. On the other hand, option pricing methods are used for derivative instruments with options.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008

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

40. Events after the Balance Sheet Date

The Group’s subsidiary, Trakya Cam, has decided to jointly participate to the improvement of flat glass operations in Egypt and the Russian Federation, and signed a letter on intent with Saint Gobain. Based on the agreement; Trakya Cam will participate in the Saint Gobain’s project in Egypt, which is undertaken by a local partner, and will establish a partnership for the establishment of a flat glass line in Tataristan Republic of Russian Federation.

Based on the negotiations led by the Group’s subsidiary, Anadolu Cam, since 2007, a protocol has been signed with the Government of Republic of Macedonia in order to commence on feasibility studies related to the construction of a glass packaging factory in the Skopje Technological and Industrial Development Site.

41.Other Issues That Significantly Affect The Financial Statements or Other Issues Required For The Clear Understanding of Financial Statements

Reclassification of Prior Period Financial Statements

Since the presentation or classification of the financial statements have been changed during the preparation of the consolidated financial statements in accordance with the Communiqué Serial: XI, No: 29, prior period’s financial statements and footnotes are reclassified in order to maintain consistency and comparability. The reclassifications made do not have any effect on equity or net profit / (loss for the period. The following table summarizes the reclassifications made to the prior period’s consolidated financial statements.

Reclassifications to the balance sheet as of 31 December 2007:

	As previously reported (*)	Reclassifications	As restated (**)
Current assets	**1.775.186.961**	**-**	**1.775.186.961**
Cash and cash equivalents	439.881.222	(6.144.684)	433.736.538
Financial investments	73.521	6.144.684	6.218.205
Trade receivables	557.815.948	(2.050.480)	555.765.468
Other receivables	98.139.013	(69.530.973)	28.608.040
Receivables from finance sector operations	-	-	-
Inventory	660.097.235	(39.446.246)	620.650.989
Biological assets	-	-	-
Other current assets	19.180.022	111.027.699	130.207.721
Non-current assets	**3.422.195.017**	**-**	**3.422.195.017**
Trade receivables	3.844.927	(1.103.241)	2.741.686
Other receivables	-	1.103.241	1.103.241
Receivables from finance sector operations		-	
Financial investments	208.531.949	(115.669.697)	92.862.252
Biological assets	-		-
Investments accounted for under equity method	-	115.669.697	115.669.697
Investment properties	-		-
Tangible fixed assets	3.138.859.990	(25.520.837)	3.113.339.153
Intangible assets	22.222.031	-	22.222.031
Goodwill	19.211.454	-	19.211.454
Deferred tax asset	27.966.784	-	27.966.784
Other non-current assets	1.557.882	25.520.837	27.078.719
Total assets	**5.197.381.978**	**-**	**5.197.381.978**

(*)Prepared in accordance with the Capital Markets Board’s announcement on 20 December 2004.

(**)Prepared in accordance with the Capital Markets Board’s announcements on 17 April 2008 and 9 January 2009.

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008

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

	As previously reported (*)	Reclassifications	As restated (**)
Current liabilities	**940.771.149**	**-**	**940.771.149**
Financial liabilities	589.941.519	-	589.941.519
Trade payables	219.559.629	(1.736.147)	217.823.482
Other payables	37.186.352	19.580.138	56.766.490
Payables from finance sector	-	-	-
Government incentives	-	-	-
Current tax payable	-	13.215.114	13.215.114
Provisions	21.559.585	(13.215.114)	8.344.471
Provisions for employee termination benefits			
Other current liabilities	72.524.064	(17.843.991)	54.680.073
Non-current liabilities	**913.519.146**	**-**	**913.519.146**
Financial liabilities	627.703.036	-	627.703.036
Trade payables	5.724.339	(18.007)	5.706.332
Other payables	-	96.295	96.295
Payables from finance sector	-	-	-
Government incentives	-	-	-
Provisions	140.835.844	(140.835.844)	-
Provisions for employee termination benefits	-	140.835.844	140.835.844
Deferred tax liability	138.569.928	-	138.569.928
Other non-current liabilities	685.999	(78.288)	607.711
Equity	**3.343.091.683**	**-**	**3.343.091.683**
Total Equity Attributable To Equity Holders' of the Parent	**2.539.892.949**	**-**	**2.539.892.949**
Share capital	1.006.222.184	-	1.006.222.184
Inflation adjustments to share capital	-	241.425.784	241.425.784
Treasury share (-)	(40.687.973)	-	(40.687.973)
Share Premium in excess of par	2.181.996	(1.654.945)	527.051
Revaluation funds	242.727.099	(239.678.049)	3.049.050
Currency translation reserve	(17.870.460)	-	(17.870.460)
Restricted reserves appropriated from profits	416.028.812	(376.214.360)	39.814.452
Retained earnings	653.391.524	376.121.570	1.029.513.094
Net profit / (loss) for the period	277.899.767	-	277.899.767
Minority Interest	**803.198.734**	**-**	**803.198.734**
TOTAL LIABILITIES AND EQUITY	**5.197.381.978**	**-**	**5.197.381.978**

(*) Prepared in accordance with the Capital Markets Board's announcement on 20 December 2004.
(**) Prepared in accordance with the Capital Markets Board's announcements on 17 April 2008 and 9 January 2009.

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

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008

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

Reclassifications to the 1 January - 31 December 2007 statement of income:

Continued Operations	**As previously reported (*)**	**Reclassifications**	**As restated (**)**
Sales revenue	3.227.908.897	-	3.227.908.897
Cost of sales (-)	(2.267.427.858)	-	(2.267.427.858)
Gross Profit / (Loss)	**960.481.039**		**960.481.039**
Marketing, sales and distribution expenses (-)	(261.491.379)	-	(261.491.379)
General administrative expenses (-)	(315.411.299)	-	(315.411.299)
Research and development expenses (-)	(21.249.709)	-	(21.249.709)
Other operating income	161.694.092	(85.903.290)	75.790.802
Other operating expenses (-)	(53.499.414)	83.026	(53.416.388)
Operating Profit / (Loss)	**470.523.330**	**85.820.264**	**384.703.066**
Share in net profit / (loss) of investments accounted for under equity method)	-	12.485.272	12.485.272
Financial income / expense (net)	(17.439.609)	73.334.992	55.895.383
Profit / (Loss) Before Taxation From Continued Operations	**453.083.721**	**85.820.264**	**453.083.721**
Tax benefit / (charge) from continued operations	**(84.653.139)**	**-**	**(84.653.139)**
- Current tax benefit / (charge)	(78.817.958)	-	(78.817.958)
- Deferred tax benefit / (charge)	(5.835.181)	-	(5.835.181)
Net Profit / (Loss) For the Period	**368.430.582**	**-**	**368.430.582**
Attributable to			
- Minority interest	90.530.815	-	90.530.815
- Equity holders of the parent	277.899.767	-	277.899.767

(*) Prepared in accordance with the Capital Markets Board's announcement on 20 December 2004.

(**) Prepared in accordance with the Capital Markets Board's announcements on 17 April 2008 and 9 January 2009.

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
Distribution of 2008 Profit

To the shareholders of Şişecam AŞ:

Our company has closed its accounts for fiscal year 2008 with a net profit of TL 158,719,256.

We submit, subject to your consideration and approval, that the net consolidated balance sheet profit in the amount of TL 158,719,256 shown in our 2008 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 50,777,816 (gross) be distributed to our shareholders as bonus shares.

1.	Profit for the Period	226,789,109
2.	Taxes Payable	(68,069,853)
3.	**Net Profit for the Period**	**158,719,256**
4.	First Legal Reserves	(5,751,369)
5.	**Net Distributable Profit for the Period**	**152,967,887**
6.	Donations Made During the Fiscal Year	336,098
7.	**Net Distributable Profit for First Dividends Including Donations**	**153,303,985**
8.	**First Dividend to Shareholders**	**(50,777,816)**
9.	**Extraordinary Reserves**	**102,190,071**

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 2008

To the General Meeting of Türkiye Şişe ve Cam Fabrikaları A.Ş.

Head Office	:	İSTANBUL
Registered Capital	:	TL 2,000,000,000
Issued Capital	:	TL 1,006,222,184
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	:	Mehmet Karakılıç (25 April 2008-04 November 2008) Gamze Yalçın (25 April 2008-28 April 2009) Tülin Akyol (04 November 2008-28 April 2009) 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 08 February 2008, 29 August 2008 and 30 December 2008, 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 2008 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 09 January 2008, 08 February 2008, 03 March 2008, 03 April 2008, 30 May 2008, 27 June 2008, 30 July 2008, 29 August 2008, 26 September 2008, 31 October 2008, 28 November 2008, 30 December 2008 and 30 January 2009, 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 Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi for the period 01 January 2008 – 31 December 2008 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 2008, 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 01 January 2008 – 31 December 2008 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 2008, 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.

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. Besides, those shareholders with addresses provided, are informed by postal letter, telephone and e-mail.

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.

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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 2007 was held on the 25 April 2008, with a quorum of 70 %. 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 – Blockage" procedures regarding Rules for CRA Tasks and Transactions accessible at the CRA website http://www.mkk.com.tr/MkkComTr/tr/yayin/gen_arsiv_2005.jsp and to have their names entered into the General Assembly Blockage List. Shareholders who fail to have their names entered into the "Blockage List" of CRA may not participate in the meeting as per the law.
• The information that, as stated in the CRA's General Letter no. 294, rightful investors may not, pursuant to Provisional Article 6 of the Capital Market Law, participate in AGMs and exercise their shareholding rights unless and until they have their share certificates registered. Applications of our shareholders who have not yet performed registry of their share certificates for participation in the AGM will be taken into consideration only after registry of their share certificates. Shareholders who possess physical share certificates need to apply to Camiş Menkul Değerler A.Ş. that performs registry on behalf of our company in order to have their share certificates registered.

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

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

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

All AGM minutes are available on the website of the company since 2004 for the use of shareholders.

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
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.

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Dividend distribution has been carried out in the legally required time frame, before the end of the 5th month as stated in the relevant legislation.

No reference to advance dividend payments exists in the AoA.

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

SECTION II - Informing the Public and Transparency

8. Company Policy on Disclosure of Information
Under CMB communique VIII: 54 “Principles concerning the public disclosure of special circumstances” published in issue 27133 of Resmi Gazete on 6 February 2009, business partnerships whose shares are traded, are required to formulate an “information policy” concerning the public disclosure of information and to publicly announce this policy on the firm’s website. In line with this requirement, an “information policy” will be formulated and publicly announced on our company’s website by 1 May 2009.

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, 29 special case announcements have been made in accordance with the CMB Communiqué VIII:54 concerning “Public Disclosure of Special Cases” and 3 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
An "Investor Relations" section is available on the Company's website www.sisecam.com in Turkish and English with the following content, for the use of share and stakeholders.
• Annual reports • List of members of the BoD and of the board of auditors • Mid-term financial statement and independent auditor 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
• Announcements

11. Explanation on Real Person Final Controlling Shareholder(s)
The following is the shareholder structure of the company, there are no real person final controlling shareholders:

Shareholder	Share Amount (TL)	Share (%)
T. İş Bankası A.Ş.	645,062,248	64.107
Efes Holding A.Ş	38,652,635	3.841
Trakya Cam Sanayii A.Ş.	15,773,502	1.568
Çayırova Cam Sanayii A.Ş.	17,398,596	1.729
Camiş Madencilik A.Ş.	7,120,568	0.707
Cam Elyaf Sanayii A.Ş.	390,097	0.038
Paşabahçe Cam Sanayii ve Ticaret A.Ş.	5,207	0.000
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	3	0.000
Milli Reasürans T.A.Ş.	7,250	0.000
Anadolu Hayat Emeklilik A.Ş.	3,670	0.000
Others	281,808,408	28.010
	1,006,222,184	**100**

12. The Disclosure of Insider Persons
Due to the fact that there is no legislation making it compulsory and no need arose to disclose to the public, a list of people with insider information has not been disclosed. The following list includes the people in addition to the Board of Directors that can hold insider information due to their positions.

Name and Surname	**Position**
Gülsüm Azeri	Executive Vice President-Flat Glass
A. Taner Uz	Executive Vice President-Glassware
Teoman Yenigün	Executive Vice President-Glass Packaging
T. Ateş Kut	Executive Vice President-Chemicals
İbrahim Babayiğit	Chief Financial Officer
Kemal Ağanoğlu	Chief Risk and Internal Audit Officer
Mehmet 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. For instance, important developments in the collective bargaining talks have been disclosed on the website of the Company and by e-mail to employees.

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 has been reported to company managers.

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

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

SECTION IV- Board of Directors (BoD)

18. The Structure and Formation of the BoD and Independent Members
The BoD is composed of the following 7 members, in accordance with legislation in force and the AoA. There are two executive and five 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
Ahmet Doğan Arıkan (*)	Member-President
Yusuf Ziya Toprak (**)	Member
Köksal Burkan	Member
Özgün Çınar (**)	Member
Yılmaz Ertürk	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 three years, are established in strategic plan meetings which are attended by the managers of the Company, and then approved by the BoD before implementation. The BoD scrutinizes the monthly activities (sales, production, inventories, number of employees and income statement) and evaluates past performance.

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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 is near completion.

The members of the Internal Audit Unit under the Risk Management and Internal Audit Department periodically audit the compliance of all activities of the company 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. 46 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.

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 2007 ordinary AGM of the company convened on 25 April 2008, 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.

Türkiye Şişe ve Cam Fabrikaları A.Ş. and its Subsidiaries
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Trakya Otocam Plant
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Mersin Plant
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Chemicals Business

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