

2010 Annual Report | 33<sup>rd</sup> Year



Trakya Cam Sanayii A.Ş.



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## Trakya Cam in Brief

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Trakya Cam, which was founded by Şişecam in 1978, is the leading company of the flat glass market in Turkey and the pioneer in the region.

Trakya Cam that employs the latest technologies in production, operates in the fields of;

- basic glass (flat glass, patterned glass, mirror, laminated glass, coated glass, glass for architectural applications),
- automotive glass and glass for other vehicles,
- energy glass,
- glass for home appliances

and provides input for various sectors including construction, automotive, energy, home appliances, furniture and agriculture.

Trakya Cam is the first company to deploy the float technology among the East European, Balkan, Middle Eastern and North African countries with its first float line that became operational in 1981. The Company inaugurated three additional float lines between 1990 - 2000 and undertook the operations of mirror, laminated glass and automotive glass with its new investments in this period.

In accordance with its vision of leadership in the region and its strategy of multi-focus production, Trakya Cam inaugurated the first float line of the Balkan Region in 2006 under the identity of Trakya Glass Bulgaria EAD, which is the subsidiary of Trakya Cam and the plants of mirror and tempered glass successively. Trakya Cam opened its automotive glass plant in 2010, where it plans to make production for the Balkan and European markets.

Moreover, via an other subsidiary, Trakya Yenişehir Cam Sanayii A.Ş., Trakya Cam expanded its activities with the inauguration of two float glass lines and a coated glass line in Bursa, Turkey in 2007.

Saint-Gobain Glass Egypt plant, where Trakya Cam has stake, started operation in Egypt in 2010.

Trakya Cam ranks among the top seven flat glass companies in the world and top four companies in Europe by its production capacity in seven float glass lines. The Company operates as a strong glass supplier to the expanding focal points in Europe and our region in the fields of automotive, energy and home appliances.

Trakya Cam continues its activities and investments within the scope of its vision of being the leading producer in its region by competing in its target markets through high quality products which stand on a strong technology basis and fully meet customers needs.

## Consolidated Financial Indicators

### Summary Consolidated Balance Sheets

	Million TL			Million USD		
	2010	2009	2008	2010	2009	2008
Current Assets	901	707	553	583	470	366
Fixed Assets	1,146	1,235	1,246	741	820	824
Total Assets	2,047	1,942	1,799	1,324	1,290	1,190
Current Liabilities	158	209	178	102	139	118
Long Term Liabilities	339	366	341	219	243	225
Shareholders' Equity	1,550	1,367	1,279	1,003	908	846
Total Liabilities and Shareholders' Equity	2,047	1,942	1,799	1,324	1,290	1,190
Net Financial Debts	(190)	86	235	(123)	57	155

### Summary Consolidated Income Statements

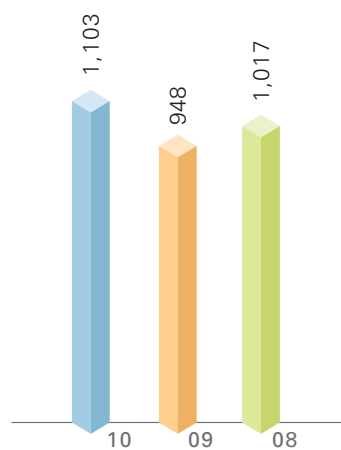
	Million TL			Million USD		
	2010	2009	2008	2010	2009	2008
Net Sales	1,047	892	967	698	577	745
Costs of Sales	(720)	(700)	(651)	(480)	(453)	(502)
Gross Profit	327	193	316	218	125	244
Operating Expenses	(151)	(137)	(138)	(101)	(89)	(106)
Other Income / Expenses (Net)	6	18	7	4	12	5
Operating Profit (EBIT)	182	74	185	121	48	143
Equity Method Effect	17	10	6	11	6	5
Financing Income / Expenses (Net)	51	(9)	(43)	34	(6)	(33)
Profit Before Taxes	250	75	148	167	49	114
Tax Provisions According to Turkish Tax Legislations	(31)	(14)	(29)	(21)	(9)	(22)
Deferred Tax Provisions	4	7	4	3	5	3
Net Profit After Taxes	223	68	123	149	44	95
Minority Interests	(12)	(6)	(2)	(8)	(4)	(2)
Net Profit / Loss	211	62	121	141	40	93
Depreciations	125	116	118	83	75	91
Earnings Before Interest, Taxes, and Depreciation (EBITDA)	306	191	303	204	123	234

### Financial Ratios

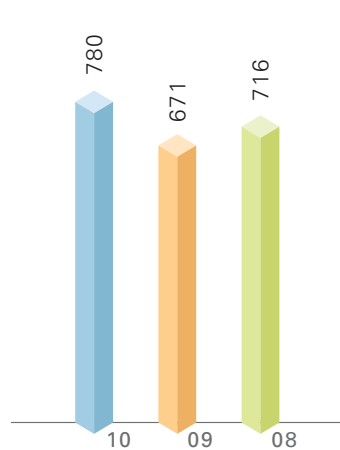
	2010	2009	2008
Current Assets / Short Term Liabilities (Current Ratio)	6	3	3
Total Liabilities/ Total Assets	24%	30%	29%
Total Liabilities / Shareholders' Equity	32%	42%	41%
Net Financial Liabilities / Total Assets	-9%	4%	13%
Net Financial Liabilities / Shareholders' Equity	-12%	6%	18%
Financials / Net Sales	5%	-1%	4%
Gross Profit / Net Sales	31%	22%	33%
Net Profit / Net Sales	20%	7%	13%
Operating Profit (EBIT) / Net Sales	17%	8%	19%
EBITDA / Net Sales	29%	21%	31%

## Financial Indicators (Million TL)

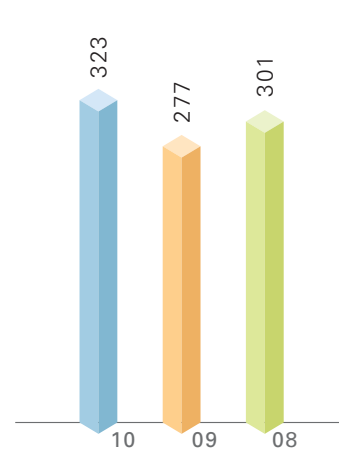
### Total Sales (Gross)



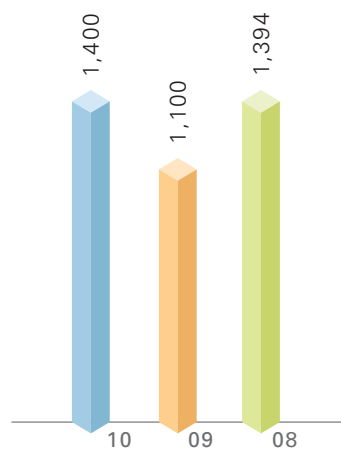
### Domestic Sales (Gross)



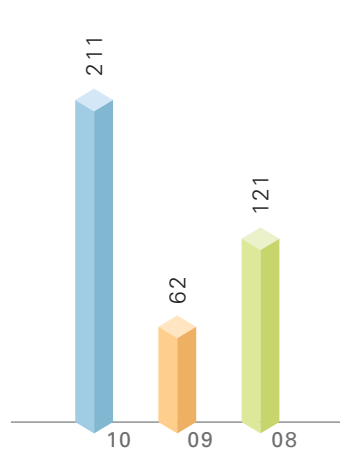
### International Sales (Gross)



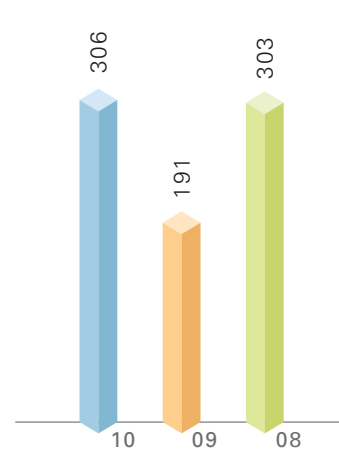
### Basic Glass Production (Thousand Tons)



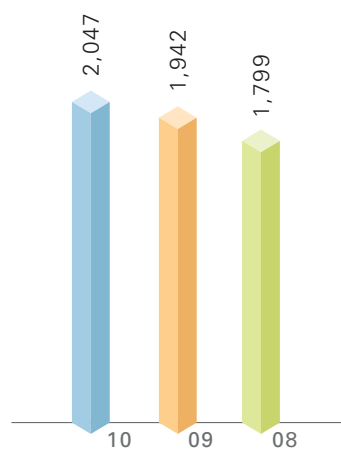
### Net Profit



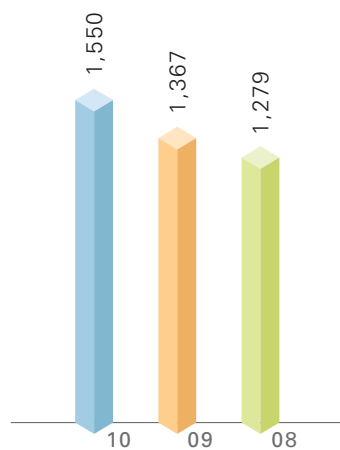
### EBITDA



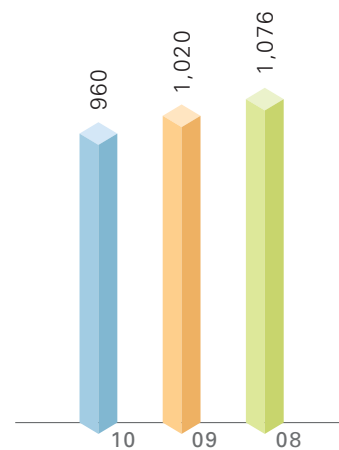
### Total Assets



### Total Shareholders Equity



### Tangible Fixed Assets (Net)



## Management

### Board of Directors

Chairman	Gülsüm Azeri
Vice Chairman	Mehmet Karakılıç
Member	Hafız Ekrem Kürkçü
Member*	Asuman Akman
Member*	Zeynep Hansu Uçar
Member	Selçuk Yılmaz Demirkıran
Member	Müfit Özkara

### Board of Auditors

Auditor	Beytiye Ayşe Kıvılcım Gökşin
Auditor	Mükremin Şimşek

### Management

Gülsüm Azeri Chairman of the Board
Teoman Yenigün** Şişecam Flat Glass CEO
Selçuk Demirkıran Basic Glass Production and Sales Director
Ertan Tanyeli Development Director
Reha Akçakaya Automotive Glass Director
Müfit Özkara Financial Director
Ali Şekerli Business Group Manager Solar and Home Appliance Glasses
Ahmet Eryaman Global Supply Chain Management & System Development Group Manager
Levent Şimşek Human Resources Group Manager
Mehmet Ali Tiryaki Trakya Yenişehir Cam Sanayii A.Ş. Plant Manager
Şevket Asilkazancı Trakya Glass Bulgaria EAD Flat Glass Plant Manager
Gökhan Atikkan Trakya Cam Sanayii A.Ş. Trakya Plant Manager
Haşim Ekici Trakya Cam Sanayii A.Ş. Mersin Plant Manager
Melih Çobanlı Operations and Development Manager - Solar and Home Appliance Glasses
Çağatay Suner Operations and Development Manager - Automotive Glass

\* Audit Committee Members

Zeynep Hansu Uçar was elected as of 2 August 2010 to replace Özgün Çınar, resigned during the course of the year.

\*\* Mr. Teoman Yenigün has been working as Şişecam Flat Glass CEO since 15 February 2011.

## Report of the Board

Dear Shareholders;

We do hereby submit to your kind inspection and approval the report, balance sheets and income statement of Trakya Cam Sanayii A.Ş. in its 33<sup>rd</sup> year of operation issued for the period of 01.01.2010 – 31.12.2010 in compliance with the Capital Markets Board of Turkey Communiqué, Series XI. No. 29 and the provisions of other supplementary, amendatory and explanatory communiqués drawn up within the framework of the Capital Markets Board of Turkey.

Our company is an affiliate of Türkiye Şişe ve Cam Fabrikaları A.Ş., founded by Türkiye İş Bankası in 1935 upon the instructions of our Great Leader Atatürk to implement the mission of 'establishing and developing the glass industry in Turkey'. Today float glass, patterned glass, mirror, laminated glass, coated glass, automotive glass, solar glass and home appliance glass are produced in our company by the employment of the latest technologies. In 2010, we once again faithfully strove to fulfill our duties and responsibilities in order to increase our contribution to the growth of the national economy and to create value for our stakeholders and completed our 33<sup>rd</sup> year of operation with success.

### ECONOMIC DEVELOPMENTS AND PROSPECTS

#### World Economy

In 2010, the second downturn fears were not completely soothed even though the effects of the global economic were reduced. The unrest continued among industrial and finance sectors as the growth of USA economy performed below expectations in spite of all efforts for expansion and because of the problems of some EU member countries during the second half of the year. While USA attempted to solve the problem by coining money, EU chose supporting the member countries which were unable to pay their debt (or committing to recover them).

World economy grew by 4.8% in 2010, while contracted 0.6% the year before. In this growth, developing countries stood out with 7.1% growth, however developed countries only grew by 2.7%.

Euro/USD Dollar exchange rate decreased to a level of 1.2 because of turbulences in Europe and then strained the 1.4 level with the FED (USA Central Bank) declaration of switching to financial expansion (QE-2). Increased demand based on growth, ambiguity in producer countries and speculative profit-seeking caused increase in oil prices. Raw oil (Brent) price, that started the year with \$76, was around \$80 during

the year and closed the year with the price above 100\$.

The gap between developing and developed countries continued also in 2010: developing countries were the driving force of the economic growth and Turkey took its place among these economies. Fast economic recovery in the developing countries caused fears for overheating and these countries have become attractive for short term capital movements. As a result, aversive actions such as Tobin tax in Brazil has been brought to the agenda against short term fund movements in order to manage the balance of payment risks.

Loose fiscal policy applied by developed countries remained ineffective and on the other hand the budget deficit and high inflation fears occurred. Moreover, these loose policies and developing countries' efforts of discouraging hot money led to debate on exchange rate and "currency war between economies" has been pronounced. This issue was discussed in G-20 meetings during the year, but no concrete agreement was reached.

In the last 30 years, developing economies that have been constantly increasing their share in the world economy have accelerated their development by managing the crisis well. The growing consumer potential and maturing markets of these developing economies have become a magnet for international funds. This remarkable case was described as 'new reality' (or the new normal) in World Economic Forum. In 2010, China has taken the title of "the world's second largest economy" from hands of Japan; according to OECD estimations China will sit on the throne of US in 2030. In the new reality, in addition to the BRIC countries (Brazil, Russia, India and China) Mexico, Indonesia, Nigeria, Colombia, Turkey and South Africa are the rising stars.

Improvements have given hope for 2011. However it's obvious that both the industrialists and financial markets will stay cautious and the extreme sensitivity to the developments will continue. Some facts that would reinforce these sensitivities in 2011 and thereafter can be summarized as follows:

- Expansionist policies used to struggle with the crisis have increased public debt and unbalanced the budget. The cost of leader role of the public sponsorship will eventually be reflected to economy and large groups of people. This will have a negative impact firstly on the level of prosperity and then on purchasing power which is the most important source of demand.
- Accelerating economies increase the risk on commodity prices. Rapidly climbing prices

in oil and some metal markets draw attention. This situation will create a risk of cost inflation for economies which import commodities that are becoming more expensive. The global inflationary upstream of food prices disturbs the labor markets.

- The threat of inflation is rising in global terms even though it does not carry the same priority in different economies. This threat, which is ignored in some economies where the need of economic growth is in the forefront such as in America, leads to a more controlled budget and monetary policy implementation in Europe.

- Discrepancies between economies have created the opportunity to meet the need for minimum growth over these countries during the crisis in the short-term and have attributed more importance to developing countries for long term global growth. In order to be one of the top economies, it has become more evident that economies should develop structural advantages rather than providing monetary and financial incentives.

- Issues such as unemployment, social welfare and income distribution which have become more apparent with the crisis, have imposed different policies to governments. Status quo has been forced in all areas of life and the need for change and conversion has become stronger.

#### Turkish Economy

Turkey has grown rapidly in 2010, and has experienced developments in consumer loans, capacity utilization and industrial production areas. GDP, which contracted by 4.7% in 2009, increased by 8.9% in 2010 surpassing expectations. A limited increase in employment has been observed; while the unemployment rate in 2009 was 13%, it declined to 11.4% as of December 2010. Another indicator which is much discussed is the current account deficit. The current account deficit which was \$14 billion a year earlier, increased to \$48.5 billion in 2010. In a period of rapid growth, such an increase in the current account deficit should not be surprising for our country which is dependent on imports of intermediate goods and energy. Rapidly falling interest rates and credit facilities have pushed households to consume more and have also continued to offer positive real interest return to foreign investors due to the differences in inflation rates between economies and this has led to raise appetite for short-term portfolio investment. In brief, growth and vitality have not been financed by national savings, but financed by low-quality (short term) funds and debates on over appreciation of TL has emerged due to the rapid growth of the current account deficit and the quality of financing. Depreciation of exchange rate and vitality in domestic demand have



increased foreign trade deficit, which is the main factor of current account deficit, by 85%. According to provisional figures, exports have grown by 11.5% while imports have grown by 31.6%.

Inflation has fluctuated throughout the year. Fueled by high food prices, consumer inflation rate was realized as 6.4%. However, higher costs realized in producer prices and PPI figure increased to 8.9%. Exchange rates have fluctuated; TL has been devalued a little against Dollar while it has appreciated against Euro. While U.S. Dollar has been appreciated quickly, Euro decreased significantly at the end of the year. As a result TL has been appreciated in real terms against other foreign currencies.

Low exchange rate strengthened the demands for foreign exchange intervention; however, Central Bank has resisted these demands throughout the year, and expressed that "it would focus only on price stability". A serious change in policy was made at the end of the year. To control hot money, first, technical interest rate has been put into practice, 3-month repo tenders were canceled in order to reduce liquidity, and then interest rates were lowered. Statutory reserve rates have been increased and this new set of policies has led to stabilization of the liquidity, and encouraging investors to think long-term.

Rapid increase in consumption was reflected in tax revenues and when the limited increase in public expenditures combined with appropriate loan conditions, a lower budget deficit and a considerable surplus occurred. Budget deficit decreased by 25% in 2010 and realized as TL 39.6 billion, primary surplus increased 20 times and reached to TL 8.7 billion. By the end of 2010, the ratio of budget deficit to GDP was 3.5%.

2011 is a critical year for Turkey. Policies to be implemented ahead of elections are expected to be made in June, which are

important for the internal dynamics, as well as for foreign investors covering Turkey's savings gap. In addition to the political agenda in our country, developments in our vital geography should be followed for the purposes of Our Group. Political movements in the Middle East, especially in Egypt, where our interest is concentrated on, carry uncertainties as well as significant opportunities.

The most fundamental issue in terms of risks is the difficulty for Turkey to show a similar performance as in 2010 without having the driving force of foreign economic development in the world. Turkey should follow strictly the requirements of the long term development policy which the community adopted. Overseas investors will continue to monitor the willingness of such a structural transformation and reform in Turkey in order to make long-term and permanent investments with higher amount of resources. At this point the industrial sector will have a very important mission to be the Turkey's urgent driving force of progress.

## MARKET OUTLOOK & SALES

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

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

## Construction sector

Following a total contraction reaching 23% in 2008 and 2009, the Turkish construction sector grew by 17.1% in 2010. This striking boost of the construction sector, which holds the largest share of flat glass consumption,

Automotive glass brands **Duracam®** **Lameks®** **Toflex®** **Toglas®**



was reflected on the glass demand, predominantly on the replacement market. Trakya Cam responded the competition in the rising market with its regional operations and high service quality and increased its sales in all product groups.

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

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

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

#### Automotive sector

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

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

#### Energy sector

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

The area of renewable solar energy, which



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

#### Home appliances sector

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

### PRODUCTION & INVESTMENTS

#### Full capacity production

In 2010, Trakya Cam used its production



capacity at the maximum level due to the increase in domestic demand and the expanded sales volumes in the international markets.

#### Cost saving

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

#### Domestic investments

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

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

In addition to the automotive glass plant in Lüleburgaz, Trakya Cam has inaugurated its

## Brands

TRC **Ecotherm**

TRC **Ecosol**

TRC **Helio clear**

TRC **Helio extra clear**

TRC **Helio**<sup>®</sup>

TRC **Tentesol**<sup>®</sup>

TRC **Tentesol T**<sup>®</sup>

TRC **Aura Reflekta**

TRC **Lameks**<sup>®</sup>

TRC **Acoustic Lameks**

TRC **Duracam**<sup>®</sup>

TRC **Elit Glass**

TRC **Deco classic**

TRC **Deco wired**

TRC **Flotal**<sup>®</sup>

TRC **Flotal S**<sup>®</sup>

TRC **Rainbow**<sup>®</sup>

TRC **Durasolar**<sup>®</sup> P+

TRC **Solar P+**

second plant in July 2010. Located in Bulgaria, the new plant is projected to meet the demand of the Balkans and Europe.

### Investments in Russia and Egypt

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

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

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

Saint-Gobain Glass Egypt Plant, where Trakya Cam has 14.87 stake, was opened in Egypt in July.

### DEVELOPMENT & IMPROVEMENT ACTIVITIES

#### R&D for sustainability

Trakya Cam has been providing significant progress and successful results in its R&D studies towards its products that have importance within the context of sustainability. In 2010, Trakya Cam put emphasis on research that focused on products in renewable energy area and multi-functional glass systems which decrease energy consumption and are environmentally friendly. Within this framework, the Company conducted research projects and developed

new multi-functional and toughenable products for architectural applications and achieved successful production trials for some of these products. Two projects received the support of foreign R&D centers and two other projects were supported by TUBITAK- TEYDEB's (The Scientific and Technological Research Council of Turkey - Center of Technology and Innovation Funding) Industrial R&D Projects Support Program.

Since incentives in the European automotive industry are mostly provided to environmentally friendly technologies, some applications have rapidly gained importance, such as reducing CO<sub>2</sub> emissions as well as reducing the weight of vehicles, lowering the energy usage required for cooling, saving fuel and using lead-free materials for this purpose. In line with this objective, Trakya Cam carried out various research and development projects in the field of automotive glasses in 2010. An original heat-reflecting car wind shield was developed and its initial trial productions were completed successfully.

### Efforts of increasing the efficiency of supply chain

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

Several new projects aiming to increase the efficiency of the supply chain are planned. In this context, in line with the size and growth vision of the Company, Advanced Planning and Optimization project was decided to be initiated for the supply chain. The target of the project is to increase the competitive strength through cost



optimization. Moreover, the existing system for Production Planning/Sales/Stock was renewed in 2010 and studies on improving the system will be continued in 2011.

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

### PROMOTIONAL ACTIVITIES & SECTOR-RELATED EVENTS

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

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

#### Branding activities

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

#### Lobbying activities

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

#### Obligation of using laminated glass

Trakya Cam has been cooperating with Turkish Standards Institution (TSE) and the Ministry of Public Works and Settlement since 2009 with the aim of making it

obligatory to use security glass in buildings and areas requiring security. These works have been completed in 2010 and the standard titled "TS 13433 – Glazing for Buildings - Code of Practice for Safety Related to Human Impact" has been published and put into practice in August 2010.

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

### EXPECTATIONS & GROWTH TARGETS

Trakya Cam ranks among the top four flat glass companies in Europe and top seven companies in the world. Operating in a region with high growth potential and increasing competition, Trakya Cam continues its investments within the scope of its vision of being the leading producer in its region. Regarding the joint venture that will be realized in Russia – Republic of Tatarstan, studies are ongoing with Saint-Gobain. The flat glass, mirror, coated glass and automotive glass investments, planned to be put into operation progressively starting from the second half of 2012, reflect Trakya Cam's aspiration to attain a significant market share in the growing Russian market through local manufacturing and sales.

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

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

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

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



## Share Capital Structure and Developments in Share Capital

Türkiye Şişe ve Cam Fabrikaları A.Ş. owns 70 percent (%) of our Company's capital that amounts to TL 603,200,000 in total. The registered authorized capital of our Company is TL 1,000,000,000.

## Dividend Distributed in the Last Three Financial Years

In 2007, gross dividend corresponding to 12 percent (%) of the paid-in capital, in 2008, gross dividend corresponding to 8 percent (%) of the paid-in capital and in 2009, gross dividend corresponding to 4 percent (%) of the paid-in capital are added to the share capital of the company and distributed as bonus shares to the existing shareholders.

## Distribution of 2010 profit

Our net consolidated profit of **TL 210,996,742** reflected in the consolidated balance sheet as of 31 December 2010, prepared in compliance with the Communiqué Series: XI, No 29 "Principles Regarding Financial Reporting in Capital Markets" by the Capital Markets Board (CMB) shall be segregated as follows according to Clause 29 of Master Contract and to the CMB regulations on profit distribution:

## The Proposal for the Profit for the Year of 2010

<b>Profit for the Period</b>	<b>237,702,849</b>
Taxes Payable (-)	26,706,107
<b>Net Profit for the Period</b>	<b>210,996,742</b>
<b>Total Dividends</b>	<b>45,240,000</b>
(To be distributed as Cash Dividend)	
Statutory Reserves	5,815,613
<b>Extraordinary Reserves</b>	<b>159,941,129</b>

- The gross dividend in the amount of **TL 45,240,000** that corresponds to 7.5 percent (%) of the paid-in capital to be distributed as cash dividend,
- 7.5 percent (%) of the gross dividend to be distributed as net cash dividend to our shareholders whose income is not subject to withholding tax and 6.375 percent (%) of the gross dividend, after the deduction of the withholding tax, to be distributed to our shareholders whose income is subject to withholding tax.
- Cash dividend distribution will take effect on May 31'st 2011.

The above mentioned details are presented for your attention and approval.

Gülsüm Azeri  
Chairman of the Board  
of Directors

Müfit Özkara  
Member of the Board  
of Directors

**Trakya Cam Sanayii A.Ş.****Report of the Board of Auditors for 2010**

To the General Assembly of Trakya Cam Sanayii A.Ş.;

<b>Business Title</b>	:	Trakya Cam Sanayii A.Ş.
<b>Head Office</b>	:	İstanbul
<b>Registered Authorized Capital</b>	:	TL 1,000,000,000
<b>Issued Capital</b>	:	TL 603,200,000
<b>Field of Activity</b>	:	Production and sales of flat glass, autoglass, energy glass and glass for home appliances
<b>Statutory auditors' names, surnames, terms of office and whether they have a shareholding interest in the company</b>	:	Beytiye Ayşe Kılıncım Gökşin 22.04.2010 - 08.04.2011 Mükremin Şimşek 22.04.2010 - 08.04.2011 Statutory auditors don't have a shareholding interest in the company nor they are the employees of the company.
<b>Number of Board Of Directors Meetings Participated in and of Board of Auditors Meetings held</b>	:	Board of Directors' meetings participated in: 7 Board of Auditors' meetings held: 6
<b>Scope, dates and conclusion of the examination made on the accounts, books and documents of the company</b>	:	Based on the examinations of the company's books and documents carried out on 08.01.2010, 16.04.2010, 07.05.2010, 09.07.2010, 08.10.2010 and 19.11.2010, it has been established that the books were kept in accordance with the applicable laws and generally accepted accounting principles.
<b>Number and the 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</b>	:	In 2010, 6 cash counts were conducted and it was determined that cash balance in the company accounts accurately reflects the actual cash on hand
<b>Dates and results of the examinations made pursuant to Article 353, paragraph 1, subparagraph 4 of the Turkish Commercial Code</b>	:	As a result of the examinations carried out on 08.01.2010, 16.04.2010, 07.05.2010, 09.07.2010, 08.10.2010 and 19.11.2010 it has been ascertained that all types of valuable papers provided as pledge or guarantee, or entrusted to the company's pay desk for safekeeping are present and that the same conform to the records.
<b>Complaints and irregularities received and the actions taken in relation thereto</b>	:	During our term of office as auditors, neither complaints nor reports of irregularities have been reported.

We have examined the accounts and transactions of Trakya Cam Sanayii Anonim Şirketi for the period 1 January 2010 – 31 December 2010 with respect to their compliance with the Turkish Commercial Code, the company's articles of association, and other applicable legislation, as well as generally accepted accounting principles and standards.

In our opinion, the attached balance sheet drawn up on 31 December 2010, the contents of which we acknowledge, fairly and accurately presents the company's financial status on the date, and the income statement for the period 1 January 2010 – 31 December 2010 fairly and accurately presents the operating results for the period, and the dividend distribution proposal is in compliance with the laws and the company's articles of association.

We hereby submit the balance sheet and income statement for your approval and the acquittal of the Board of Directors for your voting.

  
Beytiye Ayşe Kılıncım Gökşin

Statutory Auditors

  
Mükremin Şimşek

**TRAKYA CAM SANAYİİ A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2010  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of Trakya Cam Sanayii A.Ş.

1. We have audited the accompanying consolidated financial statements of Trakya Cam Sanayii A.Ş., its subsidiaries and its joint-ventures (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2010 and the consolidated statements of comprehensive 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*

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the proper preparation 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*

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

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

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

#### *Opinion*

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Trakya Cam Sanayii A.Ş. as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards issued by the CMB (Note 2).

#### *Other matter*

5. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 were audited by another auditor whose report dated 6 April 2010, expressed an unqualified opinion.

#### *Additional paragraph for convenience translation into English*

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

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



Gökhan Yüksel, SMMM  
Partner

Istanbul, 21 March 2011

## TRAKYA CAM SANAYİİ A.Ş.

### CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2010 AND 31 DECEMBER 2009

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

ASSETS	Notes	31 December 2010	31 December 2009
<b>Current Assets</b>		<b>900,953,003</b>	<b>706,900,294</b>
Cash and Cash Equivalent	6	454,060,846	294,837,900
Trade receivables	10	213,688,247	199,637,455
Other receivables		59,940,965	38,051,462
- Other receivables from related parties	37	59,129,211	37,339,870
- Other receivables	11	811,754	711,592
Inventories	13	159,302,023	161,513,826
Other current assets	26	13,960,922	12,859,651
<b>Non - Current Assets</b>		<b>1,146,110,245</b>	<b>1,235,488,864</b>
Other receivables	11	331,169	231,007
Financial investments	7	84,490,380	122,989,211
Investments accounted for by equity method	16	71,231,184	68,789,429
Property, plant and equipment	18	957,393,346	1,017,260,767
Intangible assets	19	2,692,531	2,754,560
Deferred tax assets	35	15,559,092	10,881,176
Other non - current assets	26	14,412,543	12,582,714
<b>TOTAL ASSETS</b>		<b>2,047,063,248</b>	<b>1,942,389,158</b>

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

**TRAKYA CAM SANAYİİ A.Ş.****CONSOLIDATED BALANCE SHEETS  
AT 31 DECEMBER 2010 AND 31 DECEMBER 2009**

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
<b>Current Liabilities</b>		<b>157,543,981</b>	<b>208,831,393</b>
Financial liabilities	8	8,826,066	34,407,973
Short term portion of long term financial liabilities	8	48,092,313	72,013,864
Trade payables		58,943,374	49,863,017
- Trade payables to related parties	37	7,397,656	7,751,109
- Other trade payables	10	51,545,718	42,111,908
Other payables		27,071,329	34,972,086
- Other payables to related parties	37	4,330,631	20,255,541
- Advances received	11	13,408,336	6,412,577
- Other payables	11	9,332,362	8,303,968
Current tax liabilities	35	8,516,063	9,895,590
Employee benefits	24	1,340,309	1,483,538
Provisions	22	666,586	715,108
Other current liabilities	26	4,087,941	5,480,217
<b>Non - Current Liabilities</b>		<b>339,086,420</b>	<b>366,723,803</b>
Financial liabilities	8	261,467,079	291,304,954
Other payables	11	83,633	45,855
Provision for employee termination benefits	24	30,222,169	27,264,645
Deferred tax liabilities	35	46,910,727	47,636,232
Other non current liabilities	26	402,812	472,117
<b>EQUITY</b>	<b>27</b>	<b>1,550,432,847</b>	<b>1,366,833,962</b>
<b>Equity attributable to equity holders of the company</b>		<b>1,498,798,998</b>	<b>1,324,708,696</b>
Share capital		603,200,000	580,000,000
Adjustment to share capital		5,576,528	5,576,528
Premium in excess of par		22,703	22,703
Revaluation fund		42,277	29,450,528
Currency translation differences		29,518,143	37,016,332
Restricted reserves		87,168,906	85,363,509
Retained earnings		562,273,699	525,046,402
Net profit for the period		210,996,742	62,232,694
<b>Non controlling interest</b>		<b>51,633,849</b>	<b>42,125,266</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,047,063,248</b>	<b>1,942,389,158</b>

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

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

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

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
Sales	28	1,046,764,123	892,498,710
Cost of sales (-)	28	(720,108,849)	(699,663,951)
<b>GROSS PROFIT</b>		<b>326,655,274</b>	<b>192,834,759</b>
Marketing, selling and distribution expenses (-)	29	(67,619,491)	(58,800,288)
General administrative expenses (-)	29	(74,942,669)	(71,007,010)
Research and development expenses (-)	29	(8,109,299)	(7,014,638)
Other operating income	31	14,628,270	22,537,016
Other operating expenses (-)	31	(8,848,323)	(4,243,028)
<b>OPERATING PROFIT</b>		<b>181,763,762</b>	<b>74,306,811</b>
Share in profit of investments accounted for by equity method	16	17,107,500	9,942,097
Financial income	32	148,874,627	48,171,270
Financial expenses (-)	33	(98,150,773)	(56,927,219)
<b>PROFIT BEFORE TAX</b>		<b>249,595,116</b>	<b>75,492,959</b>
Taxation on income			
Current tax expense	35	(30,998,071)	(14,141,170)
Deferred tax income	35	4,291,964	7,095,734
<b>PROFIT FOR THE PERIOD</b>		<b>222,889,009</b>	<b>68,447,523</b>
Allocation of profit for the period			
Attributable to:			
non - controlling interest		11,892,267	6,214,829
Equity holders of the company		210,996,742	62,232,694
Earnings per share			
(Per shares correspondence to TRY 1)	36	0.3498	0.1032

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

**TRAKYA CAM SANAYİİ A.Ş.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

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

	Notes	1 January - 31 December 2010	1 January - 31 December 2009
<b>PROFIT FOR THE PERIOD</b>		<b>222,889,009</b>	<b>68,447,523</b>
<b>Other comprehensive income / (expense)</b>			
Change in currency translation differences		(7,498,189)	1,623,907
Value increase / decrease of financial assets		(30,527,779)	18,375,071
Tax benefit / (charge) relating to components of other comprehensive income	35	1,119,528	(694,888)
<b>Other comprehensive income</b>		<b>(36,906,440)</b>	<b>19,304,090</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>185,982,569</b>	<b>87,751,613</b>
Attributable to:			
non - controlling interest		11,892,267	6,214,829
Equity holders of the Company		174,090,302	81,536,784

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

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

**Other Comprehensive Income**

	Capital	Adjustment to share capital	Premium in excess of par	Revaluation fund	Currency translation differences	Restricted reserves	Retained earnings	Net profit for the period	Total equity attributable to the equity holders of the company	Non - controlling interest	Total
<b>1 January 2009</b>	535,563,765	5,576,528	22,703	11,770,345	35,392,425	69,072,315	464,601,113	121,172,718	1,243,171,912	36,068,724	1,279,240,636
Transfers from retained earnings	-	-	-	-	-	16,291,194	104,881,524	(121,172,718)	-	-	-
Capital increase	44,436,235	-	-	-	-	-	(44,436,235)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(158,287)	(158,287)
Total comprehensive income	-	-	-	17,680,183	1,623,907	-	-	62,232,694	81,536,784	6,214,829	87,751,613
<b>31 December 2009</b>	<b>580,000,000</b>	<b>5,576,528</b>	<b>22,703</b>	<b>29,450,528</b>	<b>37,016,332</b>	<b>85,363,509</b>	<b>525,046,402</b>	<b>62,232,694</b>	<b>1,324,708,696</b>	<b>42,125,266</b>	<b>1,366,833,962</b>
<b>1 January 2010</b>	580,000,000	5,576,528	22,703	29,450,528	37,016,332	85,363,509	525,046,402	62,232,694	1,324,708,696	42,125,266	1,366,833,962
Transfers from retained earnings	-	-	-	-	-	1,805,397	60,427,297	(62,232,694)	-	-	-
Capital increase	23,200,000	-	-	-	-	-	(23,200,000)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(2,383,684)	(2,383,684)
Total comprehensive income	-	-	-	(29,408,251)	(7,498,189)	-	-	210,996,742	174,090,302	11,892,267	185,982,569
<b>31 December 2010</b>	<b>603,200,000</b>	<b>5,576,528</b>	<b>22,703</b>	<b>42,277</b>	<b>29,518,143</b>	<b>87,168,906</b>	<b>562,273,699</b>	<b>210,996,742</b>	<b>1,498,798,998</b>	<b>51,633,849</b>	<b>1,550,432,847</b>

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

## TRAKYA CAM SANAYİİ A.Ş.

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

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

<b>Cash flows from operating activities</b>	<b>Notes</b>	<b>1 January - 31 December 2010</b>	<b>1 January - 31 December 2009</b>
Net profit for the period		222,889,009	68,447,523
Depreciation and amortization	18, 19	124,621,100	116,350,202
Gain on fixed asset sales	31	(4,600,502)	(2,099,748)
Income from associates	16	(17,107,500)	(9,942,097)
Gain on sales of available- for-sale financial assets	32, 33	(33,188,669)	-
Foreign currency gain on bank borrowings		(12,755,849)	72,051,141
Provision for employee termination benefits	24	5,661,440	5,721,308
Allowance for doubtful receivables	10	2,740,007	313,466
Allowance for impairment on inventory	13	1,084,257	242,162
Change in other provisions		(1,256,510)	(2,320,338)
Dividend income	32	(60)	(1,470,394)
Interest income	32	(18,491,347)	(16,324,444)
Interest expenses	33	26,431,414	21,441,810
Tax expense	35	26,706,107	7,045,436
Operating cash flows before changes in the working capital		322,732,897	259,456,027
Changes in the working capital			
Trade receivables	10	(16,790,799)	7,573,971
Inventories	13	1,127,546	50,329,982
Other receivables and payables	11, 22, 24, 26	(1,170,920)	3,691,649
Trade payables	10	9,433,810	(7,318,623)
Trade payables to related parties	37	(353,453)	(869,386)
Other payables and liabilities	11, 22, 24, 26	7,665,109	3,686,975
Cash used in operations		322,644,190	316,550,595
Taxes paid	35	(32,377,598)	(10,864,122)
Employee termination benefits paid	24	(2,703,916)	(9,095,970)
<b>Net cash provided by operating activities</b>		<b>287,562,676</b>	<b>296,590,503</b>
<b>Cash flows from investing activities</b>			
Contribution to increase of share capital of financial assets		(2,124,389)	(17,887,444)
Proceeds from sales of available-for -sale financial assets	7	50,563,425	-
Acquisition of property, plant and equipment	18	(87,392,394)	(65,873,087)
Acquisition of intangible assets	19	(439,339)	(71,192)
Proceeds from sales of property, plant and equipment		17,000,369	10,622,926
Dividends received	32	60	1,470,394
Dividends received from associates	16	6,858,225	793,027
Changes in advances given for fixed asset sales	26	(1,960,504)	2,807,257
Currency translation differences		3,778,303	(332,800)
<b>Net cash used in investing activities</b>		<b>(13,716,244)</b>	<b>(68,470,919)</b>
Cash flows from financing activities			
Proceeds from bank borrowings		71,635,336	190,000,067
Redemption of bank borrowings		(137,299,768)	(202,396,701)
Dividends paid to non-controlling interests		(2,383,684)	(158,287)
Change in non trade receivables/payables to related parties	37	(37,714,251)	3,871,475
Interest received		18,107,561	16,008,586
Interest paid		(27,352,466)	(25,531,410)
<b>Net cash used in financing activities</b>		<b>(115,007,272)</b>	<b>(18,206,270)</b>
<b>Net increase in cash and cash equivalents</b>	6	158,839,160	209,913,314
<b>Cash and cash equivalents at the beginning of the period</b>	6	294,343,795	84,430,481
<b>Cash and cash equivalents at the end of the period</b>		<b>453,182,955</b>	<b>294,343,795</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

**NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS**

Trakya Cam Group (the "Group") consists of a holding company, Trakya Cam Sanayii A.Ş. ("Company") and 4 subsidiaries, 2 associates and 3 joint ventures.

Trakya Cam Sanayii A.Ş. was established on 17 January 1978 and started production in 1981. The Company is a subsidiary of Türkiye Şişe ve Cam Fabrikaları A.Ş. Group ("Şişecam Holding") which is under the control of Türkiye İş Bankası A.Ş. The Company produces and sells basic flat glass, mirror, automotive glass, tempered glass, laminated glass, coated glass, processed glass and glassware in its production facilities at Kırklareli (Lüleburgaz), Mersin (Tarsus), Bulgaria (Targovishte) and Bursa (Yenişehir).

**The Head Office and the Shareholder Structure of the Company**

The shareholder structure of the Company is presented in Note 27. The Company is registered in Turkey and the contact information is as below:

İş Kuleleri Kule 3, 4. Levent 34330, Beşiktaş / İstanbul / Turkey

The Company's shares are traded in Istanbul Stock Exchange ("ISE") since 5 November 1990.

**Details of the number of the personnel are as follows:**

	31 December 2010	31 December 2009
Personnel charged by monthly pay	803	827
Personnel charged by hour	1,898	1,861
<b>Total</b>	<b>2,701</b>	<b>2,688</b>

**Approval of Financial Statements**

Financial statements were approved by the board of directors and authorized for publication on 21 March 2011. The General Assembly has the authority to change these financial statements.

**Consolidated subsidiaries, joint ventures and associates:**

The subsidiaries, the joint ventures and the associates of the Group, their country of incorporation, nature of business and the proportion of ownership interest and the effective interest of the Company in these subsidiaries are as follows:

**Subsidiaries:**

Company name	Nature of business	Country of incorporation
Trakya Yenişehir Cam San.A.Ş.	Production and sale of flat, coated, laminated, white goods and project glass	Turkey
Trakya Polatlı Cam San.A.Ş. (*)	Production and sales of flat glass	Turkey
Trakya Investment BV	Finance and investment company	Netherlands
Trakya Glass Kuban OOO (*)	Production and sales of flat glass	Russia

(\*) Investment and operations of these companies have not started as at the balance sheet date except for the commitments disclosed in Note 30.

Company Name	31 December 2010		31 December 2009	
	Direct and indirect ownership ratio %	Effective ownership ratio %	Direct and indirect ownership ratio %	Effective ownership ratio %
Trakya Yenişehir Cam San.A.Ş.	85.0	85.0	85.0	85.0
Trakya Polatlı Cam San.A.Ş.	85.0	85.0	85.0	85.0
Trakya Investment BV	100.0	100.0	100.0	100.0
Trakya Glass Kuban OOO	-	100.0	-	100.0

**Joint Ventures:**

Company Name	Nature of business	Country of incorporation
Trakya Cam Investment BV	Finance and investment	Netherlands
Trakya Glass Bulgaria EAD	Production and sale of flat glass, mirror, white goods and glassware	Bulgaria
Trakya Glass Logistics EAD	Logistics	Bulgaria

Company Name	31 December 2010		31 December 2009	
	Direct and indirect ownership ratio %	Effective ownership ratio %	Direct and indirect ownership ratio %	Effective ownership ratio %
Trakya Cam Investment BV	70.0	70.0	70.0	70.0
Trakya Glass Bulgaria EAD	-	70.0	-	70.0
Trakya Glass Logistics EAD	-	70.0	-	70.0

**Associates:**

Company Name	Nature of business	Country of incorporation	31 December 2010	31 December 2009
			Ownership ratio %	Ownership ratio %
Çayırova Cam San. A.Ş.	Commercial activity (*)	Turkey	28.1	28.1
Camış Elektrik A.Ş.	Electricity production and sales	Turkey	34.4	34.4

(\*) Çayırova Cam San. A.Ş.'s revenue consists of rent income by leasing its warehouses and facilities to the Group companies.

**NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS****2.1 Basis of Presentation**Basis of presentation of financial standards and significant accounting policies

The Company and its Turkish subsidiaries registered in Turkey 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 registered in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the prevailing legislation in those countries.

The Capital Markets Board ("CMB") Communiqué Serial: XI, No: 29 "Financial Reporting Standards in Capital Markets" ("Communiqué Serial: XI, No: 29") provides principles and standards on the preparation and presentation of financial statements. The Communiqué is applicable commencing from the first interim financial statements prepared subsequent to 1 January 2008, and Communiqué Serial: XI, No: 25 "The Capital Market Accounting Standards" ("Communiqué Serial: XI, No: 25") is annulled by the application of this communiqué. As per this communiqué, the financial statements should be prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union ("EU"). However, companies will apply IASs/IFRSs until the differences between the standards accepted by the European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"). In this respect, Turkish Accounting / Financial Reporting Standards that are issued by TASB and are not controversial to the adopted standards shall be taken as a basis in the application.

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

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TRY in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB for listed companies. The subsidiaries and joint ventures registered in foreign countries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion except for the valuation of certain financial assets and liabilities, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

Presentation and Functional Currency

The individual financial statements of each entity of the Group 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 ("TRY"), which is the functional and presentation currency of the Company.

Functional currency of Trakya Cam Investment BV, joint venture operating in Netherlands is Euro. Functional currencies of Trakya Glass Bulgaria EAD and Trakya Glass Logistics EAD, joint ventures operating in Bulgaria are Bulgarian Leva. Functional currency of Trakya Investment BV, subsidiary operating in Netherlands is Euro. Financial statements of these subsidiaries and joint ventures are consolidated by converting balance sheet items with TRY/Euro and TRY/Bulgarian Leva exchange rates prevailing at the balance sheet date and by converting income / expenses and cash flows with annual average exchange rates for TRY/Euro and TRY/Bulgarian Leva. Translation differences arising from conversion are accounted in "currency translation differences" under equity.

Functional currencies of subsidiaries operating in Turkey are TRY.

Preparation of Financial Statements in Hyperinflationary Periods

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards the application of inflation accounting is no longer required. Accordingly, the Group did not apply IAS 29 "Financial Reporting in Hyperinflationary Economies" issued by IASB in its financial statements for the accounting periods starting 1 January 2005.

Going Concern

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

### Comparative Information and Correction of Prior Period Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year consolidated financial statements. The Group made reclassifications to the prior period's financial statements in order to maintain consistency with presentation of current year consolidated financial statements. Reclassification is related with transportation expense. This reclassification has no effect on the profit of the related period.

<u>1 January - 31 December 2009</u>	Previously reported	Reclassification	Restated
Net sales	886,407,839	6,090,871	892,498,710
Cost of sales	(698,225,530)	(1,438,421)	(699,663,951)
Marketing and sales expenses	(54,147,838)	(4,652,450)	(58,800,288)

These consolidated financial statements include the accounts of the parent company, its Subsidiaries and its Joint Ventures. Financial statements of the companies included in the consolidation are prepared based on the accounting principles and presentation basis applied by the Group in accordance with CMB Financial Reporting Standards, necessary adjustments and reclassifications are made.

### Financial statements of foreign Subsidiaries and Joint Ventures

Financial statements of Subsidiaries and Joint Ventures operate in foreign countries are prepared according to the legislation of the country in which they operate with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. Foreign Subsidiaries' and Joint Ventures' assets and liabilities are translated into TRY at the exchange rates prevailing at the balance sheet date and income and expenses are translated into TRY at the average exchange rates. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the "currency translation differences" under the shareholders' equity.

Exchange rates used for the translation of the foreign operations included in the consolidation are as follows:

<b>Currency</b>	<b>31 December 2010</b>		<b>31 December 2009</b>	
	<b>Period End</b>	<b>Period Average</b>	<b>Period End</b>	<b>Period Average</b>
Euro	2.04910	1.98857	2.16030	2.15080
Bulgarian Leva	1.04769	1.01674	1.10454	1.09969

### Consolidation Principles

#### Subsidiaries

Control exists when the Group has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from activities.

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

The table in Note 1 sets out all Subsidiaries included in the scope of consolidation and shows the ownership and effective interest rates as at 31 December 2010 and 31 December 2009.

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

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

The non-controlling shareholders' share in the net assets and results of Subsidiaries for the year are separately classified as non-controlling interest in the consolidated balance sheets and statements of income. When the losses applicable to the non-controlling exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling interest are charged against the majority interest except to the extent that the non-controlling interest has a binding obligation to, and is able to make good the losses (Note 2.5).

#### Joint Ventures

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself whereby the

Company exercises control over the voting rights of the shares held by them. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows the ownership and effective interest rates as at 31 December 2010 and 31 December 2009.

The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. According to this method, the Group includes its share of the assets, liabilities, income and expenses of each Joint Venture in the relevant components of the financial statements. Liabilities and expenses 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.

The accounting policy of goodwill attributable to the consolidated financial statements resulting from the acquisition transaction of the Joint Venture is the same as the accounting policy of goodwill attributable to the consolidated financial statements resulting from the acquisition transaction of a Subsidiary (Note 2.5).

Unrealized profits and losses resulting from the transactions between the Group and the Group's jointly controlled enterprises are eliminated to the extent of the Group's interest in the joint venture.

#### Associates

Associates are companies in which the Group has the interest that is more than 20% and less than 50% of the ordinary share capital held for the long-term and over which a significant influence is exercised. Equity method is used for accounting of associates.

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

#### Available-for-sale assets

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

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

## **2.2 Significant Changes in the Accounting Policies**

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The Group did not have any major change in the accounting policies during the current period.

## **2.3 Restatement and Errors in the Accounting Policies and Estimates**

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

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

## **2.4 Amendments in International Financial Reporting Standards**

Group applied the revised standards and interpretations that are relevant to its operations, published by International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASI) and effective from 1 January 2010.

Standards, amendments and interpretations effective from 1 January 2010:

- IAS 1 (Amendment), "Presentation of Financial Statements"
- IAS 36 (Amendment), "Impairment of Assets"
- IAS 38 (Amendment), "Intangible Assets"
- IFRS 3 (Amendment), "Business Combinations"
- IFRS 5 (Amendment), "Non-current Assets Held for Sale and Discontinued Operations"
- IFRS 2 (Amendment), "Share based Payment"
- IFRIC 16, "Hedges of a net investment in a foreign operation"
- IFRIC 9, "Reassessment of embedded derivatives" and IAS 39 "Financial instruments: Recognition and measurement"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IFRIC 18, "Transfers of Assets from Customers"

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

- IAS 32 (Amendment), "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements"
- IFRS 9, "Financial Instruments"
- IFRIC 14 (Revised), "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- IAS 24 (Revised) "Related party explanations"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from 1 January 2011. It is expected that the application of the standards and the interpretations above will not have a significant effect on the consolidated financial statements of the Group.

## **2.5 Summary of Significant Accounting Policies**

### **Revenue recognition**

Revenues are recognized on an accrual basis at the fair values incurred or to be incurred when the goods are delivered, the risks and rewards of ownership of the goods are transferred, when the amount of revenue can be reliably measured and it is probable that the future economic benefits associated with the transaction will flow to the entity. Net sales represent the fair value of goods shipped less sales discounts and returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as financial income (Note 28).

#### 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

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

#### Interest income

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as financial income.

#### Dividend income

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

#### Rent income

Real estate rental income is recorded on straight-line basis over the term of the relevant lease.

### **Inventory**

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labor and an appropriate amount for factory overheads. The cost of inventories is determined on the weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

### **Property, plant and equipment**

Tangible assets are carried at acquisition cost, less any accumulated depreciation and 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 non refundable taxes and duties. 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 (Note 18).

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

The estimated economic useful lives are as follows:

	<u>Useful life</u>
Buildings	25-50 years
Land improvements	8-50 years
Machinery and equipment	8-15 years
Motor vehicles	4-5 years
Furniture and fixtures	2-15 years
Leasehold improvements	4-5 years

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Repairs and maintenance are charged to the income statements during the financial period in which they were incurred. Expenditures for major renewals and improvement of property, plant and equipment are capitalized and depreciated over the remaining useful lives of the related assets.

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

### **Intangible assets**

#### Intangible assets acquired

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

The estimated economic useful lives are as follows:

	<u>Useful life</u>
Rights	3-5 years
Other intangible assets	3-5 years

#### 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) (Note 19).

### **Impairment of Assets**

The carrying amounts of the Group's assets are reviewed at each balance sheet date, to determine whether there is any indication of impairment. When an indication of impairment exists, the Group estimates the residual values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognized immediately in income statement.

An impairment loss recognized in prior periods for an asset is reversed if there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

### **Borrowing costs**

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

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

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

### **Related Parties**

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

### **Offsetting**

Each material class of similar items according to their nature or function is presented separately in the financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

### **Financial investments**

#### Classification

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

#### Loans and receivables

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

#### Available-for-sale financial assets

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

#### Held to maturity financial assets

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

#### Recognition and measurement

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

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

When the available-for-sale financial asset is disposed or impairment is identified, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Interest on available-for-sale assets calculated using the effective interest method is recognized in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. . If a quoted market price is not available, the fair value of the instrument is estimated by the Group using available market information and appropriate valuation methodologies. Available for sale investments that do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value.

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

#### **Trade receivables**

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

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

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

#### **Cash and cash equivalents**

Cash and cash equivalents include cash and amounts due from banks, and short-term, highly liquid investments, which have insignificant risk of value in exchange with maturity periods of less than 3 months.

#### **Financial liabilities**

Financial liabilities are initially measured at fair value including the transaction costs which are directly attributable.

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

##### Equity instruments

Financial liabilities related with non-controlling interest shares put options are recognized in the consolidated financial statements using the discounted value in accordance with the redemption plan.

##### 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.

#### **Trade payables**

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

#### **Business combinations and goodwill**

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. If the acquisition cost is higher than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as goodwill. In business combinations, the acquirer recognizes identifiable assets, intangible assets and/or contingent liabilities which are not included in the acquiree's financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. The goodwill previously recognized in the financial statements of the acquiree is not considered as an identifiable asset.

If the acquisition cost is lower than the fair value of the identifiable assets, liabilities and contingent liabilities acquired, the difference is accounted for as income in the related period.

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

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

### **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 ("TRY"), 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 TRY (foreign currencies) are recorded at the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the exchange 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 at historical cost in a foreign currency are not retranslated.

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

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

### **Earnings per share**

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

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

### **Events after the balance sheet date**

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

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

### **Provisions, Contingent Assets and Liabilities**

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

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The discount rate used in the calculation of determine the present value of future obligations, reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

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

#### Onerous contracts

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

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

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

### Segment reporting

The Group has two business segments determined by the management based on the information available for the evaluation of performances and the allocation of resources. These segments are managed separately because they are affected by the economical conditions and geographical positions in terms of risks and returns. The Group management has determined gross profit as the most suitable method for assessing the segmental performance (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

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

The Group classified its operations into two operational division, basic glasses and other glasses, for management accounting purposes which constitute the basis for the segment reporting (Note 5).

### Discontinued Operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: represents a separate major line of business or geographical area of operations; or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale. The Group accounts for the discontinued operations by the lower of the carrying amount or fair value less costs to sell.

### Government grants

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

The government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Similarly, grants related to depreciable assets are recognized as income over the periods and in the proportions in which depreciation on those assets is charged.

### Current and deferred income tax

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

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

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 are used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Currently enacted tax rates are used to measure deferred income taxes (Note 35).

The main temporary differences result from differences between the carrying amount and the tax base of property plant and equipment and non-deductible expense accruals and used tax incentives.

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

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

### Employee benefits

Under the Turkish law and union agreements, severance payments are made to employees retiring or whose employee is terminated. 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 that respect, in addition to the salary, social rights such as; employee benefits including bonuses, fuel, leave, national holidays, educational incentives, food, marriage, private pension plans, birth and death are provided to the Group employees.

Provision for employment termination benefits represents the present value of the estimated future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labor Law. In accordance with existing social legislation and Turkish Labor Law in Turkey, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated, who has completed at least one year of service, who is called up military service or who dies. All actuarial gains and losses are recognized in the income statement (Note 24).

### Statement of cash flows

The Group prepares statements of cash flows as an integral part of its 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 during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

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

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

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

### Dividends

Dividend income is recognized by the Group when the right to receive payment is established. Dividend payables are recognized as a result of profit distribution in the period they are declared.

## 2.6 Significant accounting estimates and assumptions

Preparation of consolidated financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

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

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

## NOTE 3 - BUSINESS COMBINATIONS

No business combination has occurred within the period (31 December 2009: None).

## NOTE 4 - JOINT VENTURES

Trakya Cam Investment BV, Trakya Glass Bulgaria EAD and Trakya Glass Logistics EAD, the joint ventures which are owned by the Company with 70% share, are incorporated in the consolidated financial statements by proportionate consolidation method (Note 1). The following amounts are included in the Group's financial statements as a result of the proportionate consolidation of these companies:

	<b>31 December 2010</b>	<b>31 December 2009</b>
Current assets	64,327,844	78,753,993
Non current assets	296,388,008	327,219,703
Current liabilities	(28,300,818)	(56,336,742)
Non current liabilities	(21,208,748)	(45,278,189)
Net assets	311,206,286	304,358,765
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 December 2010</b>	<b>31 December 2009</b>
Income	182,369,241	155,926,250
Expense (-)	(157,653,436)	(150,093,348)
Net income	24,715,805	5,832,902

## NOTE 5 - SEGMENT REPORTING

The Group has adopted IFRS 8 starting from 1 January 2009 and has identified relevant operating segments based on internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker of the Group identified as the board of directors.

The chief operating decision maker reviews results and operations on a product line segment basis as well as on a geographic segment basis in order to monitor performance and to allocate resources. Product line segments of the Group are defined in the following categories: basic glass and other glass. Geographic segments of the Group are defined in the following regions: Turkey and abroad.

<b>1 January - 31 December 2010</b>	<b>Basic glass</b>	<b>Other glass</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Net sales	775,376,305	296,929,510	1,072,305,815	(25,541,692)	1,046,764,123
Cost of sales	(486,612,090)	(256,138,700)	(742,750,790)	22,641,941	(720,108,849)
<b>Gross profit</b>	<b>288,764,215</b>	<b>40,790,810</b>	<b>329,555,025</b>	<b>(2,899,751)</b>	<b>326,655,274</b>
Acquisition of property, plant and equipment and intangible assets	65,629,044	22,202,689	87,831,733	-	87,831,733
Depreciation and amortization	93,498,802	31,246,448	124,745,250	(124,150)	124,621,100
<b>1 January - 31 December 2009</b>	<b>Basic glass</b>	<b>Other glass</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Net sales	624,891,356	282,866,935	907,758,291	(15,259,581)	892,498,710
Cost of sales	(487,340,825)	(227,709,539)	(715,050,364)	15,386,413	(699,663,951)
<b>Gross profit</b>	<b>137,550,531</b>	<b>55,157,396</b>	<b>192,707,927</b>	<b>126,832</b>	<b>192,834,759</b>
Acquisition of property, plant and equipment and intangible assets	38,932,170	27,136,885	66,069,055	(124,776)	65,944,279
Depreciation and amortization	87,690,054	28,660,148	116,350,202	-	116,350,202

The Group reviews its product line segments on the basis of net sales, cost of goods sold, gross profit, acquisition of property, plant and equipment and intangible assets and depreciation and amortization. Other income statement and balance sheet items are considered as undistributed items.

<b>1 January - 31 December 2010</b>	<b>Turkey</b>	<b>Abroad</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Net sales	897,581,563	174,724,252	1,072,305,815	(25,541,692)	1,046,764,123
Cost of sales	(614,170,826)	(128,579,964)	(742,750,790)	22,641,941	(720,108,849)
<b>Gross profit</b>	<b>283,410,737</b>	<b>46,144,288</b>	<b>329,555,025</b>	<b>(2,899,751)</b>	<b>326,655,274</b>
Acquisition of property, plant and equipment and intangible assets	75,184,589	12,647,144	87,831,733	-	87,831,733
Depreciation and amortization	102,267,405	22,477,845	124,745,250	(124,150)	124,621,100
Total assets at 31 December 2010	2,148,254,389	393,315,882	2,541,570,271	(494,507,023)	2,047,063,248
<b>1 January - 31 December 2009</b>	<b>Turkey</b>	<b>Abroad</b>	<b>Total</b>	<b>Consolidation eliminations</b>	<b>Consolidated</b>
Net sales	754,791,171	152,967,120	907,758,291	(15,259,581)	892,498,710
Cost of sales	(599,969,747)	(115,080,617)	(715,050,364)	15,386,413	(699,663,951)
<b>Gross profit</b>	<b>154,821,424</b>	<b>37,886,503</b>	<b>192,707,927</b>	<b>126,832</b>	<b>192,834,759</b>
Acquisition of property, plant and equipment and intangible assets	51,133,070	14,935,985	66,069,055	(124,776)	65,944,279
Depreciation and amortization	93,317,310	23,032,892	116,350,202	-	116,350,202
Total assets at 31 December 2009	1,971,963,411	456,685,596	2,428,649,007	(486,259,849)	1,942,389,158

The Group reviews its product line segments on the basis of net sales, cost of goods sold, gross profit, purchases acquisition of property, plant and equipment and intangible assets and depreciation and amortization. Other income statement and balance sheet items are considered as undistributed items.

## NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009
Cash	31,519	44,803
Demand deposits	11,456,103	21,995,909
Time deposits	442,573,224	272,797,188
	454,060,846	294,837,900

### Time deposits

Currency	Interest rate (%)	Maturity	31 December 2010
USD	3.00	January 2011	243,263,713
EUR	3.00	January 2011	176,488,608
TRY	6.75	January 2011	22,820,903
			442,573,224

Currency	Interest rate (%)	Maturity	31 December 2009
USD	0.50 - 3.25	January 2010	198,134,530
EUR	0.50 - 2.50	January 2010	74,662,658
			272,797,188

Nature and the level of risk related to cash and cash equivalents are explained in Note 38.

Cash and cash equivalents presented in the consolidated statements of cash flows as of 31 December 2010 and 31 December 2009 is as follows:

	31 December 2010	31 December 2009
Cash and cash equivalents	454,060,846	294,837,900
Less: interest accrual	(877,891)	(494,105)
	453,182,955	294,343,795

## NOTE 7 - FINANCIAL INVESTMENTS

	31 December 2010	31 December 2009
Available for sale financial assets		
a) Listed financial investments	-	32,245,456
b) Unlisted financial investments	84,490,380	90,743,755
	84,490,380	122,989,211

### a) Listed financial investments

	Share %	31 December 2010	Share %	31 December 2009
Şişecam Holding (*)	-	-	1.57	32,245,456

### b) Unlisted financial investments

	Share %	31 December 2010	Share %	31 December 2009
Cam Elyaf San. A.Ş.	20.93	34,078,911	20.93	34,078,911
Paşabahçe Cam San. ve Tic. A.Ş.	7.11	31,424,425	7.11	31,424,425
Camış Madencilik A.Ş. (*)	<1.00	50	6.78	7,352,975
Saint Gobain Glass Egypt S.A.E.	14.87	18,986,994	14.87	17,887,444
İstanbul Porselen San. A.Ş. (**)	-	-	0.03	69,501
Bünsa Döküm Makine Alet Sanayi A.Ş.	0.02	209,048	0.02	209,048
Impairment (***)		(209,048)		(278,549)
		84,490,380		90,743,755

(\*) Şişecam Holding shares with nominal value amounting TRY 17,933,301 and Camış Madencilik A.Ş. shares with nominal value amounting TRY 1,366,290 have been sold to TRY 50,563,425. Change in fair value of Şişecam Holding shares, previously presented under equity, is included in the consolidated statements of income.

(\*\*) İstanbul Porselen San. A.Ş. has been liquidated in 2010.

(\*\*\*) Provision for impairment as of 31 December 2010 includes TRY 209,048 impairment for Bünsa Döküm Makine Alet Sanayi A.Ş. Provision for impairment as of 31 December 2009 includes TRY 209,048 impairment for Bünsa Döküm Makine Alet Sanayi A.Ş. and TRY 69,501 for İstanbul Porselen San. A.Ş..

**NOTE 8 - BORROWINGS**

	31 December 2010	31 December 2009
Short term borrowings	8,826,066	34,407,973
Current portion of long term borrowings	48,092,313	72,013,864
Total short term financial liabilities	56,918,379	106,421,837
Non current portion of long term borrowings	261,467,079	291,304,954
Total financial liabilities	318,385,458	397,726,791

Short - term and long-term bank borrowings are summarized below:

Currency	Weighted average interest rate (%)	31 December 2010	
		Short - term	Long - term
TRY	7.40	8,826,066	-
USD	4.48	116,378	76,681,599
EUR	3.42	47,975,935	184,785,480
		56,918,379	261,467,079

Currency	Weighted average interest rate (%)	31 December 2009	
		Short - term	Long - term
TRY	8.35	34,407,973	-
USD	4.13	950,497	74,682,720
EUR	2.86	71,063,367	216,622,234
		106,421,837	291,304,954

The main shareholder of the Group, Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries are collectively guarantors for the Group's bank loans.

The fair value of the Group's borrowings approximates their carrying value.

The redemption schedule of the borrowings is as follows:

	31 December 2010	31 December 2009
Up to 1 year	56,918,379	106,421,837
Between 1-2 years	63,687,714	63,053,714
Between 2-3 years	72,205,993	80,936,340
Between 3-4 years	61,354,824	65,754,415
Exceed 4 years	64,218,548	81,560,485
	318,385,458	397,726,791

**NOTE 9 - OTHER FINANCIAL LIABILITIES**

None (2009: None).

**NOTE 10 - TRADE RECEIVABLES AND PAYABLES****Trade receivables**

	31 December 2010	31 December 2009
Short-term trade receivables		
Trade receivables	193,306,473	169,386,808
Notes receivables and cheques received	23,467,145	30,760,060
Allowance for doubtful receivables	(3,085,371)	(509,413)
	213,688,247	199,637,455

Average sales term for flat glass is 120 days (2009: 120 days). Monthly overdue interest rate of 2% (2009: 2%-3%) is applied for the payments made after the due date.

Average collection term for auto glass and glassware products is 45 days (2009: 45 days).

Average collection term for export sales is 2 months (2009: 2 months).

The Group has provide 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. Group management believes that no further provision is required in excess of the allowance for doubtful receivables.

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

	1 January - 31 December 2010	1 January - 31 December 2009
1 January	509,413	378,408
Collections	(164,049)	(182,461)
Additions	2,740,007	313,466
31 December	3,085,371	509,413

Nature and level of risks related to trade receivables are explained in Note 38.

#### Trade payables

	31 December 2010	31 December 2009
Short term trade payables		
Trade payables	51,527,731	42,082,003
Notes payables	17,987	29,905
Trade payables to related parties (Note 37)	7,397,656	7,751,109
	58,943,374	49,863,017

Average credit term for purchases of goods is one month. The Group has financial risk management policies to ensure that all liabilities are paid within credit terms.

#### NOTE 11 - OTHER RECEIVABLES AND PAYABLES

Other receivables	31 December 2010	31 December 2009
Other receivables from related parties (Note 37)	59,129,211	37,339,870
Deposit and guarantees given	330,964	328,505
Receivables from personnel	132,651	114,101
Other	348,139	268,986
	59,940,965	38,051,462

Lon- term receivables	31 December 2010	31 December 2009
Deposits and guarantees given	331,169	231,007

Other current liabilities	31 December 2010	31 December 2009
Advances received	13,408,336	6,412,577
Other payables to related parties (Note 37)	4,330,631	20,255,541
Tax payables	4,260,617	3,956,819
Due to personnel	2,245,685	1,836,594
Social security premiums payable	2,594,818	2,288,905
Deposits and guarantees received	199,011	101,621
Other	32,231	120,029
	27,071,329	34,972,086

Other non-current liabilities	31 December 2010	31 December 2009
Deposits and guarantees received	83,633	45,855

#### NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCIAL SECTOR OPERATIONS

None (2009: None).

#### NOTE 13 - INVENTORIES

	31 December 2010	31 December 2009
Raw materials	34,538,980	31,235,711
Work in process	27,487,576	29,007,474
Finished goods	74,193,374	80,024,368
Operating supplies	23,717,964	22,319,628
Trade goods	1,580,061	1,368,402
Provision for diminution in the value of inventories (-)	(2,215,932)	(2,441,757)
	159,302,023	161,513,826

The movement of provision for diminution in the value of inventories is as follows:

	2010	2009
1 January	(2,441,757)	(3,401,194)
Additions during the year	(1,084,257)	(242,162)
Utilized during the year	1,310,082	1,201,599
31 December	(2,215,932)	(2,441,757)

#### NOTE 14 - BIOLOGICAL ASSETS

None (2009: None).

#### NOTE 15 - ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS

None (2009: None).

#### NOTE 16 - INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Net assets of investments accounted for by the equity method are as follows:

	Share %	31 December 2010	Share %	31 December 2009
2009Çayırova Cam San. A.Ş.	28.13	27,251,370	28.13	21,833,498
Camış Elektrik A.Ş.	34.43	43,979,814	34.43	46,955,931
		71,231,184		68,789,429

Summary financial information of associates accounted for by the equity method is as follows:

	31 December 2010	31 December 2009
Total assets	345,891,933	398,942,518
Total liabilities	(121,095,163)	(184,942,958)
Net assets	224,796,770	213,999,560
Group's share in net assets	71,231,184	68,789,429
	1 January - 31 December 2010	1 January - 31 December 2009
Net sales	389,257,497	378,011,869
Profit for the period	58,290,846	28,771,104
Group's share in net income	17,107,500	9,942,097

The movement in the associates accounted for by the equity method for the period is as follows:

	2010	2009
1 January	68,789,429	55,163,041
Sales of available-for-sale investments held by associates	(7,807,520)	-
Fair value increase of available-for-sale investments held by associates	-	4,712,966
Deferred tax effect of available-for-sale investments held by associates	-	(235,648)
Shares in results of associates	17,107,500	9,942,097
Dividend income from associates	(6,858,225)	(793,027)
31 December	71,231,184	68,789,429

#### NOTE 17 - INVESTMENT PROPERTY

None (2009: None).

**NOTE 18 - PROPERTY, PLANT AND EQUIPMENT**

<b>Cost</b>	<b>Land improvements</b>	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixture</b>	<b>Other tangible assets</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
1 January 2010	10,220,817	48,493,454	417,323,720	1,319,893,947	21,627,791	89,477,671	10,558,244	4,161,426	49,892,962	1,971,650,032
Translation differences	(35,125)	(58,750)	(3,720,792)	(7,968,921)	(692,950)	(744,132)	(1,209)	-	(1,633,974)	(14,855,853)
Correction (*)	-	9,110,260	(9,216,012)	(33,013,263)	-	-	105,752	-	-	(33,013,263)
Additions	-	10,305	18,163	1,067,244	66,968	3,159,005	-	28,563	83,042,146	87,392,394
Disposals	(4,413,925)	-	-	(1,708,310)	(419,235)	(3,390,097)	(672,023)	-	(5,213,459)	(15,817,049)
Transfers	-	270,803	2,906,452	69,494,742	35,402	3,010,028	494,283	-	(76,314,379)	(102,669)
31 December 2010	5,771,767	57,826,072	407,311,531	1,347,765,439	20,617,976	91,512,475	10,485,047	4,189,989	49,773,296	1,995,253,592

**Accumulated depreciation**

1 January 2010	-	(22,401,740)	(81,444,368)	(756,785,791)	(11,939,192)	(70,552,991)	(7,454,119)	(3,811,064)	-	(954,389,265)
Translation differences	-	18,513	287,495	3,037,372	336,795	465,441	1,086	-	-	4,146,702
Correction (*)	-	(757,016)	814,308	33,013,263	-	-	(57,292)	-	-	33,013,263
Additions	-	(2,843,845)	(8,718,274)	(102,510,690)	(2,385,575)	(6,320,609)	(1,106,740)	(162,395)	-	(124,048,128)
Disposals	-	-	-	600,992	410,648	2,239,752	165,790	-	-	3,417,182
31 December 2010	-	(25,984,088)	(89,060,839)	(822,644,854)	(13,577,324)	(74,168,407)	(8,451,275)	(3,973,459)	-	(1,037,860,246)

Net book value as at 31 December 2010

5,771,767	31,841,984	318,250,692	525,120,585	7,040,652	17,344,068	2,033,772	216,530	49,773,296	957,393,346
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**Cost**

	<b>Land improvements</b>	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furniture and fixture</b>	<b>Other tangible assets</b>	<b>Leasehold improvements</b>	<b>Construction in progress</b>	<b>Total</b>
1 January 2009	10,214,922	44,944,413	400,786,925	1,256,341,014	21,645,907	86,460,171	10,517,105	4,345,184	90,291,242	1,925,546,883
Translation differences	6,160	10,194	652,528	1,348,735	126,642	116,088	211	-	216,314	2,476,872
Additions	-	11,697	-	1,106,807	43,436	3,100,871	-	75,011	61,535,265	65,873,087
Disposals	(265)	(85,190)	-	(11,475,624)	(285,684)	(1,759,902)	(1,816,324)	(258,769)	(4,587,128)	(20,268,886)
Transfers	-	3,612,340	15,884,267	72,573,015	97,490	1,560,443	1,857,252	-	(97,562,731)	(1,977,924)
31 December 2009	10,220,817	48,493,454	417,323,720	1,319,893,947	21,627,791	89,477,671	10,558,244	4,161,426	49,892,962	1,971,650,032

**Accumulated depreciation**

1 January 2009	-	(19,754,243)	(72,721,945)	(673,126,497)	(9,592,742)	(64,234,843)	(6,516,490)	(3,917,542)	-	(849,864,302)
Translation differences	-	(2,223)	(32,831)	(355,774)	(38,426)	(87,373)	(5,416)	-	-	(522,043)
Additions	-	(2,665,066)	(8,689,592)	(93,020,862)	(2,688,750)	(6,991,772)	(1,540,295)	(152,291)	-	(115,748,628)
Disposals	-	19,792	-	9,717,342	380,726	760,997	608,082	258,769	-	11,745,708
31 December 2009	-	(22,401,740)	(81,444,368)	(756,785,791)	(11,939,192)	(70,552,991)	(7,454,119)	(3,811,064)	-	(954,389,265)

Net book value as at 31 December 2009

10,220,817	26,091,714	335,879,352	563,108,156	9,688,599	18,924,680	3,104,125	350,362	49,892,962	1,017,260,767
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(\*) The Group has reviewed its property, plant and equipment, removed the records of fully depreciated assets from property, plant and equipments and depreciation accounts and made reclassifications between property, plant and equipment accounts. These reclassifications have no effect on the consolidated income statement for the year ended at 31 December 2010.

Depreciation expense of TRY 105,055,038 (2009: TRY 94,501,995) has been allocated to cost of goods sold, TRY 1,119,496 (2009: TRY 1,454,926) to cost of services rendered, TRY 522,632 (2009: TRY 187,573) to research and development expenses, TRY 9,250,518 (2009: TRY 10,075,222) to marketing and sales expenses and TRY 8,100,444 (2009: TRY 9,528,912) to general administrative expenses.

#### NOTE 19 - INTANGIBLE ASSETS

Cost	Rights	Other intangible assets	Total
1 January 2010	7,262,020	322,841	7,584,861
Translation differences	-	(16,538)	(16,538)
Additions	421,145	18,194	439,339
Transfers	69,178	33,491	102,669
31 December 2010	7,752,343	357,988	8,110,331
Accumulated amortization			
1 January 2010	(4,546,530)	(283,771)	(4,830,301)
Translation differences	-	(14,527)	(14,527)
Additions	(534,671)	(38,301)	(572,972)
31 December 2010	(5,081,201)	(336,599)	(5,417,800)
Net book value as at 31 December 2010	2,671,142	21,389	2,692,531

Cost	Rights	Other intangible assets	Total
1 January 2009	5,271,315	293,296	5,564,611
Translation differences	-	2,656	2,656
Additions	44,303	26,889	71,192
Disposals	(31,522)	-	(31,522)
Transfers	1,977,924	-	1,977,924
31 December 2009	7,262,020	322,841	7,584,861
Accumulated amortization			
1 January 2009	(4,009,599)	(226,094)	(4,235,693)
Translation differences	-	(1,707)	(1,707)
Additions	(545,604)	(55,970)	(601,574)
Disposals	8,673	-	8,673
31 December 2009	(4,546,530)	(283,771)	(4,830,301)
Net book value as at 31 December 2009	2,715,490	39,070	2,754,560

Amortization expenses amounting to TRY 572,973 (2009: TRY 601,574) has been allocated to operating expenses.

#### NOTE 20 - GOODWILL

None (2009: None).

#### NOTE 21 - GOVERNMENT GRANTS

None (2009: None).

#### NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions

	31 December 2010	31 December 2009
Short term provisions		
Provision for legal exposures(*)	420,693	465,166
Royalty provision	245,893	249,942
	666,586	715,108

(\*) As of 31 December 2010, Group management provided TRY 420,693 (2009: TRY 465,166) for possible cash outflow related with lawsuits against the Group based on the assessments of legal counsels. Provision expense is included in general administrative expenses.

## NOTE 23 - COMMITMENTS

Trakya Polatlı Cam Sanayi A.Ş., one of the Group's subsidiaries, and Polatlı Organized Industrial Zone (OIZ) signed a land allocation agreement in August 2008. According to the land allocation agreement construction is committed to start within 30 months from May 2008. If the related terms of the agreement are not met, prepaid land allocation fee will be reimbursed to the Group under a certain repayment schedule. On November 2010, Group applied to OIZ regarding the extension. Related application was accepted and the period regarding the commence of the contraction was extended to November 2011.

The Group has certain commitments related to the loan provided by IFC to Trakya Glass Bulgaria EAD, a joint venture of the Group. Payments of IFC loan, interest and other related fees have priority over the payments related with the technical service agreement signed among Trakya Cam Sanayii A.Ş., Trakya Glass Bulgaria EAD ve Paşabahçe Cam Sanayii A.Ş. Moreover, the dividend payment of Trakya Glass Bulgaria EAD, making additional investment expenses and leasing agreements are possible after a certain period of time and certain financial ratios are met.

### Stock Holding Commitments

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

### Other

In 2010, Trakya Glass Bulgaria EAD has an investment commitment amounting to TRY 7,401,349 (2009: None) regarding the construction of two waste gas treatment plants to meet the requirements of the duel gas emission standards according to Bulgarian legislation.

### Guarantees, Pledge, Mortgage ("GPM")

Guarantees, pledge, mortgage ("GPM") position of the Group as of 31 December 2010 and 31 December 2009 is as follows:

	31 December 2010	31 December 2009
Collaterals given	511,044,135	542,475,077
Letters of guarantee given	12,603,240	13,167,179
Other	287,401	170,000
	523,934,776	555,812,256

	31 December 2010				31 December 2009			
	TRY equivalent	USD	EUR	Other	TRY equivalent	USD	EUR	Other
A. GPMs given on behalf of its legal entity (*)	43,192,241	19,600,000	186,200	12,509,099	15,098,154	1,074,909	-	13,479,664
B. GPMs given on behalf of fully consolidated companies	273,855,605	70,000,000	80,833,344	-	321,429,000	70,000,000	100,000,000	-
C. GPMs given on behalf of other third parties for ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPMs given	206,886,930	65,333,333	51,672,245	-	219,285,102	71,500,000	51,672,245	-
- i. Total amount of GPM on behalf of the parent	206,886,930	65,333,333	51,672,245	-	219,285,102	71,500,000	51,672,245	-
- ii. Total amount of GPM given to on behalf of other Group companies which are not in the scope of B and C	-	-	-	-	-	-	-	-
- iii. Total amount of GPM on behalf of other third parties not in the scope of C	-	-	-	-	-	-	-	-
Total	523,934,776	154,933,333	132,691,789	12,509,099	555,812,256	142,574,909	151,672,245	13,479,664

(\*) Includes GPM's given by the Group's subsidiaries and joint ventures on behalf of themselves. Rate of GPM's given by the Group to the Group's equity is 13.3% as of 31 December 2010 (31 December 2009: 16.0%).

## NOTE 24 - EMPLOYEE BENEFITS

	31 December 2010	31 December 2009
Short-term benefits to employees		
Unused vacation liability	1,340,309	1,483,538
	1,340,309	1,483,538

### Employee benefits

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2242 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 2,517.01 for each period of service as of 31 December 2010 (31 December 2009: TRY 2,365.16).

Liability of employment termination benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised IFRS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

Principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2010, 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 5.1% and a discount rate of 10%, the real discount rate is approximately 4.66%. (31 December 2009: 5.92%). The anticipated rate of forfeitures is also considered. The probability of the employees likely to obtain the termination benefit is estimated to be 98.11% (31 December 2009: 98.24%). The amount payable consists of one month's salary limited to a maximum of TL 2,623.16 for each year of service as of 1 January 2011.

The movement of the provision for employment termination benefits is as follows:

	1 January - 31 December 2010	1 January - 31 December 2009
1 January	27,264,645	30,639,307
Service cost	1,709,050	3,652,881
Interest cost	1,612,427	1,924,800
Actuarial loss	2,339,963	143,627
Termination benefits paid	(2,703,916)	(9,095,970)
31 December	30,222,169	27,264,645

## NOTE 25 - PENSION PLANS

None (2009: None).

## NOTE 26 - OTHER ASSETS AND LIABILITIES

	31 December 2010	31 December 2009
Other current assets		
Other VAT	6,619,727	5,271,856
Advances given	6,570,944	3,717,449
Prepaid expenses	610,776	751,094
Income accruals	88,487	3,033,693
Other	70,988	85,559
	13,960,922	12,859,651
Other non - current assets		
Advances given for property, plant and equipment	8,093,599	6,133,095
Prepaid expenses	6,318,944	6,449,619
	14,412,543	12,582,714
Other current liabilities		
Deferred revenue	3,438,139	3,798,312
Expense accruals	617,145	1,681,905
Other	32,657	-
	4,087,941	5,480,217

Other non - current liabilities	31 December 2010	31 December 2009
Deferred revenue	402,812	472,117
	402,812	472,117

## NOTE 27 - EQUITY

### a) Capital / Treasury shares

The approved and paid-in capital of the Company consists of 60,320,000,000 (2009: 58,000,000,000) shares issued on bearer with a nominal value of Kr 1 (Kr one) each.

	31 December 2010	31 December 2009
Registered authorized capital	1,000,000,000	1,000,000,000

Shareholder structure as of 31 December 2010 and 31 December 2009 is as follows:

Shareholder	%	31 December 2010	%	31 December 2009
Şişecam Holding	69.38	418,526,929	69.96	405,756,698
Publicly traded	29.82	179,861,668	29.31	170,008,687
Şişecam group companies	0.74	4,419,400	0.68	3,923,857
IFC	0.06	392,003	0.05	310,758
Nominal capital	100.00	603,200,000	100.00	580,000,000
Inflation adjustment		5,576,528		5,576,528
Share capital		608,776,528		585,576,528

### b) Valuation funds

Valuation funds	31 December 2010	31 December 2009
Financial asset valuation fund (*)	42,277	29,450,528

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

(\*) Decrease in financial asset revaluation fund is related to the disposal of available- for- sale financial assets held by the Group in 2010. Fair value differences previously recognized in financial asset valuation fund was transferred to current year income statement.

### c) Restricted reserves

Restricted reserves	31 December 2010	31 December 2009
Legal reserves	87,168,906	85,363,509

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.

### d) Retained earnings / Accumulated deficits

Prior periods' income of the Group amounting to TRY 562,273,699 is classified under retained earnings in the consolidated balance sheet as at 31 December 2010 (31 December 2009: TRY 525,046,402).

Extraordinary reserves of the Company classified under retained earnings are TRY 269,185,948 as of 31 December 2010 (31 December 2009: TRY 231,958,611).

### Dividend distribution

It has been decided that dividend distribution be performed in accordance with the principles stated in CMB Communiqué Serial IV No. 27 on the Principles to be Followed by Publicly Held Companies in Allocation of Dividends and Dividend Advances, provisions stated in the articles of associations of companies, and the dividend distribution policies announced by companies to the public.

In addition, with this CMB decision, it is regulated that companies which are obliged to prepare consolidated financial statements should prepare net distributable dividend amounts considering the net profit for the period indicated in the consolidated financial statements to be prepared and announced to the public in accordance with Communiqué Serial XI No. 29, so long as they can be met from the sources in the legal records.

#### Resources subject to dividend distribution

At balance sheet date dividends available for distribution in Group's statutory accounts and other resources subject to dividend distribution are as follow.

	31December 2010	31December 2009
Profit available for distribution (*)	81,844,648	34,302,540
Extraordinary reserves	159,941,129	37,227,297

(\*) TRY 1,797,347 of profit available for distribution has to be classified as reserves according to corporate tax law 5520 clause 5/1-e and is not eligible to dividend distribution.

#### NOTE 28 - SALES AND COST OF SALES

Net Sales	1 January - 31December 2010	1 January - 31December 2009
Domestic sales	780,190,255	671,487,793
Foreign sales	322,651,775	277,014,727
Sales returns	(2,723,025)	(3,256,014)
Sales discounts	(51,697,739)	(48,543,024)
Other discounts	(1,657,143)	(4,204,772)
	1,046,764,123	892,498,710

Cost of sales	1 January - 31December 2010	1 January - 31December 2009
Raw materials used	(429,779,455)	(395,918,565)
Employee benefits	(52,772,076)	(48,615,597)
Production overheads	(116,775,160)	(102,174,905)
Depreciation	(105,055,038)	(94,501,995)
Change in work in process	(1,510,474)	4,192,036
Change in finished goods	(5,829,046)	(55,190,342)
	(711,721,249)	(692,209,368)
Cost of trade goods sold	(2,507,665)	(2,187,159)
Cost of services rendered (*)	(5,879,935)	(5,267,424)
	(720,108,849)	(699,663,951)

(\*) Depreciation expense amounting TRY 1,119,496 (2009: TRY 1,454,926) was included in cost of services rendered for the year ended as of 31 December 2010.

#### NOTE 29 -RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31December 2010	1 January - 31December 2009
Research and development expenses	(8,109,299)	(7,014,638)
Marketing, selling and distribution expenses	(67,619,491)	(58,800,288)
General administrative expenses	(74,942,669)	(71,007,010)
	(150,671,459)	(136,821,936)

**NOTE 30 - EXPENSES BY NATURE**

Operating expense details	1 January - 31 December 2010	1 January - 31 December 2009
Payroll expenses	(53,705,232)	(52,013,511)
Depreciation and amortization	(18,446,567)	(20,393,281)
Transportation expenses	(12,206,364)	(5,829,639)
Outsourcing expenses	(9,493,802)	(7,973,505)
Insurance expenses	(8,232,627)	(7,656,617)
Group research and development fees	(7,067,478)	(6,360,662)
Loading, dispatching and customs expenses	(6,232,302)	(4,439,237)
Group service fees	(5,654,212)	(5,870,764)
Rent expenses	(4,902,712)	(3,153,321)
Indirect material expenses	(3,663,130)	(4,329,166)
Tax expenses	(3,011,136)	(1,703,217)
Electricity expenses	(2,866,768)	(3,288,652)
Exhibition expenses	(2,740,104)	(2,528,326)
Cleaning expenses	(2,237,198)	(2,198,764)
Commission expenses	(1,855,537)	(998,526)
Communication expenses	(1,627,948)	(1,520,610)
Maintenance expenses	(1,618,173)	(1,458,050)
Fuel expenses	(953,052)	(985,298)
Promotion expenses	(483,928)	(517,402)
Representation expenses	(323,395)	(575,614)
Other	(3,349,794)	(3,027,774)
	(150,671,459)	(136,821,936)

**NOTE 31 - OTHER OPERATING INCOME AND EXPENSES**

	1 January - 31 December 2010	1 January - 31 December 2009
Gain on sales of property, plant and equipment	4,600,502	2,099,748
Gain on sales of mould and material	2,418,093	14,593,810
Insurance compensation income	2,236,543	841,296
Commission income	1,265,659	488,699
Service fees	888,969	1,470,410
Rent income	698,798	343,644
Income from usage rights	359,369	302,806
Other	2,160,337	2,396,603
	14,628,270	22,537,016

	1 January - 31 December 2010	1 January - 31 December 2009
Commission expenses	(4,321,384)	(3,107,107)
Provision expenses	(2,740,007)	(313,466)
Other	(1,786,932)	(822,455)
	(8,848,323)	(4,243,028)

**NOTE 32 - FINANCIAL INCOME**

	1 January - 31 December 2010	1 January - 31 December 2009
Foreign exchange gains	96,386,779	28,665,300
Gain on sales of available for sale assets	33,445,558	-
Interest income		
- Interest income from time deposits	8,810,713	6,308,740
- Interest income from related parties	5,858,064	3,973,029
- Interest income on trade receivables	3,822,570	6,042,675
Credit finance income	550,883	1,711,132
Dividend income	60	1,470,394
	148,874,627	48,171,270

### NOTE 33 - FINANCIAL EXPENSES

	1 January - 31 December 2010	1 January - 31 December 2009
Foreign exchange losses	(69,996,856)	(34,310,535)
Interest expense	(26,431,414)	(21,441,810)
Credit finance charges	(1,465,614)	(1,174,874)
Loss on sales of available for sale financial assets	(256,889)	-
	(98,150,773)	(56,927,219)

### NOTE 34 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (2009: None).

### NOTE 35 - TAX ASSETS AND LIABILITIES

Tax provisions as at 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Current tax liability:		
Current corporate tax provision	30,998,071	14,141,170
Less: Prepaid taxes and funds	(22,482,008)	(4,245,580)
	8,516,063	9,895,590

	1 January - 31 December 2010	1 January - 31 December 2009
Corporate tax expense	(30,998,071)	(14,141,170)
Deferred tax income	4,291,964	7,095,734
Tax expense in the income statement	(26,706,107)	(7,045,436)

#### Corporate Tax

The Company and its subsidiaries operating in Turkey are subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Accordingly tax considerations reflected in these consolidated financial statements have been calculated separately for each of the companies in the scope of the consolidation.

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 non-taxable income, tax exempt income and other deductions (carry forward tax losses and unused investment incentives, if any).

As of the balance sheet date, the statutory tax rate is 20% (31 December 2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2010 is 20% (2009: 20%).

According to Turkish tax legislation, financial losses on the returns can be offset against period income for up to 5 years. However, financial losses cannot be offset against previous years' profits.

In Turkey, there is no such application for the reconciliation of payable taxes with the tax authority. Corporate tax returns are submitted to the related tax office by the 25<sup>th</sup> day of the 4<sup>th</sup> month following the month when the accounting period ends. In tax reviews authorized bodies can review the accounting records for the past five years and if errors are detected, tax amounts may change due to tax assessment.

Trakya Glass Bulgaria EAD, joint venture operating in Bulgaria, is subject to 10% corporate tax according to Bulgarian legislation. However, Trakya Glass Logistics EAD has tax exemption up to 50% of investment amount and used this tax exemption in years 2010 and 2009.

#### Income withholding tax

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

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

### Investment incentive certificates

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

New arrangements made with the Law No.6009 published in the official newspaper article dated 1 August 2010, made a general assessment regarding qualified investment incentives can be benefited without limitation in time period with Law No. Nonetheless, investment incentive is limited to 25% of the amount of related period profit. Also 20% corporate tax will be calculated on profit after investment incentives. As the arrangements made with the Law No.6009 is effective in 1 August 2010, for the incomes of 2010.

The investment incentive that is utilized by the Company in 2010 is TRY 3,508,190 and the investment incentive eligible to utilize in the following years is TRY 11,951,462.

Trakya Yenişehir Cam Sanayi A.Ş. had TRY 34,871,628 unused tax incentive for the year ended at 31 December 2009. As at 31 December 2010, the unused investment incentive decreased to TRY 12,147,364 after partial utilization in the corporate tax calculation.

### 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. For the calculation of deferred tax asset and liabilities, the rate of 20% (31 December 2009: 20%) is used.

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

	31 December 2010	31 December 2009
Deferred tax assets	15,559,092	10,881,176
Deferred tax liabilities	(46,910,727)	(47,636,232)
Deferred tax liabilities (net)	(31,351,635)	(36,755,056)
Cumulative temporary differences	31 December 2010	31 December 2009
Useful life and valuation differences on tangible and intangible assets	231,091,946	252,211,221
Provision for employee termination benefits	(30,222,169)	(27,264,645)
Investment incentives	(24,098,826)	(31,817,199)
Inventory valuation and intercompany profit elimination	1,092,691	499,308
Discount on receivables and payables	(3,304,218)	(2,134,085)
Valuation differences on available for sale financial assets	-	22,390,560
Provision for legal exposures	(420,693)	(465,166)
Doubtful receivables	(3,085,371)	(509,413)
Other income and expense accruals (net)	(7,280,339)	(3,846,383)
	163,773,021	209,064,198
Deferred tax (assets) / liabilities	31 December 2010	31 December 2009
Useful life and valuation differences on tangible and intangible assets	44,489,280	48,682,906
Provision for employee termination benefits	(6,026,314)	(5,437,733)
Investment incentives	(4,819,765)	(6,363,440)
Inventory valuation and intercompany profit elimination	330,265	122,560
Discount on receivables and payables	(660,844)	(426,817)
Valuation differences on available for sale financial assets	-	1,119,528
Provision for legal exposures	(84,139)	(93,040)
Doubtful receivables	(569,342)	(79,631)
Other income and expense accruals (net)	(1,307,506)	(769,277)
	31,351,635	36,755,056

The movement of the deferred tax (assets) / liabilities is as follows:

The movement of the deferred tax (assets) / liabilities	1 January - 31 December 2010	1 January - 31 December 2009
1 January	36,755,056	43,156,831
Translation differences	8,071	(929)
Tax effect recognized in equity	(1,119,528)	694,888
Deferred tax income	(4,291,964)	(7,095,734)
31 December	31,351,635	36,755,056

Reconciliation of taxation	1 January - 31 December 2010	1 January - 31 December 2009
Profit before tax	249,595,116	75,492,959
Effective tax rate	20%	20%
Calculated tax	49,919,023	15,098,592
Tax effects of		
- Non deductible expenses	234,430	300,925
- Investment incentives	(3,702,816)	(6,363,440)
- Sales of financial assets	(6,637,734)	-
- Income exempt from taxation and non deductible expenses	(7,317,913)	450,828
- Consolidation adjustments	101,948	146,198
- Equity accounting	(3,421,500)	(1,988,419)
- Foreign entities subject to different tax rates	(2,469,331)	(599,248)
Income tax expense recognized in the income statement	26,706,107	7,045,436

#### NOTE 36 - EARNINGS PER SHARE

	1 January - 31 December 2010	1 January - 31 December 2009
Net income for the period	210,996,742	62,232,694
Average number of shares existing through the period (KR 1/Share)	60,320,000,000	60,320,000,000
Earnings per share (per shares correspondence to 1 TRY)	0.3498	0.1032

#### NOTE 37 - RELATED PARTY TRANSACTIONS

Şişecam Holding is the main shareholder of the Group and Türkiye İş Bankası A.Ş. is the ultimate parent. All transactions and balances between the Group and its consolidated subsidiaries are eliminated on consolidation and not disclosed in this note.

Transactions between the Group and other related parties are disclosed below.

Deposits held at Türkiye İş Bankası A.Ş.	31 December 2010	31 December 2009
Demand deposits	5,570,275	6,152,020
Time deposits	424,411,881	272,742,308
	429,982,156	278,894,328
Loans received	31 December 2010	31 December 2009
Türkiye İş Bankası A.Ş.	2,809,400	27,207,973
Through Şişecam Dış Ticaret	6,016,666	7,200,000
Through Şişecam Holding	309,559,392	363,318,818
	318,385,458	397,726,791

The non-trade receivables and payables of the Group with its related parties consist of the financial loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries. These non-trade receivables and payables do not have maturities. Interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. based on money markets. The monthly interest rate used for December 2010 was 0.70% (December 2009: 0.75%).

31 December 2010

	31 December 2010		
	Receivables		Payables
	Current	Current	
	Non-trade	Trade	Non-trade
Balance with related parties			
Şişecam Holding	49,746,850	1,540,802	-
Saint Gobain Glass Egypt	6,201,364	-	-
Soda Sanayi A.Ş.	1,034,054	2,701,275	-
Trakya Glass Bulgaria EAD	651,898	6,238	-
Çayırova Cam Sanayii A.Ş.	580,343	-	-
Paşabahçe Cam Sanayi ve Tic. A.Ş.	410,113	843,186	-
Trakya Glass Investment BV	204,638	-	-
Denizli Cam San. A.Ş.	119,639	-	-
Camiş Elektrik Üretim A.Ş.	114,887	1,657,790	-
Paşabahçe Mağazaları A.Ş.	59,026	-	-
Şişecam Bulgaria Ltd.	-	263,010	-
Şişecam Sigorta Aracılık Hiz. A.Ş.	-	135,562	191,958
Trakya Glass Logistics EAD	-	57,933	-
Anadolu Cam Yenişehir San.A.Ş.	-	1,192	119,122
Camiş Madencilik A.Ş.	-	-	598,649
Anadolu Cam Sanayi A.Ş.	-	-	406,218
Cam-Ser Madencilik San. A.Ş.	-	-	176,594
Paşabahçe Glass GmbH	-	103,599	-
Paşabahçe Cam USA	-	50,237	-
Cam Elyaf Sanayii A.Ş.	-	-	139,827
Şişecam Dış Ticaret A.Ş.	-	-	2,396,769
Other individuals	-	-	278,592
Other	6,399	36,832	22,902
	59,129,211	7,397,656	4,330,631

31 December 2010

	31 December 2010		
	Receivables		Payables
	Current	Current	
	Non-trade	Trade	Non-trade
Balance with related parties			
Şişecam Holding	35,251,384	1,353,123	-
Trakya Glass Bulgaria EAD	745,009	5,538	-
Anadolu Cam Sanayi A.Ş.	678,212	-	-
Paşabahçe Cam Sanayi ve Tic. A.Ş.	174,238	944,211	-
Trakya Glass Investment BV	167,069	-	-
Camiş Elektrik Üretim A.Ş.	166,638	1,285,261	-
Anadolu Cam Yenişehir San.A.Ş.	15,395	1,320	-
Camiş Ambalaj Sanayii A.Ş.	5,056	2,623	-
Cam Elyaf Sanayii A.Ş.	-	-	67,462
Camiş Madencilik A.Ş.	-	-	130,988
Şişecam Dış Ticaret A.Ş.	-	-	1,318,461
Çayırova Cam Sanayii A.Ş.	-	-	17,812,824
Şişecam Sigorta Aracılık Hiz. A.Ş.	-	345,718	61,249
Şişecam Bulgaria Ltd.	-	556,774	-
Soda Sanayi A.Ş.	-	2,961,565	563,480
Other individuals	-	-	282,792
Other	136,869	294,976	18,285
	37,339,870	7,751,109	20,255,541

	1 January - 31 December 2010	1 January - 31 December 2009
Compensation to key management personnel		
Parent company	2,871,650	2,025,443
Consolidated entities	610,863	704,693
Total payments	3,482,513	2,730,136

1 January - 31 December 2010

Transactions with related parties	Raw material purchases		Sale of goods	Interest income	Interest expenses	Rent income	Rent expense	Sales of fixed assets		Purchases of fixed assets	Service fees	Service income	Sales of financial assets		Commission expenses
Soda Sanayi A.Ş.	63,578,343	-	-	19,420	106,105	-	-	-	-	-	-	-	-	-	-
Camiş Madencilik A.Ş.	49,108,672	-	-	9,949	183,294	252,000	-	-	-	-	43,021	54,127	-	-	-
Camiş Elektrik Üretim A.Ş.	11,916,929	-	-	29,060	-	-	-	-	-	-	-	15,892	-	-	-
Şişecam Bulgaria Ltd.	11,361,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Camiş Ambalaj Sanayii A.Ş.	3,254,372	-	-	1,108	765	-	-	-	-	-	-	-	-	-	-
Paşabahçe Cam Sanayi ve Tic. A.Ş.	1,117,444	8,160,326	8,160,326	12,955	6,418	230,806	46,016	2,690,294	4,270	281,454	956,142	-	-	2,914,485	
Şişecam Holding	504,848	-	-	5,711,447	752,595	-	293,443	-	-	5,654,212	78,012	7,164,836	-	1,105,981	
Anadolu Cam Sanayi A.Ş.	407,223	-	-	12,630	9,388	-	126,139	-	-	-	-	28,241	-	-	
Cam-Ser Madencilik A.Ş.	352,346	-	-	-	8,242	-	-	-	-	-	-	-	-	-	
Paşabahçe Magazaları A.Ş.	850	-	-	794	612	-	-	-	-	-	-	-	-	-	
Türkiye İş Bankası A.Ş.	-	-	-	-	-	-	-	-	-	-	-	-	-	43,398,590	
Çayırova Cam Sanayii A.Ş.	-	-	-	7,170	1,228,530	-	411,600	-	-	-	-	60,000	-	-	
Anadolu Cam Yenişehir San.A.Ş.	-	-	-	5,892	1,009	-	-	-	-	-	-	-	-	-	
Denizli Cam San. Ve Tic. A.Ş.	-	-	-	2,189	-	-	-	-	-	-	-	-	-	-	
Şişecam Dış Ticaret A.Ş.	-	-	-	1,696	87,594	-	-	-	-	-	-	-	-	-	
Cam Elyaf Sanayii A.Ş.	-	-	-	269	3,992	-	-	-	-	-	65,655	-	-	987,014	
Oxyvit Kimya San. Ve Tic. A.Ş.	-	-	-	27	-	-	-	-	-	-	-	-	-	-	
İş GYO	-	-	-	-	-	-	1,701,389	-	-	-	-	-	-	-	
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	-	-	-	-	-	-	-	-	-	-	732,488	-	-	-	
Paşabahçe Eskişehir Cam San.ve Tic.A.Ş.	-	-	-	-	-	-	-	167,254	-	-	-	-	-	-	
	141,602,581	8,160,326	8,160,326	5,814,606	2,388,721	482,806	2,578,587	2,857,548	4,270	6,776,830	1,192,414	50,563,426	5,007,480		

## 1 January - 31 December 2009

Transactions with related parties	Raw material purchases	Sale of goods	Interest income	Interest expenses	Rent income	Rent expense	Sales of fixed assets	Purchases of fixed assets	Service fees	Service income	Sales of financial assets	Commission expenses
Soda Sanayi A.Ş.	73,914,676	-	62,761	28,147	-	-	-	-	190,949	-	-	2,189
Camiş Madencilik A.Ş.	41,879,874	-	85,204	134,062	287,178	140,880	-	-	-	70,043	-	-
Şişecam Bulgaria Ltd.	12,850,757	-	-	-	-	-	-	-	38,791	-	-	-
Camiş Elektrik Üretim A.Ş.	9,246,453	-	17,621	21,739	-	-	-	-	-	16,164	-	-
Trakya Glass Bulgaria EAD	1,123,217	-	-	-	-	-	-	-	-	53,476	-	-
Trakya Glass Logistics EAD	344,970	-	-	-	-	-	-	-	-	-	-	-
Anadolu Cam Sanayi A.Ş.	91,634	828	7,157	6,653	-	119,189	-	-	-	26,057	-	-
Paşabahçe Cam Sanayi ve Tic. A.Ş.	46,218	15,672,639	23,052	2,637	240,713	6,500	1,893,666	-	-	738,495	-	3,026,143
Camiş Ambalaj Sanayii A.Ş.	12,710	-	9,998	1,926	-	-	-	-	-	-	-	-
Şişecam Dış Ticaret A.Ş.	-	-	19,573	116,003	-	-	-	-	-	-	-	1,178,127
Denizli Cam San. Ve Tic. A.Ş.	-	18,763	288	571	-	-	-	-	-	-	-	-
Şişecam Holding	-	-	5,027,699	1,362,253	-	665,176	-	-	5,870,764	26,940	-	1,191,868
Çayirova Cam Sanayii A.Ş.	-	-	5,671	776,911	-	355,812	-	-	-	24,000	-	-
Anadolu Cam Yenişehir San.A.Ş.	-	-	1,729	6,502	-	-	-	-	169,614	-	-	-
Oxyvit Kimya San. Ve Tic. A.Ş.	-	-	159	-	-	-	-	-	-	-	-	-
Camiş Limited	-	-	-	-	-	-	-	653,546	-	-	-	-
Cam Elyaf Sanayii A.Ş.	-	-	-	41,130	-	-	-	-	243,129	-	-	-
Camiş Sigorta A.Ş.	-	-	-	-	-	-	-	-	941,895	-	-	-
Paşabahçe Mağazaları A.Ş.	-	-	-	1,154	-	-	-	-	-	-	-	-
İş GYO	-	-	-	-	-	1,184,782	-	-	-	-	-	-
	139,510,509	15,692,230	5,260,912	2,499,688	527,891	2,472,339	1,893,666	653,546	7,455,142	955,175	-	5,398,327

## NOTE 38 - FINANCIAL RISK MANAGEMENT

### a) Capital risk management

The Group manages its capital to 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 Group controls its capital using the net debt / total equity ratio. This ratio is calculated as net debt divided by the total equity amount. Net debt is calculated as total liability amount less cash and cash equivalents and other receivables from related parties. Total capital is calculated as the total of equity and net debt.

Net debt / total equity ratios as of 31 December 2010 and 31 December 2009 are as follows:

	31 December 2010	31 December 2009
Total financial liabilities	322,716,089	417,982,332
Less: cash and cash equivalents and financial assets	(513,190,057)	(332,177,770)
Net debt	(190,473,968)	85,804,562
Total equity	1,550,432,847	1,366,833,962
Total capital	1,359,958,879	1,452,638,524
Net debt / total equity ratio	-14%	6%

The general strategy of the Group is consistent with 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.

#### b.1) Credit risk management

Credit risk of financial instruments	Receivables				Deposits at bank
	Trade receivables	Other receivables			
		Third party	Related party		
<b>31 December 2010</b>					
Maximum credit risk as of balance sheet date (*) (A+B+C+D+E)	213,688,247	59,129,211	811,754		454,029,327
- Hedged part of maximum risk with collateral (**)	135,312,171	-	-		-
A. Net book value of financial assets that are neither past due nor impaired	193,513,223	59,129,211	811,754		454,029,327
B. Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired	-	-	-		-
C. Net book value of financial assets that are past due but not impaired	20,175,024	-	-		-
- The part of which is under guarantee with collateral	(15,197,388)	-	-		-
D. Net book value of impaired assets	-	-	-		-
- Past due (gross carrying amount)	3,085,371	-	-		-
- Impairment (-)	(3,085,371)	-	-		-
- The part of net value under guarantee with collateral	-	-	-		-
- Not past due (gross carrying amount)	-	-	-		-
- Impairment (-)	-	-	-		-
- The part of net value under guarantee with collateral	-	-	-		-
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 are composed of guarantee letters received from customers and mortgages.

Credit risk of financial instruments	Receivables			Deposits at bank
	Trade receivables	Other receivables		
31 December 2009	Third party	Related party	Third party	
Maximum credit risk as of balance sheet date (*) (A+B+C+D+E)	199,637,455	37,339,870	711,592	294,793,097
- Hedged part of maximum risk with collateral (**)	158,448,100	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	167,235,547	37,339,870	711,592	294,793,097
B. Net book value of financial assets that are renegotiated, otherwise that will be considered as past due or impaired	-	-	-	-
C. Net book value of financial assets that are past due but not impaired	32,401,908	-	-	-
- The part of which is under guarantee with collateral	24,892,558	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Past due (gross carrying amount)	509,413	-	-	-
- Impairment (-)	(509,413)	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-
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 are composed of guarantee letters received from customers and mortgages.

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

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

Aging of overdue receivables is as follows:

	31 December 2010	31 December 2009
Overdue 1-30 days	13,496,012	11,708,000
Overdue 1-3 months	4,057,715	14,216,977
Overdue 3-12 months	2,092,797	6,038,221
Overdue by 12 months and above	528,500	438,710
Total overdue receivables	20,175,024	32,401,908
The part under guarantee with collateral	(15,197,388)	(24,892,558)

Collaterals obtained for trade receivables past due but not impaired

	31 December 2010	31 December 2009
Letters of guarantee	10,746,600	20,656,700
Mortgages and other guarantees	4,450,788	4,235,858
	15,197,388	24,892,558

#### 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 below table shows 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. Interest to be paid in future on financial liabilities is included in the table below.

### 31 December 2010

<b>Maturities in accordance with contract</b>	<b>Carrying value</b>	<b>Total cash outflow according to contract (+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>
<b>Non-derivative financial Liabilities</b>						
Bank borrowings	318,385,458	344,591,027	23,599,846	38,231,051	265,392,355	17,367,775
Trade payables	51,545,718	52,096,601	52,096,601	-	-	-
Due to related parties	11,728,287	11,728,287	3,937,848	7,790,439	-	-
Other payables	9,415,995	9,415,995	9,332,362	-	83,633	-
<b>Total liabilities</b>	<b>391,075,458</b>	<b>417,831,910</b>	<b>88,966,657</b>	<b>46,021,490</b>	<b>265,475,988</b>	<b>17,367,775</b>

### 31 December 2009

<b>Maturities in accordance with contract</b>	<b>Carrying value</b>	<b>Total cash outflow according to contract (+II+III+IV)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>
<b>Non-derivative financial Liabilities</b>						
Bank borrowings	397,726,791	445,408,034	52,701,294	65,354,542	307,971,025	19,381,173
Trade payables	42,111,908	42,312,283	42,312,283	-	-	-
Due to related parties	28,006,650	28,006,650	28,006,650	-	-	-
Other payables	8,349,823	8,349,823	8,303,968	-	45,855	-
<b>Total liabilities</b>	<b>476,195,172</b>	<b>524,076,790</b>	<b>131,324,195</b>	<b>65,354,542</b>	<b>308,016,880</b>	<b>19,381,173</b>

Expected maturities of the non-derivative financial liabilities of the Group are same with the maturities subject to the agreement.

#### b.3) Market risk management

The Group's activities expose 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

Transactions denominated in foreign currencies result in foreign currency risk.

The details of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

Bulgarian Leva is fixed at EUR. Assets and liabilities of Trakya Glass Bulgaria EAD (except imports and exports) denominated in EUR are not included the table below since the Group does not expose to foreign currency risk due to these assets and liabilities.

## 31 December 2010

	TRY equivalent (functional currency)	USD	EUR	Other
1. Trade receivables	26,500,526	5,462,613	7,189,117	3,324,107
2a. Monetary financial assets	421,232,166	158,312,884	85,520,476	1,240,440
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	447,732,692	163,775,497	92,709,593	4,564,547
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	447,732,692	163,775,497	92,709,593	4,564,547
10. Trade payables	(3,165,156)	(856,353)	(850,087)	(99,322)
11. Financial liabilities	(41,110,167)	(75,278)	(20,005,752)	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. CURRENT LIABILITIES	(44,275,323)	(931,631)	(20,855,839)	(99,322)
14. Trade payables	-	-	-	-
15. Financial liabilities	(242,333,214)	(49,600,000)	(80,841,156)	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	(242,333,214)	(49,600,000)	(80,841,156)	-
18. TOTAL LIABILITIES	(286,608,537)	(50,531,631)	(101,696,995)	(99,322)
19. Net foreign currency asset / (liability) position	161,124,155	113,243,866	(8,987,402)	4,465,225
20. Net foreign currency position for monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	161,124,155	113,243,866	(8,987,402)	4,465,225
21. EXPORTS	322,651,775	81,941,191	89,088,687	22,659,563
22. IMPORTS	161,891,119	25,406,320	60,381,410	3,733,369

## 31 December 2009

	TRY equivalent (functional currency)	USD	EUR	Other
1. Trade receivables	50,330,961	9,105,639	15,513,819	3,106,097
2a. Monetary financial assets	269,049,278	132,930,011	31,214,457	1,463,968
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	319,380,239	142,035,650	46,728,276	4,570,065
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	319,380,239	142,035,650	46,728,276	4,570,065
10. Trade payables	(1,599,798)	(395,446)	(379,996)	(183,470)
11. Financial liabilities	(39,652,670)	(631,930)	(17,914,722)	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. CURRENT LIABILITIES	(41,252,468)	(1,027,376)	(18,294,718)	(183,470)
14. Trade payables	-	-	-	-
15. Financial liabilities	(248,341,202)	(49,600,000)	(80,386,281)	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	(248,341,202)	(49,600,000)	(80,386,281)	-
18. TOTAL LIABILITIES	(289,593,670)	(50,627,376)	(98,680,999)	(183,470)
19. Net foreign currency asset (liability) position	29,786,569	91,408,274	(51,952,723)	4,386,595
20. Net foreign currency position for monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	29,786,569	91,408,274	(51,952,723)	4,386,595
21. EXPORTS	272,362,277	58,860,349	79,968,939	9,385,228
22. IMPORTS	114,017,638	10,889,951	43,396,725	3,847,474

### Foreign currency sensitivity

The Group is mainly exposed to Euro and US Dollar risks.

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

	31 December 2010		31 December 2009	
	Profit / Loss		Profit / Loss	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
Appreciation of USD against TRY by 10%				
1 - US Dollars net asset / liability	17,507,502	(17,507,502)	13,763,344	(13,763,344)
2- USD risk hedged amount (-)	-	-	-	-
<b>3- USD net effect (1 +2)</b>	<b>17,507,502</b>	<b>(17,507,502)</b>	<b>13,763,344</b>	<b>(13,763,344)</b>
Appreciation of EURO against TRY by 10%				
4 - Euro net asset / liability	(1,841,609)	1,841,609	(11,223,347)	11,223,347
5 - Euro risk hedged amount (-)	-	-	-	-
<b>6- Euro net effect (4+5)</b>	<b>(1,841,609)</b>	<b>1,841,609</b>	<b>(11,223,347)</b>	<b>11,223,347</b>
Appreciation of other currencies against TRY by 10%				
7- Other currencies net asset / liability	446,523	(446,523)	438,660	(438,660)
8- Other currencies risk hedged amount (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>446,523</b>	<b>(446,523)</b>	<b>438,660</b>	<b>(438,660)</b>
<b>TOTAL (3 + 6 +9)</b>	<b>16,112,416</b>	<b>(16,112,416)</b>	<b>2,978,657</b>	<b>(2,978,657)</b>

### b.3.2) Interest rate risk management

The Group is exposed to interest rate risk due to the funds borrowed at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate position hold between fixed and floating rate borrowings and by either positioning the balance sheet or protecting interest expense through different interest rate. Strategies protecting from risk are assessed regularly to be in line with interest rate expectation and risk defined. With this optimal hedging strategy, review of balance sheet position and controlling of interest expenditure under different interest rates is aimed.

### Interest rate sensitivity

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

### Interest position table

		31 December 2010	31 December 2009
<b>Fixed rate instruments</b>			
Financial assets	Cash and cash equivalents	442,573,224	272,797,188
	Loan to related parties	59,129,211	37,339,870
	Available for sale financial assets	-	32,245,456
Financial Liabilities	Loan from related parties	4,330,631	20,255,541
	Bank loans	8,826,066	34,407,973
<b>Floating rate instruments</b>			
Financial assets		-	-
Financial liabilities		309,559,392	363,318,818

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0.25% basis point increase or decrease on interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 0.25% points higher/lower and all other variables were held constant, net income before tax and non-controlling interest at 31 December 2010 would have been lower/higher by TRY 773,898 (31 December 2009: TRY 908,297).

**b.3.3) Other price risks**

The Group is exposed to market price risk due to its equity share investments as at 31 December 2009.

**Equity price sensitivity**

The Group is not subject to equity price risk as at 31 December 2010.

- If the equity share prices were increased / decreased by 10% with the assumption of keeping all other variables constant; Increase/decrease in the other equity funds would amount to TRY 3,063,318 as at 31 December 2009. This change is caused by the fair value change of equity share investments classified as available for sale.

**NOTE 39 - FINANCIAL INSTRUMENTS**

31 December 2010	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Note
<b>Financial assets</b>					
Cash and cash equivalents	454,060,846	-	-	454,060,846	6
Trade receivables	213,688,247	-	-	213,688,247	10
Due from related parties	59,129,211	-	-	59,129,211	37
Financial investments	-	84,490,380	-	84,490,380	7
<b>Financial liabilities</b>					
Financial liabilities	-	-	318,385,458	318,385,458	8
Trade payables	-	-	51,545,718	51,545,718	10
Due to related parties	-	-	11,728,287	11,728,287	37
31 December 2009	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Note
<b>Financial assets</b>					
Cash and cash equivalents	294,837,900	-	-	294,837,900	6
Trade receivables	199,637,455	-	-	199,637,455	10
Due from related parties	37,339,870	-	-	37,339,870	37
Financial investments	-	122,989,211	-	122,989,211	7
<b>Financial liabilities</b>					
Financial liabilities	-	-	397,726,791	397,726,791	8
Trade payables	-	-	42,111,908	42,111,908	10
Due to related parties	-	-	28,006,650	28,006,650	37

The Group believes that the carrying values of its financial instruments reflect their fair values.

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

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

Category classification of financial assets and liabilities presented with their fair values are as follows:

31 December 2010	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments (*)	-	-	-	-
	-	-	-	-

31 December 2009	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments	32,245,456	-	-	32,245,456
	32,245,456	-	-	32,245,456

(\*) Fair value differences of Şişecam Holding Shares that are publicly treated, previously accounted under equity was transferred to consolidated income statement subsequent to the sales of Şişecam Holding shares on 30 September 2010.

#### NOTE 40 - SUBSEQUENT EVENTS

None.

#### NOTE 41 - OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED FOR THE BETTER UNDERSTANDING OF FINANCIAL STATEMENTS

##### Approval of Financial Statements

The Group's consolidated financial statements as at 31 December 2010 audited by independent auditors prepared in accordance with the Capital Markets Board's Communiqué Serial: XI, No: 29 are reviewed by also considering the Audit Committee's opinion on the matter. It has been concluded that the consolidated financial statements present fairly the consolidated financial position of the Company and the results of its operations in accordance with the regulations issued by the Capital Markets Board and Group accounting policies. With the Board of Directors' decision dated 21 March 2011, Board Member Müfit Özkara, and the Accounting Manager Nihal Topçuoğlu are authorized to sign electronically the consolidated financial statements for public announcement

## Corporate Governance 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 Trakya Cam Sanayii Anonim Şirketi (Trakya Cam).

Established in 1978, Trakya Cam is the only flat glass manufacturer and leading auto glass and processed glass manufacturer in Turkey, and today it employs state-of-the-art manufacturing technologies and makes a significant contribution to the national economy with its export volume and employment opportunities as well as inputs it provides to various industries including but not limited to construction, automotive, home appliances, furniture, energy and agricultural industries.

Being fourth in Europe, the seventh in the world, and the leader in Turkey, Trakya Cam continues its efforts in maintaining its competitive edge both in domestic and foreign markets.

It maintains important activities to make the use of high performance glasses that serve the purposes of energy saving and environment protection widespread.

As a requirement of its position in the industry, Trakya Cam has built its management approach and philosophy on the values and principles of equality, transparency, accountability and responsibility.

Modern management and industrial engineering principles have brought Trakya Cam to its leader position today and its high level of institutionalization, its focus on the market and R&D activities constitute the fundamentals of a stronger Trakya Cam. Trakya Cam aims to strengthen its vision of being the leader manufacturer in its vital geography within its main operational field, by adopting corporate governance principles based on this clear vision and values.

In the period that has ended on 31 December 2010, the company has fully complied with its responsibilities towards its share and stakeholders in the framework of the principles of corporate governance. Regarding the extension of the right to information of the shareholders, a section on "Investor Relationships" is available in Turkish and English on the website [www.trakyacam.com.tr](http://www.trakyacam.com.tr) Activities that have commenced regarding risk management have been continued in this period. The details of the relevant work done in this respect are presented in the report.

### SECTION I – Shareholders

#### 2. Shareholders Relations Department

According to articles and regulations of Turkish Commercial Law, Capital Markets Legislation and our company'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;

- The replies to shareholders regarding their oral and written enquiries about the company, except for non-public material that are confidential,
- The realization of the annual general meeting of shareholders (AGM) according to legislation in force, AoA and other in-house regulations,
- The preparation of documents for the utilization of shareholders during the general meeting,
- Preparing a record of voting results and sending of a report of voting results to the shareholders,
- Compliance to all matters regarding public access to information including regulations and the firm's policy on information access,
- 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	Title	Phone number	e-mail
Müfit Özkara	Finance Director	0212 350 50 16	<a href="mailto:mozkara@sisecam.com">mozkara@sisecam.com</a>
Barış Bağran	Finance Specialist	0212 350 37 48	<a href="mailto:bbagran@sisecam.com">bbagran@sisecam.com</a>
Beyza Genç	Finance Manager	0212 350 36 87	<a href="mailto:bgenc@sisecam.com">bgenc@sisecam.com</a>
Nihal Topçuoğlu	Accounting Manager	0212 350 35 07	<a href="mailto:ntopcu@sisecam.com">ntopcu@sisecam.com</a>

### 3. Shareholders' Use of Rights to Access to Information

According to present regulations, with respect to the extension of access rights of shareholders to information, all kinds of information, announcements published in national daily newspapers and all material event disclosures have been posted on the website of our company to the stakeholders and shareholders' information and use.

During the present period, all queries that were received orally, by e-mail and phone were mainly 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.trakyacam.com.tr](http://www.trakyacam.com.tr) in Turkish and English.

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

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

### 4. Information on the AGM

The AGM for 2009 was held on the 22 April 2010, with a quorum of 76.15%. 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.trakyacam.com.tr](http://www.trakyacam.com.tr) 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.trakyacam.com.tr](http://www.trakyacam.com.tr), and that they need to submit their notarized proxy forms upon due fulfillment of other considerations set forth in the CMB Communiqué Serial: IV: 8,
- The information that from amongst our shareholders those whose shares are held in custody in investor accounts by Intermediary Agents before the Central Registry Agency (CRA) and who wish to participate in the AGM need to act within the frame of the provisions that are set out in the "General Assembly Transactions" procedures regarding Central Registry System (CRS) Business and IT Implementation Rules and Guidelines accessible at the CRA website <http://www.mkk.com.tr/wps/wcm/connect/e684d01c-974a-4ae5-a7-df-8a41440cb2b1/is+ve+bilisim+uygulama+ilke+ve+kurallar%C4%B1.pdf?MOD=AJPERES> and to have their names entered into the General Assembly Blockage List. Shareholders who fail to have their names entered into the "Blockage List" of CRA may not participate in the meeting as per the law.
- The information that, as stated in the CRA's General Letter no. 294, rightful investors may not, pursuant to Provisional Article 6 of the Capital Market Law, participate in AGMs and exercise their shareholding rights unless and until they have their share certificates registered. Applications of our shareholders who have not yet performed registry of their share certificates for participation in the AGM will be taken into consideration only after registry of their share certificates. Shareholders who possess physical share certificates need to apply to Camiř Menkul Deęerler A.ř. 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 at least fifteen days before the general assembly date, two national dailies and the website of the company. The time for convening of the AGM is chosen especially to facilitate access regarding traffic intensity and other external factors and taken care of to hold AGMs at times of the day during which traffic is rather slow.

### 5. Voting Rights and Minority Rights

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

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

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

Each shareholder can be represented by one person in the AGM. In the case that corporate shareholders be represented by more than one person, only one of those can vote. The authorization to vote must be declared on the authorization document.

Minority shares are not represented in the management. No record exists in the AoA regarding aggregate voting which is not compulsory for the company.

## 6. Dividend Distribution Policy and Time

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

The dividend distribution suggestions brought to the attention of the AGM by the Board of Directors (BoD) are prepared with respect to profit distribution policy that takes into consideration:

- a) The sensitive balance between the growth of the Company and the expectations of the shareholders
- b) The profitability of the Company

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

There are no privileged shares regarding the distribution of dividends.

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

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

No reference to advance dividend payments exists in the AoA.

## 7. Transfer of Shares

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

## SECTION II – Public Disclosure 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 Official Gazette on 6 February 2009, business partnerships whose shares are traded, are required to formulate an “information policy” concerning the public disclosure of information and to publicly announce this policy on the firm’s website.

Developed within this frame and approved at the BoD meeting number 10 held on 27 April 2009, the “Information Policy” has been publicly disclosed under the “Investor Relations” section of the corporate website accessible at [www.trakyacam.com.tr](http://www.trakyacam.com.tr)

Currently, Müfit Özkara (Board Member and Financial Director), and Barış Bağran (Finance Specialist) are authorized to handle the communication and coordination with the Stock Exchange.

### 9. Material Events Disclosure

During the reporting period, 17 material events disclosures have been made in accordance with the CMB Communiqué VIII:54 concerning “Public Disclosure of Material Events”. No sanctions have been applied regarding those announcements in the framework of the above mentioned Communiqué.

### 10. The Updated Company Website and Its Contents

Serving to the objective of broadening the stakeholders’ and shareholders’ right to obtain information, the “Investor Relations” section is available on the Company’s website [www.trakyacam.com.tr](http://www.trakyacam.com.tr) both in Turkish and in English providing the following content for the use of the shareholders and stakeholders which is updated regularly.

- ✓ Annual reports,
- ✓ List of members of the BoD and the Board of Auditors,
- ✓ Interim financial statements and independent auditor reports,
- ✓ Interim BOD Reports
- ✓ Trade registry information,

- ✓ Shareholding structure,
- ✓ AGM agendas,
- ✓ AGM minutes,
- ✓ AGM participants list,
- ✓ Proxy voting form,
- ✓ Updated AoA,
- ✓ Material events disclosures,
- ✓ Corporate governance compliance report,
- ✓ Code of Conduct
- ✓ Disclosure policies,

## 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:

Shareholders	Share Value (TL)	Share (%)
Şişecam Holding	418,526,929	69.38
Publicly held	179,861,668	29.82
Şişecam group companies	4,419,400	0.74
IFC	392,003	0.06
Total	603,200,000	100

## 12. Disclosure of Insider Persons

The CMB Communiqué Serial: VIII, No: 54 on "The Principles of Public Disclosure of Material Events" published in issue No. 27133 of Official Gazette on 6 February 2009, imposed the obligation to create and maintain a list of the companies, real or legal persons acting on behalf or account of the company and persons employed under employment contracts or otherwise, and persons who have regular access to insider information. In this frame, our company created a "List of Persons Having Access to the Internal Information" effective from the date May 1, 2009. Additionally, the persons named in this list have been informed in writing so as to ensure acknowledgement by these persons of the obligations set by the law and applicable legislation in relation to insider information and to make them aware of the sanctions in case of abuse or improper distribution of such information.

As of the report's date, the List of Persons Having Access to the Internal Information comprises 38 persons; the names and positions of the BoD members, Audit Board members and the Company's senior executives covered in this list are presented below:

Name and Surname	Position
Gülsüm Azeri	Chairman to the Board
Teoman Yenigün	Şişecam Flat Glass CEO
Mehmet Karakılıç	Vice Chairman
Zeynep Hansu Uçar	Board Member
Asuman Akman	Board Member
Selçuk Yılmaz Demirkıran	Board Member
Hafız Ekrem Kürkcü	Board Member
Müfit Özkara	Board Member
Beytiye Ayşe Kıvılcım Gökşin	Member of the Board of Auditors
Mükremin Şimşek	Member of the Board of Auditors
Reha Akçakaya	Automotive Glass Director
Ertan Tanyeli	Business Development Director
Ali Şekerli	Business Group Manager Solar and Home Appliance Glasses
Ahmet Eryaman	Global Supply Chain Management & System Development Group Manager
Levent Şimşek	Human Resources Group Manager

## SECTION III - Stakeholders

### 13. Stakeholder Access to Information

All important events and developments are disclosed to the stakeholders through the press, media, internet and material events disclosures in accordance with the provisions in applicable legislation.

### 14. Stakeholder 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. Relationships with the employees are carried out without any problems by the human resources unit.

No complaints on discrimination have been reported to company managers.

### 16. Information on Relationship with Customers and Suppliers

Şişecam Group continues to remain a trustworthy organization creating value for its shareholders, employees, customers, suppliers and society, with its unchanging attributes of "human-focus" and being "trustworthy organization". In this respect, customer satisfaction being our motto, the demands of our customers and consumers are met with the utmost care, sensitivity and responsibility throughout marketing and sales of our products and services. In addition, all matters and developments of importance as well as legal changes that may concern our customers are immediately disclosed and communicated through the fastest communication medium.

### 17. Social Responsibility

Trakya Cam, acutely aware of its responsibility towards laws and environmental values, believes 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

### 18. Structure and Formation of the Board of Directors and Independent Members

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

The structure of the Board of Directors is as follows:

Name and Surname	Position
Gülsüm Azeri (*)	Chairman
Mehmet Karakılıç	Vice Chairman
Zeynep Hansu Uçar (**)	Member
Asuman Akman (**)	Member
Selçuk Yılmaz Demirkıran (*)	Member
Hafız Ekrem Kürkçü	Member
Müfit Özkara (*)	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. Qualifications of Board Members

In principle, only persons with exceptional knowledge and experience with certain qualifications and a relevant past can be 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 within which the company operates on daily and long term activities as well as ability and commitment to attend the announced meetings of the board prescribed for the relevant budget year. The underlying principles on this issue however are not included in the Company's AoA.

## 20. Mission, Vision and Strategic Goals of the Company

Flat Glass Group has the following vision in its fields of operation:

Basic Glass (flat glass, patterned glass, mirror, laminated glass, coated glass, glass for architectural applications): Flat glass standing first among all basic and high-quality glasses, Trakya Cam is the leader or one of the leading suppliers in its major markets and an important regional player in its ambitious markets.

Automotive glass and glass for other vehicles: Trakya Cam is the leader in Turkey, and a strong glass systems supplier to the expanding automotive focal points in Europe and our region.

Energy glass: Trakya Cam is an important supplier to system producers regarding specialized glass and coatings used in solar energy generation.

Glass for home appliances: Trakya Cam is a strong glass supplier to the manufacturers of home appliances sector growing in Turkey, Europe and in our region.

This statement has been announced in the annual report. Strategic goals announced by the company managers are approved by the Board. The above mentioned strategic goals regarding the next five years, are established in the strategic planning 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 etc.) and evaluates past performance.

## 21. Risk Management and Internal Control Mechanisms

Risk management activities of our company are coordinated by Risk Management Unit, within the Risk Management and Internal Audit Department, which reports directly to the Board of Directors of Şişecam Holding. 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 Management Regulations" and "Risk Policies" for the effective implementation of risk management throughout the group were enforced 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 about to be completed.

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 other group companies with laws, AoA, internal regulations and procedures, and report to the BoD.

## 22. The Duties and Responsibilities of the Members of BoD and Managers

The duties and responsibilities of the members of BoD and managers are articulated by the company AoA articles 8-14. 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 has to leave their positions for whatever reason, another selection is made for the vacant position(s). 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 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 BoD resolution. 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 Board of Directors

The agendas of the BoD Meetings are determined in accordance with the needs of the company, considering developments in the country or the world. 38 meetings were carried out during the period. Invitation to meetings is done by the possible fastest means of telephone; meeting agenda and documents that are sent at least one week ahead to the members of BoD and their participation is ensured.

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

### 24. Doing Business with the Company and Prohibition of Competition

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

### 25. Code of Conduct

Şişecam Group's Code of Conduct, arranged under the general principles of honesty, transparency, confidentiality, impartiality and obeying the laws with the resolution dated 20.07.2010 No.49 of the Board of Directors of our Company have been put into effect and arrangements bearing the characteristics of a guidance that would lead the relationships of all Group employees with the customers, suppliers, shareholders and other stakeholders have been realized.

General outline of the Code of Conduct are stated below:

#### 1. General Principles

- In Şişecam Group, truthfulness and honesty constitute the basis of acts in relationship to employees, customers, suppliers, shareholders and all stakeholders.
- Şişecam Group is transparent and open with all its stakeholders.
- In Şişecam Group, no distinction among stakeholders is made due to reasons such as religion, language, race, gender, state of health, marital status and political view. Everybody is treated equally and prejudiced behaviors are avoided.
- In Şişecam Group, utmost attention is paid to protecting the private information of employees, customers and suppliers and sharing such information with third parties is not allowed.
- Şişecam Group runs all its operations in line with the laws. The Group follows laws and regulations closely and takes the necessary precautions required to ensure compliance with the laws.

#### 2. Responsibilities

Board of Directors and the Auditing Committee are responsible at top level for applying the Code of Conduct of Şişecam Group throughout the entire Group. All members of Group personnel are obliged to act in accordance with the Code of Conduct of Şişecam Group.

#### 3. Applications

- In Şişecam Group, utmost attention is always paid to efficient and productive use of Group resources and the principle of economizing is taken into consideration. Group personnel use and protect the Group resources only for the good of the Group.
- Utmost attention is paid to protect of all kinds of non-public information. Regulations and procedures related to the security of information belonging to the Group are keenly applied and required precautions to carefully keep and archive this information and for non-disclosure thereof are adopted.
- In Şişecam Group, the personnel consider Group interests within the framework of legal and in-Group regulations and pay attention to keep away from conflicts of interest, in the tasks they perform.
- In Şişecam Group, gifts exceeding a reasonable extent from customers, suppliers and other institutions are not accepted. However, gifts having a symbolic value such as plaques and shields, granted at the meetings or seminars attended to represent the Group can be accepted.
- In case business relationships with family members, close relatives and friends are required to be established by the Şişecam Group personnel, occurrence of conflict of interests is not allowed.
- In Şişecam Group, in relationships with customers and suppliers, rules of respect, equality, courtesy and justice are regarded and laws and code of conduct are followed at utmost level. No misleading and dishonest manners are adopted towards customers and consumers.
- In Şişecam Group, rules of the honesty and sincerity in competitiveness are always closely followed in all the countries where activities are carried out.
- The relations of Şişecam Group with official bodies are always transparent and explicit. Any kind of information and document requested by the official bodies are provided correctly, fully and on time. Any act to deceive or mislead the official bodies are never tolerated or allowed.

#### 4. Compliance with the Şişecam Group Code of Conduct

Employees of the Group show utmost care to comply with the Şişecam Group Code of Conduct. Compliance with Code of Conduct throughout Group Activities is monitored by effective communication.

## **26. The Number, Structure and Independence of Committees Established in the Board of Directors**

An Audit Committee comprised of two members has been established to undertake the BoD duties in a healthy way. 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 in accordance with the generally accepted standards.

## **27. Financial Benefits of the Board of Directors**

All rights, benefits and remuneration for the members of the BoD are determined by the AGM each year as mentioned in AoA of the company.

In the 2009 ordinary AGM of the company convened on April 22, 2010, 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 or managers; no credits is given under the name personal loan through third persons, nor are any guarantees provided such as suretyship in their favor.

**Agenda for the General Assembly 2010 (8th April 2011)**

- 1 - Election of the Presidential Board and Authorization of the Presidential Board for signing the minutes of the AGM.
- 2 - Recitation of BoD, Board of Auditors and Independent Auditors' Reports concerning the operations of the company in 2010.
- 3 - Examination, Discussion and Approval of Balance Sheet and Income Statement for the financial year of 2010.
- 4 - Adoption of the resolution concerning the method and date of distribution of profits accrued in 2010.
- 5 - Approval of the appointments of the Members of the BoD in replacement of the members resigned throughout the year.
- 6 - Acquittal of the Members of the BoD and the Board of Auditors.
- 7 - Election of the members of the Board of Directors
- 8 - Election of the members of the Board of Auditors
- 9 - Giving power to the Board Members in accordance with Article 334 and 335 of Turkish Commercial Code
- 10 - Determining wages of the Board of Directors,
- 11 - Determining wages of the Board of Auditors,
- 12 - Giving information to the Shareholders about the Contributions made within the Year,
- 13 - Giving information to the Shareholders about Guarantees, Pledges and Mortgages Granted in Favor of Third Persons

## Contact Information for Trakya Cam Group of Companies / Plants



### Trakya Cam Sanayii A.Ş. Head Office

**Activity:** Management and sales  
**Adres:** İş Kuleleri Kule 3, 34330, 4. Levent, İstanbul, Turkey  
**Tel:** +90 212 350 50 50  
**Fax:** +90 212 350 50 59  
[www.trakyacam.com.tr](http://www.trakyacam.com.tr)  
[www.isicam.com.tr](http://www.isicam.com.tr)



### Trakya Cam Sanayii A.Ş. Trakya Plant

**Products:** Float glass, coated glass, laminated glass, mirror  
**Adres:** Büyükkarıştıran Mevkii, P.K. 98  
39780 Lüleburgaz, Kırklareli, Turkey  
**Tel:** +90 288 400 80 00  
**Fax:** +90 288 400 77 99



### Trakya Cam Sanayii A.Ş. Automotive Glass Plant

**Product:** Automotive glass  
**Adres:** Büyükkarıştıran Mevkii, P.K. 28  
39780 Lüleburgaz, Kırklareli, Turkey  
**Tel:** +90 288 400 85 31  
**Fax:** +90 288 400 83 58



### Trakya Cam Sanayii A.Ş. Mersin Plant

**Products:** Float glass, patterned glass, energy glass  
**Adres:** Mersin Tarsus Organize Sanayi Bölgesi,  
Atatürk Caddesi No.1  
33400, Akdeniz Mersin, Turkey  
**Tel:** +90 324 676 40 70  
**Faks:** +90 324 676 40 73



### Trakya Glass Bulgaria EAD Flat Glass Plant

**Products:** Float glass, mirror  
**Adres:** District "Vabel" Industrial Area,  
7700 Targovishte, Bulgaria  
**Tel:** +359 601 4 78 01  
**Fax:** +359 601 4 77 97



### Trakya Glass Bulgaria EAD Glass Processing Plant

**Product:** Home appliance glass  
**Adres:** District "Vabel" Industrial Area,  
7700 Targovishte, Bulgaristan  
**Tel:** +359 601 4 79 25  
**Fax:** +359 601 4 79 26

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**Trakya Glass Bulgaria EAD**  
**Automotive Glass Plant**

**Product:** Automotive glass  
**Address:** District "Vabel" Industrial Area,  
7700 Targovishte, Bulgaria  
**Tel:** +359 601 4 79 66  
**Fax:** +359 601 4 79 72




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**Trakya Yenişehir Cam Sanayii A.Ş.**

**Products:** Float glass, laminated glass, coated glass, glass for architectural applications, home appliance glass  
**Adres:** Atatürk Organize Sanayi Bölgesi  
16900 Yenişehir, Bursa, Turkey  
**Tel:** +90 224 280 12 05  
**Fax:** +90 224 773 27 55




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**Trakya Glass Logistics EAD**

**Activity:** Transportation of jumbo-sized glass  
**Address:** District "Vabel" Industrial Area,  
7700 Targovishte, Bulgaria  
**Tel:** +359 601 4 80 33  
+359 601 4 80 35  
**Fax:** +359 601 4 80 30




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**Trakya Cam Investment B.V.**  
**Activity:** Finance and investment

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**Trakya Investment B.V.**  
**Activity:** Finance and investment

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**Trakya Glass Kuban OOO**  
**Activity:** At the stage of investment

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