

TRAKYA CAM SANAYii A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2010
TOGETHER WITH AUDITOR'S REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

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

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

Introduction

1. We have reviewed the accompanying consolidated balance sheet of Trakya Cam Sanayii A.Ş. its subsidiaries and its joint ventures (collectively referred to as the "Group") as of 30 June 2010, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. The Group management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the financial reporting standards accepted by the Capital Markets Board. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

2. We conducted our review in accordance with the principles and standards on the review of interim financial statements as set out in "Section 34 of the Communiqué No: X-22 on the auditing standards issued by the Capital Markets Board". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with independent auditing standards issued by the Capital Markets Board and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an independent audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 30 June 2010 and of its financial performance and its cash flows for the six-month period then ended in accordance with financial reporting standards issued by Capital Markets Board (Note 2).

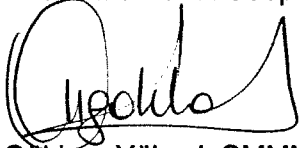
Other Matters

4. The consolidated financial statements of the Group as at and for the year ended 31 December 2009 were audited by other auditors whose report, dated 6 April 2010, expressed an unqualified opinion on those statements. The interim consolidated financial statements of the Group as at and for the six-month period ended 30 June 2009 were reviewed by other auditors whose report, dated 28 August 2009, expressed an unqualified conclusion on those statements.

Additional paragraph for convenience translation into English

5. The accounting principles described in Note 2 to the interim 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 interim consolidated financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

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



Gökhan Yüksel, SMMM
Partner

Istanbul, 24 August 2010

TRAKYA CAM SANAYİİ A.Ş.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2010

CONTENTS	PAGE
CONSOLIDATED BALANCE SHEETS	1-2
CONSOLIDATED STATEMENTS OF INCOME	3
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	6-66
NOTE 1 GROUP'S ORGANIZATION AND NATURE OF OPERATIONS	7-8
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	9-23
NOTE 3 BUSINESS COMBINATIONS	24
NOTE 4 JOINT VENTURES	24
NOTE 5 SEGMENT REPORTING	24-26
NOTE 6 CASH AND CASH EQUIVALENTS	27
NOTE 7 FINANCIAL INVESTMENTS	27-28
NOTE 8 FINANCIAL LIABILITIES	29
NOTE 9 OTHER FINANCIAL LIABILITIES	30
NOTE 10 TRADE RECEIVABLES AND PAYABLES	30-31
NOTE 11 OTHER RECEIVABLES AND PAYABLES	31-32
NOTE 12 RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS	32
NOTE 13 INVENTORIES	32
NOTE 14 BIOLOGICAL ASSETS	32
NOTE 15 ASSETS RELATED TO ONGOING CONSTRUCTION CONTRACTS	32
NOTE 16 ASSOCIATES	33
NOTE 17 INVESTMENT PROPERTY	33
NOTE 18 PROPERTY, PLANT AND EQUIPMENT	34-36
NOTE 19 INTANGIBLE ASSETS	36-37
NOTE 20 GOODWILL	37
NOTE 21 GOVERNMENT GRANTS AND INCENTIVES	37
NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	38
NOTE 23 COMMITMENTS	38-39
NOTE 24 EMPLOYEE BENEFITS	40
NOTE 25 PENSION PLANS	41
NOTE 26 OTHER ASSETS AND LIABILITIES	41
NOTE 27 EQUITY	42-43
NOTE 28 SALES AND COST OF SALES	44
NOTE 29 RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES	44
NOTE 30 EXPENSES BY NATURE	45
NOTE 31 OTHER OPERATING INCOME / EXPENSES	45-46
NOTE 32 FINANCIAL INCOME	46
NOTE 33 FINANCIAL EXPENSES	46
NOTE 34 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	46
NOTE 35 TAX ASSETS AND LIABILITIES	47-50
NOTE 36 EARNINGS PER SHARE	50
NOTE 37 RELATED PARTY DISCLOSURES	51-55
NOTE 38 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	56-64
NOTE 39 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)	65-66
NOTE 40 EVENTS AFTER THE BALANCE SHEET DATE	66
NOTE 41 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS	66

TRAKYA CAM SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2010 AND 31 DECEMBER 2009

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

	Notes	30 June 2010	31 December 2009
ASSETS			
Current Assets		763,463,738	706,900,294
Cash and cash equivalents	6	304,973,281	294,837,900
Trade receivables	10	197,748,518	199,637,455
Other receivables		84,133,263	38,051,462
- <i>Other receivables from related parties</i>	37	82,290,746	37,339,870
- <i>Other receivables</i>	11	1,842,517	711,592
Inventories	13	162,029,654	161,513,826
Other current assets	26	14,579,022	12,859,651
Non-Current Assets		1,180,513,208	1,235,488,864
Other receivables	11	353,380	231,007
Financial investments	7	121,866,759	122,989,211
Associates	16	63,267,124	68,789,429
Property, plant and equipment	18	959,719,157	1,017,260,767
Intangible assets	19	2,485,527	2,754,560
Deferred tax assets	35	10,831,854	10,881,176
Other non-current assets	26	21,989,407	12,582,714
TOTAL ASSETS		1,943,976,946	1,942,389,158

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

TRAKYA CAM SANAYİİ A.Ş.

CONSOLIDATED BALANCE SHEETS AT 30 JUNE 2010 AND 31 DECEMBER 2009

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

LIABILITIES	Notes	30 June 2010	31 December 2009
Current Liabilities		185,141,958	208,831,393
Financial liabilities	8	67,185,842	106,421,837
Trade payables		50,560,907	49,863,017
- Trade payables to related parties	37	6,301,557	7,751,109
- Other trade payables	10	44,259,350	42,111,908
Other payables		48,032,604	34,972,086
- Other payables to related parties	37	27,317,601	20,255,541
- Advances received	11	6,726,343	6,412,577
- Other payables	11	13,988,660	8,303,968
Current tax liabilities	35	8,232,790	9,895,590
Employee benefits	24	924,372	1,483,538
Provisions	22	3,721,009	715,108
Other current liabilities	26	6,484,434	5,480,217
Non-Current Liabilities		326,605,256	366,723,803
Financial liabilities	8	245,872,393	291,304,954
Other payables	11	65,602	45,855
Provision for employment termination benefits	24	28,890,632	27,264,645
Deferred tax liabilities	35	51,386,639	47,636,232
Other non-current liabilities	26	389,990	472,117
EQUITY	27	1,432,229,732	1,366,833,962
Equity attributable to equity holders of the parent		1,385,348,565	1,324,708,696
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		28,574,760	29,450,528
Currency translation differences		16,509,311	37,016,332
Restricted reserves		87,168,906	85,363,509
Retained earnings		562,273,699	525,046,402
Net profit for the period		82,022,658	62,232,694
Non-controlling interest		46,881,167	42,125,266
TOTAL EQUITY AND LIABILITIES		1,943,976,946	1,942,389,158

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

TRAKYA CAM SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Notes	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Sales	28	502,014,662	275,268,357	403,744,262	221,514,082
Cost of sales (-)	28	(344,299,666)	(187,718,632)	(339,734,932)	(188,281,427)
GROSS PROFIT		157,714,996	87,549,725	64,009,330	33,232,655
Marketing, sales and distribution expenses (-)	29	(28,410,758)	(14,987,159)	(25,490,189)	(13,277,052)
General administrative expenses (-)	29	(37,893,445)	(20,651,120)	(38,480,419)	(17,558,956)
Research and development expenses (-)	29	(3,347,434)	(1,217,893)	(3,298,787)	(1,464,688)
Other operating income	31	5,498,698	2,802,537	6,950,887	(706,009)
Other operating expenses (-)	31	(2,800,845)	(1,833,359)	(1,593,531)	(215,552)
OPERATING PROFIT		90,761,212	51,662,731	2,097,291	10,398
Share in net profit/(loss) of associates	16	892,548	754,418	8,292,256	1,146,190
Financial income	32	55,418,159	30,095,060	26,724,648	10,622,236
Financial expenses (-)	33	(35,852,375)	(17,180,626)	(30,368,232)	(12,589,555)
PROFIT / (LOSS) BEFORE TAX		111,219,544	65,331,583	6,745,963	(810,731)
Current tax income/ (expense)	35	(18,120,309)	(14,485,993)	(1,117,184)	50,511
Deferred tax income/ (expense)	35	(3,936,992)	106,234	993,505	885,525
PROFIT FOR THE PERIOD		89,162,243	50,951,824	6,622,284	125,305
Attributable to					
Non-controlling interest		7,139,585	3,664,251	957,767	1,112,153
Equity holders of the parent		82,022,658	47,287,573	5,664,517	(986,848)
Earnings per share	36	0.1360	0.0784	0.0094	(0.0016)

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

TRAKYA CAM SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Notes	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
PROFIT FOR THE PERIOD		89,162,243	50,951,824	6,622,284	125,305
Other comprehensive income/ (expense)	27				
Change in currency translation differences		(20,507,021)	(9,105,105)	511,874	(6,767,330)
Value increase / (decrease) of financial Assets		(927,844)	(1,617,587)	4,433,778	8,672,941
Tax benefit / (charge) relating to components of other comprehensive income		52,076	86,563	(160,337)	(529,770)
Other comprehensive (loss)/ income		(21,382,789)	(10,636,129)	4,785,315	1,375,841
Total comprehensive income		67,779,454	40,315,695	11,407,599	1,501,146
Attributable to:					
Non-controlling interest		7,139,585	3,664,251	957,767	1,112,153
Equity holders of the parent		60,639,869	36,651,444	10,449,832	388,993

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

TRAKYA CAM SANAYİİ A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

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

	<u>Other comprehensive income</u>					Restricted reserves	Retained earnings	Profit for the period	Total equity attributable to the equity holders of the parent	Non-controlling interest	Total
	Capital	Adjustment to capital	Premium in excess of par	Revaluation fund	Currency translation differences						
1 January 2009	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
Capital increase	44,436,235	-	-	-	-	-	-	(44,436,235)	-	-	-
Transfers from retained earnings	-	-	-	-	-	16,291,194	60,445,289	(76,736,483)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(158,287)	(158,287)
Total comprehensive income	-	-	-	4,273,441	511,874	-	-	5,664,517	10,449,832	957,767	11,407,599
30 June 2009	580,000,000	5,576,528	22,703	16,043,786	35,904,299	85,363,509	525,046,402	5,664,517	1,253,621,744	36,868,204	1,290,489,948
1 January 2010	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
Capital increase	23,200,000	-	-	-	-	-	-	(23,200,000)	-	-	-
Transfers from retained earnings	-	-	-	-	-	1,805,397	37,227,297	(39,032,694)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	(2,383,684)	(2,383,684)
Total comprehensive income	-	-	-	(875,768)	(20,507,021)	-	-	82,022,658	60,639,869	7,139,585	67,779,454
30 June 2010	603,200,000	5,576,528	22,703	28,574,760	16,509,311	87,168,906	562,273,699	82,022,658	1,385,348,565	46,881,167	1,432,229,732

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

TRAKYA CAM SANAYİİ A.Ş.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE INTERIM PERIODS ENDED 30 JUNE 2010 AND 2009

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

	Notes	1 January- 30 June 2010	1 January- 30 June 2009
Cash flows from operating activities			
Net profit for the period		89,162,243	6,622,284
Depreciation and amortization	18, 19	63,340,824	52,231,153
Gain on fixed asset sales	31	(534,958)	(3,044,050)
Income from associates	16	(892,548)	(8,292,256)
Exchange differences on financial liabilities		(24,447,430)	1,325,239
Provision for employment termination benefits	24	2,937,144	1,533,647
Allowance for doubtful receivables	10	859,063	434,558
Allowance for impairment on inventory	13	54,687	681,970
Change in other provisions		3,646,662	(3,056,562)
Dividend income	32	(60)	(1,470,394)
Interest income	32	(8,178,197)	(8,319,666)
Interest expenses	33	6,814,821	11,082,579
Tax expense	35	22,057,301	123,679
Operating cash flows before changes in the working capital		154,819,552	49,852,181
Changes in the working capital			
Trade receivables	10	1,029,874	14,509,605
Inventories	13	(570,515)	28,932,030
Other receivables and payables	11.22.24.26	(2,741,103)	3,530,489
Trade payables	10	2,147,442	(17,385,445)
Trade payables to related parties	37	(1,449,552)	2,771,785
Other payables and liabilities	11.22.24.26	5,740,368	8,829,918
Interest received		7,631,902	8,274,981
Cash used in operations		166,607,968	99,315,544
Interest paid		(7,509,402)	(14,959,000)
Taxes paid	35	(19,783,109)	(7,133,025)
Employment termination benefits paid	24	(1,311,157)	(6,331,943)
Net cash provided by operating activities		138,004,300	70,891,576
Cash flows from investing activities			
Change in financial investments		(2,224,389)	-
Purchase of tangible assets	18	(29,079,181)	(29,593,611)
Purchase of intangible assets	19	(4,650)	(125,584)
Proceeds from fixed asset sales		1,284,526	5,017,211
Dividends received	32	60	1,470,394
Dividends received from associates		6,858,225	793,027
Changes in advances given for fixed assets	26	(9,638,258)	4,183,046
Currency translation differences		4,187,500	(416,203)
Net cash used in investing activities		(28,616,167)	(18,671,720)
Cash flows from financing activities			
Borrowings obtained		7,000,000	47,302,962
Repayment of financial liabilities		(66,526,549)	(53,456,060)
Dividends paid to non-controlling interest		(2,383,684)	-
Change in non trade receivables/payables to related parties	37	(37,888,816)	1,981,426
Net cash used in financing activities		(99,799,049)	(4,171,672)
Net increase in cash and cash equivalents	6	9,589,084	48,048,184
Cash and cash equivalents at the beginning of the period	6	294,343,795	84,608,728
Cash and cash equivalents at the end of the period		303,932,879	132,656,912

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

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

1. Group’s 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 investments in 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 / Istanbul / 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:

	30 June 2010	31 December 2009
Personnel charged by the monthly pay	815	827
Personnel charged by the hour	1,838	1,861
Total	2,653	2,688

Approval of Financial Statements:

Financial statements were approved by the board of directors and authorized for publication on 23 August 2010. 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.

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

1. Group's Organization and Nature of Operations (Continued)

Consolidated Subsidiaries (Continued):

Company Name	30 June 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	30 June 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	30 June 2010	31 December 2009
			Ownership ratio %	Ownership ratio %
Çayırova Cam San. A.Ş.	Commercial activity (*)	Turkey	28.1	28.1
Çamiş Elektrik A.Ş.	Electricity production and sales	Turkey	34.4	34.4

(*) Çayırova Cam San. A.Ş. generates rent income by leasing its warehouses and facilities to the Group companies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Preparation of Financial Statements and Accounting Standards

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

The Capital Markets Board (“CMB”) Communiqué Serial: XI, No: 29 “Financial Reporting Standards in Capital Markets” (“Communiqué Serial: XI, No: 29”) provides principles and standards on the preparation and presentation of financial statements. The Communiqué is applicable commencing from the first interim financial statements prepared subsequent to 1 January 2008, 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 Turkish subsidiaries 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 foreign Subsidiaries and Joint Ventures maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion 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 of the Company operating in Turkey are TRY.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.1 Basis of Presentation (Continued)

Preparation of Financial Statements in Hyperinflationary Periods

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

Going Concern

The consolidated financial statements including the accounts of the parent company, its Subsidiaries and Associates have been prepared with the going concern assumption 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 elimination of sales of the Company and its subsidiaries to the joint ventures through Şişecam Dış Ticaret A.Ş. This reclassification has no effect on the profit of the related period.

<u>1 January - 30 June 2009</u>	As previously reported	Reclassification	As restated
Net sales	407,103,449	(3,359,187)	403,744,262
Cost of goods sold	(343,094,119)	3,359,187	(339,734,932)

These consolidated financial statements include the accounts of the parent company, its Subsidiaries and its Joint Ventures. In the preparation of financial statements of the companies included in the consolidation are 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 operating in foreign countries are prepared according to the legislation of the country in which they operate and adjusted to the CMB Financial Reporting Standards to reflect the proper presentation and content. Foreign Subsidiaries’ and Joint Ventures’ assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the “currency translation differences” under the shareholders’ equity.

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

<u>Currency</u>	<u>30 June 2010</u>		<u>31 December 2009</u>	
	<u>Period End</u>	<u>Period Average</u>	<u>Period End</u>	<u>Period Average</u>
Euro	1.92170	2.01578	2.16030	2.15080
Bulgarian Leva	0.98255	1.03065	1.10454	1.09969

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.1 Basis of Presentation (Continued)

Consolidation Principles

Subsidiaries

Control is provided with influence on financial and operational policy in order to obtain economic benefit from enterprise benefit.

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 30 June 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 30 June 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.1 Basis of Presentation (Continued)

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 caesura of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

Available-for-sale investments

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

Available-for-sale investments, in which the Group has the interests that is below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured, are carried 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 recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There has not been any significant change in accounting estimates of the Group for the current period.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.4 Amendments in International Financial Reporting Standards

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

Standards, amendments and interpretations effective from 1 January 2010:

- IAS 1 (Amendment), "Presentation of Financial Statements"
- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- 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 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 30 June 2010 and have not been early adopted by the Group:

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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 borrowings is not included in the costs of inventories. The cost of inventories is determined on the weighted average basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. 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 professional fees. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group’s accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. Estimated useful lives, residual value and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis (Note 18).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, 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
Special costs	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.

Costs to property plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statements during the financial period in which they were incurred.

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

Intangible assets

Intangible assets acquired

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

The amortization periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

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

Computer softwares

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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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

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

Borrowing costs

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

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

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

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

Related Parties

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

Offsetting

Each material class of similar items according to their nature or function 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are 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 expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

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

Gains and losses arising from changes in fair value of the available-for-sale financial assets are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. When the available-for-sale financial asset is disposed or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Interest on available-for-sale securities 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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

Trade receivables

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

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Equity Instruments

Financial liabilities related with non-controlling interest shares put options are reflected to 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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 rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are expressed in 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 the balance sheet date comprise any events between the balance sheet date and the date of authorization of the financial statements for issue, even if any events after the balance sheet date occurred subsequent to the announcement on the Group’s profit or following the publicly disclosed financial information (Note 40).

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Provisions, Contingent Assets and Liabilities

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

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

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

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

Onerous contracts

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

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

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 reportable segment is a business segment or a geographical segment identified based on the foregoing definitions for which segment information is required to be disclosed. A business segment 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

The Group classified its operations into two operational divisions for management accounting purposes which constitute the basis for the segment reporting (Note 5). The Basic Glass category contains flat glass, coated, laminated, mirror and project glass. The Other Glass category contains automotive glass, energy glass, white goods glass and glassware category of the foreign Joint Ventures.

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 coordinated 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. Accordingly, government grants are recognized as income when the related costs which they are intended to compensate were incurred.

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 also recognized in shareholders' equity (Note 35).

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

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which 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 assets available for sale, non-deductible expense accruals and unused 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

2. Basis of Presentation of Consolidated Financial Statements (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Employee benefits

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (Revised) “Employee Benefits” (“IAS 19”). In 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 has been called for 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 of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to the developing conditions.

Cash flows 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 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.

2.6 Significant Accounting Estimates and Assumptions

Preparation of consolidated financial statements requires the usage 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.

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

3. Business Combinations

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

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:

	30 June 2010	31 December 2009
Current assets	74,774,293	78,753,993
Non-current assets	284,309,395	327,219,703
Current liabilities	(43,447,592)	(56,336,742)
Non-current liabilities	(34,104,209)	(45,278,189)
Net assets	281,531,887	304,358,765
	1 January- 30 June 2010	1 January- 30 June 2009
Income	87,614,899	70,574,781
Expense (-)	(73,470,807)	(72,316,793)
Net Income/ (Loss)	14,144,092	(1,742,012)

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.

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

5. Segment Reporting (Continued)

1 January - 30 June 2010	Basic glass	Other glass	Total	Consolidation eliminations	Consolidated
Net Sales	359,544,083	149,761,281	509,305,364	(7,290,702)	502,014,662
Cost of sales	(236,279,439)	(115,690,644)	(351,970,083)	7,670,417	(344,299,666)
Gross profit	123,264,644	34,070,637	157,335,281	379,715	157,714,996
Purchases of tangible and intangible fixed assets	22,226,342	6,857,489	29,083,831	-	29,083,831
Depreciation and amortization of fixed assets	51,241,014	12,166,875	63,407,889	(67,065)	63,340,824

1 January - 30 June 2009	Basic glass	Other glass	Total	Consolidation eliminations	Consolidated
Net Sales	272,539,268	132,777,977	405,317,245	(1,572,983)	403,744,262
Cost of sales	(233,429,023)	(107,723,179)	(341,152,202)	1,417,270	(339,734,932)
Gross profit	39,110,245	25,054,798	64,165,043	(155,713)	64,009,330
Purchases of tangible and intangible fixed assets	19,918,720	9,800,475	29,719,195	-	29,719,195
Depreciation and amortization of fixed assets	38,777,481	13,563,033	52,340,514	(109,361)	52,231,153

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

TRAKYA CAM SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

5. Segment Reporting (Continued)

1 January - 30 June 2010	Turkey	Abroad	Total	Consolidation eliminations	Consolidated
Net Sales	425,530,805	83,774,559	509,305,364	(7,290,702)	502,014,662
Cost of sales	(291,749,176)	(60,220,907)	(351,970,083)	7,670,417	(344,299,666)
Gross profit	133,781,629	23,553,652	157,335,281	379,715	157,714,996
Purchases of tangible and intangible fixed assets	23,805,754	5,278,077	29,083,831	-	29,083,831
Depreciation and amortization of fixed assets	53,459,541	9,948,348	63,407,889	(67,065)	63,340,824
Total assets at 30 June 2010	1,986,458,972	401,201,993	2,387,660,965	(443,684,019)	1,943,976,946
1 January - 30 June 2009	Turkey	Abroad	Total	Consolidation eliminations	Consolidated
Net Sales	338,345,780	66,971,465	405,317,245	(1,572,983)	403,744,262
Cost of sales	(281,766,575)	(59,385,627)	(341,152,202)	1,417,270	(339,734,932)
Gross profit	56,579,205	7,585,838	64,165,043	(155,713)	64,009,330
Purchases of tangible and intangible fixed assets	18,317,271	11,511,285	29,828,556	(109,361)	29,719,195
Depreciation and amortization of fixed assets	40,668,209	11,562,944	52,231,153		52,231,153
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 of tangible fixed and intangible assets and depreciation and amortization of tangible fixed and intangible assets. Other income statement and balance sheet items are considered as undistributed items.

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

6. Cash and cash equivalents

	30 June 2010	31 December 2009
Cash	48,948	44,803
Demand deposits	19,871,722	21,995,909
Time deposits	285,052,611	272,797,188
	<u>304,973,281</u>	<u>294,837,900</u>

Time deposits

Currency	Interest rate (%)	Maturity	30 June 2010
USD	0.5 - 3.77	July 2010	219,399,470
Euro	3.5 - 4.25	July 2010	65,653,141
			<u>285,052,611</u>
Currency	Interest rate (%)	Maturity	31 December 2009
USD	0.50 - 3.25	January 2010	198,134,530
Euro	0.50 - 2.50	January 2010	74,662,658
			<u>272,797,188</u>

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

Cash and cash equivalents as of 30 June 2010 and 31 December 2009 presented in the consolidated statements of cash flows are as follows:

	30 June 2010	31 December 2009
Cash and cash equivalents	304,973,281	294,837,900
Less: interest accrual	(1,040,402)	(494,105)
	<u>303,932,879</u>	<u>294,343,795</u>

7. Financial investments

	30 June 2010	31 December 2009
Available for sale financial investments		
a) Listed financial investments	31,203,945	32,245,456
b) Unlisted financial investments carried at cost	90,662,814	90,743,755
	<u>121,866,759</u>	<u>122,989,211</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

7. Financial investments (Continued)

a) Financial investments carried at fair value

	Share %	30 June 2010	Share %	31 December 2009
T. Şişe ve Cam Fabrikaları A.Ş.	1.57	31,203,945	1.57	32,245,456

The decrease amounting to TRY 989,435 in the fair value of listed available for sale investments (30 June 2009: TRY 4,443,050 increase) is accounted, net of deferred tax, directly through equity.

b) Unlisted financial investments carried at cost

	Share %	30 June 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
Camiş Madencilik A.Ş.	6.78	7,352,975	6.78	7,352,975
Saint Gobain Glass Egypt S.A.E.	14.87	17,806,503	14.87	17,887,444
İstanbul Porselen San. A.Ş.	0.03	69,501	0.03	69,501
Bünsa Döküm Makine Alet Sanayi A.Ş.	0.02	209,048	0.02	209,048
Impairment(*)		(278,549)		(278,549)
		<u>90,662,814</u>		<u>90,743,755</u>

(*) As at 30 June 2010 and 31 December 2009, TRY 69,501 of the impairment is related to İstanbul Porselen San. A.Ş. and TRY 209,048 of the impairment is related to Bünsa Döküm Makine Alet Sanayi A.Ş..

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

8. Financial liabilities

	30 June 2010	31 December 2009
Short-term borrowings	9,482,710	34,407,973
Current portion of long-term borrowings	57,703,132	72,013,864
Total short-term financial liabilities	67,185,842	106,421,837
Non-current portion of long-term borrowings	245,872,393	291,304,954
Total financial liabilities	313,058,235	397,726,791

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

Currency Type	Weighted average interest Rate (%)	30 June 2010	
		Short-term	Long-term
TRY	7.54	9,482,710	-
USD	4.62	127,978	78,105,120
EURO	2.11	57,575,154	167,767,273
		67,185,842	245,872,393

Currency Type	Weighted average interest Rate (%)	31 December 2009	
		Short-term	Long-term
TRY	8.35	34,407,973	-
USD	4.13	948,991	74,682,720
EURO	2.86	71,064,873	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:

	30 June 2010	31 December 2009
To be paid within 1 year	67,185,842	106,421,837
To be paid between 1-2 years	55,672,349	63,053,714
To be paid between 2-3 years	60,646,439	80,936,340
To be paid between 3-4 years	58,360,612	65,754,415
To be paid after 4 years	71,192,993	81,560,485
	313,058,235	397,726,791

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

9. Other financial liabilities

None (31 December 2009:None.).

10. Trade receivables and payables

Trade receivables

	30 June 2010	31 December 2009
Short-term trade receivables		
Trade receivables	181,337,414	169,386,808
Notes receivable	17,688,017	30,760,060
Allowance for doubtful receivables	(1,276,913)	(509,413)
	<u>197,748,518</u>	<u>199,637,455</u>

Average sales term for flat glass products is 90 days (2009: 120 days). For overdue payments, 2% interest is charged on a monthly basis (2009: 2% - 3%).

Average sales term for auto glass and glassware products is 45 days (2009: 45 days), and no interest is charged for overdue payments.

Export sales are either in advance or with 62 days maturity and no interest is charged for overdue payments (2009: 69 days).

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

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

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Balance at beginning of the year	509,413	1,088,470	378,408	437,443
Collections	(91,563)	(7,411)	(165,205)	(165,205)
Amounts written off during the year	859,063	195,854	434,558	375,523
Closing balance	<u>1,276,913</u>	<u>1,276,913</u>	<u>647,761</u>	<u>647,761</u>

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

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

10. Trade receivables and payables (Continued)

Trade payables

	30 June 2010	31 December 2009
<u>Short-term trade payables</u>		
Trade payables	44,232,726	42,082,003
Notes payable	26,624	29,905
Trade payable to related parties (Note 37)	6,301,557	7,751,109
	<u>50,560,907</u>	<u>49,863,017</u>

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.

11. Other receivables and payables

	30 June 2010	31 December 2009
<u>Other current receivables</u>		
Other receivables from related parties (Note 37)	82,290,746	37,339,870
Deposits and guarantees given	326,016	328,505
Receivables from personnel	336,278	114,101
Other	1,180,223	268,986
	<u>84,133,263</u>	<u>38,051,462</u>
<u>Other non-current receivables</u>		
Deposits and guarantees given	353,380	231,007
<u>Other current liabilities</u>		
Other payables to related parties (Note 37)	27,317,601	20,255,541
Taxes and dues payable	6,916,052	3,956,819
Advances received	6,726,343	6,412,577
Social security premiums payable	3,186,762	2,288,905
Due to personnel	2,707,525	1,836,594
Deposits and guarantees obtained	218,498	101,621
Other	959,823	120,029
	<u>48,032,604</u>	<u>34,972,086</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

11. Other receivables and payables (Continued)

	30 June 2010	31 December 2009
Other non-current liabilities		
Deposits and guarantees obtained	65,602	45,855

12. Receivables and payables from financial sector operations

None (31 December 2009:None.).

13. Inventories

	30 June 2010	31 December 2009
Raw materials	29,519,429	31,235,711
Work in progress	27,570,798	29,007,474
Finished goods	84,174,699	80,024,368
Equipments	21,435,932	22,319,628
Trade goods	1,825,241	1,368,403
Allowance for impairment (-)	(2,496,445)	(2,441,758)
	<u>162,029,654</u>	<u>161,513,826</u>

Movement of the allowance for impairment on inventory is as follows:

	1 January - 30 June 2010	1 April - 30 June 2010	1 January - 30 June 2009	1 April - 30 June 2009
Opening balance	(2,441,758)	(2,408,722)	(3,401,194)	(3,431,099)
Charge for the year	(724,704)	(724,704)	(681,970)	(652,065)
Provision released during the period	670,017	636,981	-	-
Closing balance	<u>(2,496,445)</u>	<u>(2,496,445)</u>	<u>(4,083,164)</u>	<u>(4,083,164)</u>

14. Biological assets

None (31 December 2009:None.).

15. Assets related to ongoing construction contracts

None (31 December 2009:None.).

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

16. Associates

Net assets of associates accounted for under the equity method which are included in the accompanying balance sheets are as follows:

	Share %	30 June 2010	Share %	31 December 2009
Çayırova Cam San. A.Ş.	28.13	22,544,421	28.13	21,833,498
Camiş Elektrik A.Ş.	34.43	40,722,703	34.43	46,955,931
		<u>63,267,124</u>		<u>68,789,429</u>

Summary financial information in respect of the Group's associates accounted for under the equity method is as follows:

	30 June 2010	31 December 2009
Total assets	325,386,319	398,942,518
Total liabilities	(126,965,203)	(184,942,958)
Net assets	198,421,116	213,999,560
Group's share in net assets	<u>63,267,124</u>	<u>68,789,429</u>

	1 January - 30 June 2010	1 January - 30 June 2009
Net Sales	185,469,501	201,324,811
Profit for the period	2,766,025	24,443,358
Group's share in net income	892,548	8,292,256

The fair value increase, net of deferred tax, amounting to TRY 113,667 (30 June 2009: TRY 169,609 decrease) of Çayırova Cam San. A.Ş.'s listed financial investment, is accounted directly through equity.

17. Investment properties

None (31 December 2009:None.).

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

18. Tangible fixed assets

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other tangible assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>										
Opening balance as of 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	(75,372)	(126,066)	(7,984,158)	(17,099,889)	(1,486,949)	(1,596,776)	(2,593)	-	(3,326,311)	(31,698,114)
Correction (*)	-	-	-	(33,013,263)	-	-	-	-	-	(33,013,263)
Additions	-	9,665	17,033	363,127	10,782	1,522,775	-	18,833	27,136,966	29,079,181
Disposals	-	-	-	(252,594)	(197,650)	(1,087,940)	(235,356)	-	(38,146)	(1,811,686)
Transfers	-	8,697,464	(8,462,344)	1,362,997	-	63,127	99,176	-	(1,795,503)	(35,083)
Closing balance as of 30 June 2010	10,145,445	57,074,517	400,894,251	1,271,254,325	19,953,974	88,378,857	10,419,471	4,180,259	71,869,968	1,934,171,067
<u>Accumulated depreciation</u>										
Opening balance as of 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	-	39,726	616,799	6,517,660	723,075	998,753	2,330	-	-	8,898,343
Correction (*)	-	-	-	33,013,263	-	-	-	-	-	33,013,263
Charge for the period	-	(1,410,676)	(4,354,644)	(52,328,390)	(1,229,357)	(3,048,838)	(584,160)	(80,304)	-	(63,036,369)
Disposals	-	-	-	68,209	197,650	764,995	31,264	-	-	1,062,118
Transfers	-	(722,557)	777,241	-	-	-	(54,684)	-	-	-
Closing balance as of 30 June 2010	-	(24,495,247)	(84,404,972)	(769,515,049)	(12,247,824)	(71,838,081)	(8,059,369)	(3,891,368)	-	(974,451,910)
Carrying value at 30 June 2010	10,145,445	32,579,270	316,489,279	501,739,276	7,706,150	16,540,776	2,360,102	288,891	71,869,968	959,719,157

(*) The Company derecognized tangible fixed assets which have been fully depreciated.

TRAKYA CAM SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

18. Tangible fixed assets (Continued)

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other tangible assets	Leasehold improvements	Construction in progress	Total
<u>Cost</u>										
Opening balance as of 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	1,928	3,191	204,202	421,945	39,648	36,261	66	-	67,663	774,904
Additions	-	11,624	-	4,157,191	10,875	2,026,235	-	20,508	23,367,178	29,593,611
Disposals	-	-	-	(3,402,424)	(249,739)	(655,701)	(775,473)	-	(829,280)	(5,912,617)
Transfers	-	3,316,408	13,807,777	51,462,767	-	89,915	-	-	(68,676,867)	-
Closing balance as of 30 June 2009	10,216,850	48,275,636	414,798,904	1,308,980,493	21,446,691	87,956,881	9,741,698	4,365,692	44,219,936	1,950,002,781
<u>Accumulated depreciation</u>										
Opening balance as of 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	-	(696)	(11,631)	(99,267)	(11,968)	(38,959)	(57)	-	-	(162,578)
Charge for the period	-	(884,046)	(4,269,430)	(40,890,239)	(1,361,363)	(3,635,534)	(803,015)	(74,736)	-	(51,918,363)
Disposals	-	-	-	3,118,762	247,394	381,366	203,213	-	-	3,950,735
Closing balance as of 30 June 2009	-	(20,638,985)	(77,003,006)	(710,997,241)	(10,718,679)	(67,527,970)	(7,116,349)	(3,992,278)	-	(897,994,508)
Carrying value at 30 June 2009	10,216,850	27,636,651	337,795,898	597,983,252	10,728,012	20,428,911	2,625,349	373,414	44,219,936	1,052,008,273

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

18. Tangible fixed assets (Continued)

Allocation of depreciation expenses is as follows: TRY 51,826,088 (2009: TRY 41,806,292) in cost of goods sold, TRY 619,498 (2009: TRY 704,744) in cost of services, TRY 10,590,783 (2009: TRY 9,407,327) in operating expenses.

19. Intangible assets

Cost	Rights	Other intangible assets	Total
Opening balance as of 1 January 2010	7,262,020	322,841	7,584,861
Translation differences	-	(35,487)	(35,487)
Additions	2,540	2,110	4,650
Disposals	-	-	-
Transfers	3,677	31,406	35,083
Closing balance as of 30 June 2010	7,268,237	320,870	7,589,107
<u>Accumulated amortization</u>			
Opening balance as of 1 January 2010	(4,546,530)	(283,771)	(4,830,301)
Translation differences	-	31,176	31,176
Charge for the period	(284,855)	(19,600)	(304,455)
Disposals	-	-	-
Closing balance as of 30 June 2010	(4,831,385)	(272,195)	(5,103,580)
Carrying value at 30 June 2010	2,436,852	48,675	2,485,527

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

19. Intangible assets (Continued)

<u>Cost</u>	<u>Rights</u>	<u>Other intangible assets</u>	<u>Total</u>
Opening balance as of 1 January 2009	5,271,315	293,296	5,564,611
Translation differences	-	831	831
Additions	98,862	26,722	125,584
Disposals	(18,771)	-	(18,771)
Closing balance as of 30 June 2009	<u>5,351,406</u>	<u>320,849</u>	<u>5,672,255</u>
<u>Accumulated amortization</u>			
Opening balance as of 1 January 2009	(4,009,599)	(226,094)	(4,235,693)
Translation differences	-	(639)	(639)
Charge for the period	(276,950)	(35,840)	(312,790)
Disposals	7,492	-	7,492
Closing balance as of 30 June 2009	<u>(4,279,057)</u>	<u>(262,573)</u>	<u>(4,541,630)</u>
Carrying value at 30 June 2009	<u>1,072,349</u>	<u>58,276</u>	<u>1,130,625</u>

Allocation of amortization expenses is as follows: TRY 304,455 (2009: TRY 312,790) included in operating expenses.

20. Goodwill

None (31 December 2009:None.).

21. Government grants and incentives

None (31 December 2009:None.).

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

22. Provisions, contingent assets and liabilities

Provisions

<u>Provisions</u>	<u>30 June 2010</u>	<u>31 December 2009</u>
Provision for law suits (*)	465,166	465,166
Provision for premiums (**)	3,119,902	-
Royalty provision	135,941	249,942
	<u>3,721,009</u>	<u>715,108</u>

(*) As of 30 June 2010, Group management determined a provision of TRY 465,166 (2009: TRY 465,166) which is the possible cash outflow related to lawsuits against the Group based on opinions of legal counsels. Provision expense is included in general administrative expenses.

(**) At 30 June 2010, the Group accounted a provision for volume rebates and related incentives over realized sales for which invoices from customers have not been received at the balance sheet date.

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 signed with OIZ, construction will 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.

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 passes and when designated financial ratios are achieved.

Stock Holding Commitments

In accordance with the agreement signed among 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 total equity solely or together with Paşabahçe Cam Sanayii A.Ş.. Similarly, Trakya Cam Investment B.V. has an obligation of holding at least 75% of Trakya Glass Bulgaria EAD's total equity.

Other

As at 30 June 2010, Trakya Glass Bulgaria EAD has capital commitment amounting to TRY 7,948,000 (31 December 2009: None) relating to the construction of two waste gas treatment plants, to meet the duel gas emission standards according to Bulgarian legislation.

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

23. Commitments (Continued)

Guarantees, Pledge, Mortgage ("GPM")

Guarantees, pledge, mortgage ("GPM") position of the Group as of 30 June 2010 and 31 December 2009 is as follows:

	30 June 2010	31 December 2009
Collaterals given	433,693,072	456,670,972
Letters of guarantee given	12,339,818	13,167,179
Other	117,401	170,000
	<u>446,150,291</u>	<u>470,008,151</u>
	30 June 2010	31 December 2009
A. GPMs given on behalf of its own legal entity (*)	192,733,514	242,808,061
B. GPMs given on behalf of consolidated subsidiaries	134,519,000	105,399,000
C. GPMs given on behalf of other third party	-	-
D. Other GPMs	118,897,777	121,801,090
- i. Total amount of GPM on behalf of the parent	118,897,777	121,801,090
- ii. Total amount of GPM on behalf of other group companies not covered in B and C	-	-
- iii. Total amount of GPM on behalf of other third parties not covered in C	-	-
Total	<u>446,150,291</u>	<u>470,008,151</u>

(*) Includes GPM's given by the Group's subsidiaries and joint ventures on behalf of themselves.

Proportion of GPMs given to the Group's equity as at 30 June 2010 is 8.3% (31 December 2009: 8.9%).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

24. Employee benefits

	30 June 2010	31 December 2009
<u>Short-term benefits to employees</u>		
Unused vacation liability	924,372	1,483,538
	<u>924,372</u>	<u>1,483,538</u>

Retirement pay provisions

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits 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 2,427.04 for each period of service as of 30 June 2010 (30 June 2009: TRY 2,260.05). The retirement pay provision ceiling is revised semi-annually, and TRY 2,517.01 which is effective from 1 July 2010, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2009: 2,427.04 TRY).

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 30 June 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 5.4% and a discount rate of 12%, the real discount rate is approximately 5.92%. (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 98.4% (31 December 2009: 98.24%).

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

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Opening balance	27,264,645	27,860,204	30,639,307	30,089,320
Service cost	2,135,003	1,189,409	578,508	(249,720)
Interest cost	802,141	401,142	955,139	484,172
Termination benefits paid	(1,311,157)	(560,123)	(6,331,943)	(4,482,761)
Closing balance	<u>28,890,632</u>	<u>28,890,632</u>	<u>25,841,011</u>	<u>25,841,011</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

25. Pension plans

None (31 December 2009:None.).

26. Other assets and liabilities

	30 June 2010	31 December 2009
<u>Other current assets</u>		
Advances given for inventory	6,348,429	3,717,449
Prepaid expenses	4,196,630	751,094
Other VAT	3,588,946	5,271,856
Income accruals	1,559	3,033,693
Other	443,458	85,559
	<u>14,579,022</u>	<u>12,859,651</u>

	30 June 2010	31 December 2009
<u>Other non-current assets</u>		
Advances given for fixed assets	15,771,353	6,133,095
Prepaid expenses	6,218,054	6,449,619
	<u>21,989,407</u>	<u>12,582,714</u>

	30 June 2010	31 December 2009
<u>Other current liabilities</u>		
Deferred revenue	3,601,089	3,798,312
Expense accruals	2,881,836	1,681,905
Other	1,509	-
	<u>6,484,434</u>	<u>5,480,217</u>

	30 June 2010	31 December 2009
<u>Other non-current liabilities</u>		
Deferred revenue	389,990	472,117
	<u>389,990</u>	<u>472,117</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

27. Equity

a) Capital / Treasury shares

The approved and paid-in capital of the Company consists of 63,200,000,000 (2009: 58,000,000,000) shares issued on bearer with a nominal value of Kr 1 (Kr one) each.

	30 June 2010	31 December 2009
Registered capital ceiling	1,000,000,000	1,000,000,000
Approved and paid-in capital	603,200,000	580,000,000

Shareholder structure as of 30 June 2010 and 31 December 2009 is as follows:

Shareholders	%	30 June 2010	%	31 December 2009
T.Şişe ve Cam Fabrikaları A.Ş.	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
Adjusted capital		608,776,528		585,576,528

b) Valuation funds

Valuation funds	30 June 2010	31 December 2009
Valuation funds related to financial assets	28,574,760	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 the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

27. Equity (Continued)

c) Restricted reserves

<u>Restricted reserves</u>	<u>30 June 2010</u>	<u>31 December 2009</u>
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 to retained earnings in the consolidated balance sheet as at 30 June 2010 (31 December 2009: TRY 525,046,402).

The Company's extraordinary reserves included in the retained earnings amount to TRY 269,185,948 as of 30 June 2010 (31 December 2009: TRY 231,958,611).

Profit Distribution

In accordance with the Capital Market Board's ("CMB") decision dated 27 January 2010, concerning allocation basis of profit from operations of 2009, minimum profit distribution obligation will not be applied for the corporations in the traded stock exchange (2008: 20%). According to the Board's decision and Communiqué No: IV-27 issued by CMB regarding allocation basis of profit of publicly owned companies, the distribution of the relevant amount may be realized as cash, as bonus shares, partly as cash and bonus shares or the relevant amount can be retained within the company.

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

TRAKYA CAM SANAYİİ A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

28. Sales and cost of sales

<u>Net sales</u>	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Domestic sales	366,065,860	198,204,496	301,345,818	165,981,903
Foreign sales	158,583,149	89,601,547	123,155,633	66,315,257
Sales returns	(1,160,482)	(732,964)	(1,272,845)	(802,595)
Sales discounts	(19,804,944)	(10,855,587)	(17,519,196)	(10,781,167)
Other deduction from sales	(1,668,921)	(949,135)	(1,965,148)	800,684
	<u>502,014,662</u>	<u>275,268,357</u>	<u>403,744,262</u>	<u>221,514,082</u>
<u>Cost of sales</u>	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Raw materials used	(217,636,783)	(117,862,209)	(198,666,716)	(97,861,110)
Employee benefits expenses	(25,349,029)	(13,312,866)	(26,827,072)	(13,575,407)
Production overheads	(48,345,777)	(15,890,057)	(43,197,696)	(18,609,344)
Depreciation expenses	(51,826,088)	(26,725,137)	(41,806,292)	(18,392,063)
Change in work in progress	(1,436,676)	(3,808,044)	10,083,285	4,566,296
Change in finished goods	4,150,331	(7,961,549)	(36,263,088)	(41,672,964)
	<u>(340,444,022)</u>	<u>(185,559,862)</u>	<u>(336,677,579)</u>	<u>(185,544,592)</u>
Cost of trade goods sold	(904,323)	(515,726)	(2,050,861)	(2,305,585)
Cost of services rendered (*)	(2,951,321)	(1,643,044)	(1,006,492)	(431,250)
	<u>(344,299,666)</u>	<u>(187,718,632)</u>	<u>(339,734,932)</u>	<u>(188,281,427)</u>

* Depreciation expense included in the cost of services rendered for the six-month period ended 30 June 2010 is TRY 619,498. (30 June 2009: TRY 704,744).

29. Research and development expenses, Marketing, selling and distribution expenses, General administrative expenses

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Research and development expenses	(3,347,434)	(1,217,893)	(3,298,787)	(1,464,688)
Marketing, selling and distribution expenses	(28,410,758)	(14,987,159)	(25,490,189)	(13,277,052)
General and administrative expenses	(37,893,445)	(20,651,120)	(38,480,419)	(17,558,956)
	<u>(69,651,637)</u>	<u>(36,856,172)</u>	<u>(67,269,395)</u>	<u>(32,300,696)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

30. Expenses by nature

<u>Operating expense details</u>	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Employee benefits	(23,117,520)	(13,610,586)	(26,125,926)	(13,026,414)
Depreciation and amortization	(10,895,238)	(6,579,153)	(9,720,117)	(4,667,101)
Insurance expenses	(3,585,015)	(1,766,121)	(3,810,030)	(1,929,557)
Holding service fees	(3,327,685)	(1,574,778)	(2,968,707)	(1,747,250)
Services rendered by third parties	(3,110,068)	(1,388,034)	(2,957,438)	(1,316,327)
Holding research and development fees	(2,914,494)	(1,516,081)	(1,361,453)	(372,358)
Indirect material expenses	(2,734,942)	(1,595,312)	(3,699,237)	(2,425,249)
Loading, dispatching and customs expenses	(2,316,813)	(1,248,792)	(1,742,554)	(1,100,242)
Electricity expenses	(2,138,557)	(1,225,485)	(1,186,249)	(485,113)
Tax expenses	(2,104,195)	(1,618,760)	(1,712,690)	(1,209,048)
Travel expenses	(1,855,753)	(1,156,358)	(1,869,875)	(943,509)
Maintenance expenses	(1,318,062)	(848,974)	(1,218,256)	(415,799)
Rent expenses	(915,083)	(648,961)	(955,787)	(464,473)
Cleaning expenses	(866,587)	(372,742)	(1,069,852)	(553,726)
Communication expenses	(743,447)	(430,494)	(768,023)	(314,506)
Representation expenses	(706,066)	(353,823)	(640,235)	(212,776)
Technical assistance and consulting expenses	(418,715)	(168,312)	(651,247)	(209,492)
Fuel costs	(123,135)	(61,731)	(509,586)	(346,599)
Other	(6,460,262)	(691,675)	(4,302,133)	(561,157)
	<u>(69,651,637)</u>	<u>(36,856,172)</u>	<u>(67,269,395)</u>	<u>(32,300,696)</u>

31. Other operating income / (expenses)

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Insurance claims	459,784	226,125	260,537	88,837
Commission income	663,029	390,462	176,522	94,795
Income from fixed assets sales	534,958	412,106	3,044,050	201,443
Service fees	547,948	376,668	761,811	395,190
Income from tooling and equipment sales	319,605	77,780	1,167,271	-
Rent income	289,732	146,682	285,689	132,198
Other	2,683,642	1,172,714	1,255,007	(1,618,472)
	<u>5,498,698</u>	<u>2,802,537</u>	<u>6,950,887</u>	<u>(706,009)</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

31. Other operating income / (expenses) (Continued)

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Commission expenses	(2,142,846)	(1,399,415)	(833,805)	(234,474)
Other	(657,999)	(433,944)	(759,726)	18,922
	<u>(2,800,845)</u>	<u>(1,833,359)</u>	<u>(1,593,531)</u>	<u>(215,552)</u>

32. Financial income

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Dividend income	60	60	1,470,394	1,470,131
Interest income				
Interest income from time deposits	3,756,828	2,560,367	1,825,539	858,298
Interest income from related parties	2,166,603	1,519,121	2,880,453	1,354,278
Interest income on trade receivables	2,254,766	1,007,441	3,613,674	1,699,010
Foreign exchange gains	47,076,750	25,175,882	16,312,020	5,206,276
Rediscount income	163,152	(167,811)	622,568	34,243
	<u>55,418,159</u>	<u>30,095,060</u>	<u>26,724,648</u>	<u>10,622,236</u>

33. Financial expenses

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Interest expense	(6,814,821)	(3,171,603)	(11,082,579)	(4,862,566)
Rediscount expenses	(83,213)	141,065	(1,786,603)	(2,756,803)
Foreign exchange losses	(28,954,341)	(14,150,088)	(17,499,050)	(4,970,186)
	<u>(35,852,375)</u>	<u>(17,180,626)</u>	<u>(30,368,232)</u>	<u>(12,589,555)</u>

34. Assets held for sale and discontinued operations

None (31 December 2009:None).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

35. Tax assets and liabilities

Tax provisions as at 30 June 2010 and 31 December 2009 are as follows:

	30 June 2010	31 December 2009
<u>Current tax liability:</u>		
Current corporate tax provision	18,120,309	14,141,170
Less: Prepaid taxes and funds	<u>(9,887,519)</u>	<u>(4,245,580)</u>
	<u>8,232,790</u>	<u>9,895,590</u>

<u>Tax provision</u>	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Current year corporate tax provision	(18,120,309)	(14,485,993)	(1,117,184)	50,511
Deferred tax (charge) / benefit	<u>(3,936,992)</u>	<u>106,234</u>	<u>993,505</u>	<u>885,525</u>
Tax expenses per income statement	<u>(22,057,301)</u>	<u>(14,379,759)</u>	<u>(123,679)</u>	<u>936,036</u>

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. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting 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%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

35. Tax assets and liabilities (Continued)**Income Withholding Tax**

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax was 10% starting from 24 April 2003. This rate was changed to 15% by Article 15 in the Code numbered 5520 commencing from 21 June 2006. However, until the resolution of council of ministers, it was used as 10%. After the resolution declared in the Official Gazette on 23 July 2006, this rate has been changed to 15% effective from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments that are directly related to production facilities of the company within the scope of the investment incentive certificate. Investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to the following years as of 31 December 2005 so as to be deducted from taxable income of subsequent profitable years. However, companies can deduct their carried forward outstanding allowance from 2006, 2007 and 2008's taxable income. The investment incentive amount that cannot be deducted from 2008's taxable income will not be carried forward to the following years.

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

Trakya Yenışehir Cam Sanayii A.Ş., a subsidiary of the Group, has investment incentive amount that could not be utilized as of 31 December 2008. The advance tax return for 4th quarter of 2009 was filed with disagreement clause and a lawsuit was filed for reimbursement of advance tax returns amounting to TRY 6,721,925.

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.

	30 June 2010	31 December 2009
Deferred tax assets	10,831,854	10,881,176
Deferred tax liabilities	(51,386,639)	(47,636,232)
Deferred tax liabilities (net)	<u>(40,554,785)</u>	<u>(36,755,056)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

35. Tax assets and liabilities (Continued)

Deferred tax assets and liabilities (Continued)

	30 June 2010	31 Aralık 2009
<u>Cumulative temporary differences</u>		
Useful life and valuation differences on tangible and intangible assets	242,281,387	251,119,970
Provision for employee termination benefits	(28,890,632)	(27,264,645)
Investment incentives	-	(31,817,199)
Inventory valuation and intercompany profit elimination	1,034,948	538,279
Discount on receivables and payables	(2,309,546)	(1,878,680)
Valuation differences on available for sale financial assets	21,349,043	22,390,560
Provision for law suits	(465,166)	(465,166)
Doubtful receivables	(1,276,913)	(509,413)
Other income and expense accruals (net)	(5,324,290)	(3,846,383)
	<u>226,398,831</u>	<u>208,267,323</u>
	30 June 2010	31 December 2009
<u>Deferred tax (assets)/liabilities:</u>		
Useful life and valuation differences on tangible and intangible assets	46,828,825	48,682,906
Provision for employee termination benefits	(5,764,952)	(5,437,733)
Investment incentives	-	(6,363,440)
Inventory valuation and intercompany profit elimination	279,460	122,560
Discount on receivables and payables	(461,909)	(426,817)
Valuation differences on available for sale financial assets	1,067,452	1,119,528
Provision for law suits	(93,040)	(93,040)
Doubtful receivables	(236,193)	(79,631)
Other income and expense accruals (net)	(1,064,858)	(769,277)
	<u>40,554,785</u>	<u>36,755,056</u>

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

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Opening balance	36,755,056	40,927,344	43,156,831	43,157,163
Translation differences	(85,187)	(179,762)	4,642	(60,453)
Tax effect charged to equity	(52,076)	(86,563)	160,337	117,120
Deferred tax (income)/expense	3,936,992	(106,234)	(993,505)	(885,525)
Closing balance	<u>40,554,785</u>	<u>40,554,785</u>	<u>42,328,305</u>	<u>42,328,305</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

35. Tax assets and liabilities (Continued)

	1 January- 30 June 2010	1 January- 30 June 2009
<u>Reconciliation of taxation</u>		
Profit before tax	111,219,544	6,745,963
Effective tax rate	20%	20%
Expected taxation	22,243,909	1,349,193
Tax effects of		
- Non deductible expenses	567,884	248,573
- Dividend and other non taxable income	(4,523,480)	(446,626)
- other non deductible expenses	1,434,830	354,510
- Consolidation adjustments	1,756,582	336,291
- Effect of equity method accounting	(178,510)	(1,658,451)
- Foreign entities subject to different tax rates	756,086	(59,811)
Income tax expense recognized in the income statement	<u>22,057,301</u>	<u>123,679</u>

36. Earnings per share

	1 January- 30 June 2010	1 April- 30 June 2010	1 January- 30 June 2009	1 April- 30 June 2009
Net income for the period	82,022,658	47,287,573	5,664,517	(986,848)
Weighted average number of outstanding shares (1 TL/share)	<u>603,200,000</u>	<u>603,200,000</u>	<u>603,200,000</u>	<u>603,200,000</u>
Earnings per share	0.1360	0.0784	0.0094	(0.0016)

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

37. Related party transactions

T.Şişe ve Cam Fabrikaları A.Ş. is the main shareholder of the Group and T. İş Bankası A.Ş. is the ultimate controlling party. All transactions and balances between the Group and its consolidated subsidiaries are eliminated on consolidation and not disclosed in this note.

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

	30 June 2010	31 December 2009
<u>Deposits held at T. İş. Bankası A.Ş.</u>		
Demand deposits	19,871,721	6,152,020
Time deposits	285,052,611	272,742,308
	<u>304,924,332</u>	<u>278,894,328</u>
	30 June 2010	31 December 2009
<u>Loans received</u>		
T. İş Bankası A.Ş.	2,360,860	52,833,900
Through Şişecam Dış Ticaret	7,121,851	29,950,000
Through Holding	303,575,524	208,224,226
	<u>313,058,235</u>	<u>291,008,126</u>

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 June 2010 was 0.75% (December 2009: 0.75%).

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

37. Related party transactions (Continued)

	30 June 2010		
	Receivables		Payables
	Current	Current	
Balances with related parties	Non-trade	Trade	Non-trade
Şişecam Holding	79,324,458	1,320,493	-
Saint Gobain Glass Egypt	1,557,592	-	-
Trakya Glass Bulgaria EAD	448,017	60,627	-
Anadolu Cam Yenişehir	384,369	-	-
Camiş Elektrik	275,001	1,034,019	-
Trakya Glass Investment BV	191,909	-	-
Camiş Ambalaj	45,327	-	-
Paşabahçe Cam	18,761	308,856	-
Cam-Ser Madencilik	-	-	57,496
Şişecam Dış Ticaret	-	-	1,002,623
Camiş Madencilik	-	-	2,728,557
Çayırova Cam	-	-	18,634,448
Paşabahçe Cam USA	-	30,952	-
Paşabahçe Glass GmbH	-	81,542	-
Şişecam Bulgaria	-	486,491	-
Şişecam Sigorta	-	792,935	1,298,015
Soda Sanayii	-	2,162,059	3,276,459
Other individuals	-	-	280,764
Other related parties	45,312	23,583	39,239
	<u>82,290,746</u>	<u>6,301,557</u>	<u>27,317,601</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

37. Related party transactions (Continued)

1 January - 30 June 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	Commission expenses
Soda Sanayii	32,785,525	-	5,511	31,851	-	-	-	-	-	-	13,936
Camiş Madencilik	24,145,388	-	-	61,958	126,000	-	-	-	41,182	48,808	-
Şişecam Dış Ticaret	10,080,354	-	-	56,639	-	-	128,419	2,019,353	-	-	459,875
Camiş Elektrik	5,441,470	-	16,165	-	-	-	-	-	-	7,935	-
Camiş Sigorta	367,614	-	-	-	-	-	-	-	-	-	-
Anadolu Cam	11,262	-	7,285	1,106	-	63,387	-	-	-	14,021	-
Camiş Ambalaj	12,710	-	618	212	-	-	-	-	-	-	-
Paşabahçe Cam	-	3,346,278	7,263	-	117,278	6,500	774,121	-	122,980	397,277	1,442,906
Şişecam Holding	-	-	2,129,079	120,428	-	78,396	-	-	6,062,162	-	7,781
Şişecam Bulgaria	8,517,180	-	-	-	-	-	-	-	-	-	9,512
Anadolu Cam Yenişehir	-	-	682	-	-	-	-	-	-	-	-
Cam Elyaf	-	-	-	1,791	-	-	-	-	-	-	-
İş GYO	-	-	-	-	-	862,005	-	-	-	-	-
Paşabahçe Mağazaları	-	-	-	547	-	-	-	-	-	-	-
Asmaş	-	-	-	-	-	-	-	479,561	-	-	-
Camser	26,431	-	-	1,453	-	-	-	-	-	-	-
Çayırova Cam	-	-	-	780,559	-	-	-	-	-	33,288	-
	<u>81,387,934</u>	<u>3,346,278</u>	<u>2,166,603</u>	<u>1,056,544</u>	<u>243,278</u>	<u>1,010,288</u>	<u>902,540</u>	<u>2,498,914</u>	<u>6,226,324</u>	<u>501,329</u>	<u>1,934,010</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

37. Related party transactions (Continued)

Transactions with related parties	1 January - 30 June 2009										
	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	Commission expenses
Anadolu Cam Yenişehir San.A.Ş.	-	-	-	6,031	-	-	-	-	169,614	-	-
Anadolu Cam Sanayi A.Ş.	61,807	1,177	2,792	5,699	-	61,807	-	-	-	12,946	-
Çayırova Cam Sanayii A.Ş.	-	-	5,671	90,325	-	244,344	-	-	-	12,000	-
Şişecam Dış Ticaret A.Ş.	1,311,075	-	2,714	79,437	-	-	-	3,112,723	-	-	409,081
Camiş Elektrik Üretim A.Ş.	6,930,441	-	15,545	-	-	-	-	-	1,710	8,082	-
Camiş Madencilik A.Ş.	17,945,051	-	63,102	79,660	120,000	-	-	-	220,812	56,562	-
Paşabahçe Cam Sanayi ve Tic. A.Ş.	53,154	8,972,260	17,989	155	121,895	6,500	-	-	-	475,866	800,191
T. Şişe ve Cam Fabrikaları A.Ş.	182,685	-	2,671,218	568,937	-	895,583	-	-	6,698,932	13,495	195,379
Trakya Glass Logistics EAD	463,092	123,743	63,244	-	-	-	6,565	-	-	-	-
Şişecam Bulgaria Ltd.	7,061,607	-	-	-	-	-	-	-	-	-	-
Soda Sanayi A.Ş.	34,663,515	-	6,043	17,100	-	-	-	-	455,632	-	-
Trakya Glass Bulgaria EAD.	1,686,635	-	22,275	-	-	-	-	-	-	-	-
Cam Elyaf Sanayii A.Ş.	-	-	-	35,723	-	-	-	-	286,555	-	-
Camiş Limited	-	-	-	-	-	-	-	650,271	-	-	-
Camiş Ambalaj Sanayii A.Ş.	3,157,623	-	9,413	1,823	-	-	-	-	-	-	-
Camiş Egypt Mining Ltd.Co.	3,500,408	-	-	-	-	-	-	-	-	-	-
Other	150	-	447	5,284	-	-	-	-	-	-	-
	<u>77,017,243</u>	<u>9,097,180</u>	<u>2,880,453</u>	<u>890,174</u>	<u>241,895</u>	<u>1,208,234</u>	<u>6,565</u>	<u>3,762,994</u>	<u>7,833,255</u>	<u>578,951</u>	<u>1,404,651</u>

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

38. Financial instruments and financial risk management (Continued)

b) Financial Risk Factors (Continued)

b.1 Credit risk management

Credit risk of financial instruments

30 June 2010

	Receivables			Deposits at banks
	Trade receivables	Other receivables		
	Third party	Related party	Third party	
Maximum credit risk as of balance sheet date (*) (A+B+C+D+E)	197,748,518	82,290,746	1,842,517	304,924,333
- The part of maximum risk under guarantee with collateral (**)	122,766,383	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	172,631,097	82,290,746	1,842,517	304,924,333
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	25,117,421	-	-	-
- The part of which is under guarantee with collateral	20,211,808	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Past due (gross carrying amount)	1,276,913	-	-	-
- Impairment (-)	(1,276,913)	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-
- Not past due (gross book value)	-	-	-	-
- 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.

TRAKYA CAM SANAYİİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 JUNE 2010

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

38. Financial instruments and financial risk management (Continued)

b) Financial Risk Factors (Continued)

b.1 Credit risk management (Continued)

Credit risk of financial instruments

	Alacaklar			<u>Deposits at banks</u>
	<u>Trade receivables</u>	<u>Other receivables</u>		
<u>31 December 2009</u>	<u>Third party</u>	<u>Related party</u>	<u>Third party</u>	
Maximum credit risk as of balance sheet date (*) (A+B+C+D+E)	199,637,455	37,339,870	711,592	294,793,097
- Azami riskin teminat, vs ile güvence altına alınmış kısmı (**)	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 book value)	-	-	-	-
- 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

38. Financial instruments and financial risk management (Continued)

b) Financial Risk Factors (Continued)

b.1 Credit risk management (Continued)

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

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

Aging of overdue receivables is as follows:

	30 June 2010	31 December 2009
Overdue 1-30 days	15,420,112	11,708,000
Overdue 1-3 months	4,712,690	14,216,977
Overdue 3-12 months	1,363,008	6,038,221
Overdue by 12 months and above	3,621,611	438,710
Total overdue receivables	<u>25,117,421</u>	<u>32,401,908</u>
The part under guarantee with collateral	(20,211,808)	(24,892,558)

Collaterals obtained for trade receivables past due but not impaired

	30 June 2010	31 December 2009
Letters of guarantee	16,427,508	20,656,700
Mortgages and other guarantees	3,784,300	4,235,858
	<u>20,211,808</u>	<u>24,892,558</u>

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

38. Financial instruments and financial risk management (Continued)

b) Financial Risk Factors (Continued)

b.2) Liquidity risk management (Continued)

Liquidity risk tables (Continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. Interest to be paid in future on financial liabilities is included in the table below.

30 June 2010

<u>Maturities in accordance with contracts</u>	<u>Carrying value</u>	<u>Total cash outflow according to contract (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months(II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Non derivative financial liabilities						
Bank loans	313,058,235	353,285,764	29,854,938	50,360,087	249,484,221	23,586,518
Trade payables	44,259,350	44,259,348	44,259,348	-	-	-
Due to related parties	33,619,158	33,619,160	33,619,160	-	-	-
Other payables	14,054,262	14,054,262	13,988,660	-	65,602	-
Total liabilities	404,991,005	445,218,534	121,722,106	50,360,087	249,549,823	23,586,518

31 December 2009

<u>Maturities in accordance with contracts</u>	<u>Carrying value</u>	<u>Total cash outflow according to contract (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months(II)</u>	<u>1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Non derivative financial liabilities						
Bank loans	397,726,791	445,408,034	52,701,294	65,354,542	307,971,025	19,381,173
Trade payables	42,111,908	42,111,908	42,111,908	-	-	-
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	-
Total liabilities	476,195,172	523,876,415	131,123,820	65,354,542	308,016,880	19,381,173

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 it primarily to the financial risks of changes in foreign exchange rates and interest rates.

At a Group level, market risk exposures are measured by sensitivity analysis.

When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

38. Financial instruments and financial risk management (Continued)

b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

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

	30 June 2010			
	TRY Equivalent (Functional currency)	USD	Euro	Other
1. Trade receivables	44,176,443	12,050,586	11,246,450	3,588,082
2a. Monetary financial assets	289,768,051	142,464,585	32,734,718	2,522,761
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	333,944,493	154,515,171	43,981,168	6,110,843
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	333,944,493	154,515,171	43,981,168	6,110,843
10. Trade payables	(2,219,366)	(522,326)	(663,503)	(121,805)
11. Financial liabilities	(35,077,741)	-	(18,253,495)	-
12a. Other monetary liabilities	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-
13. CURRENT LIABILITIES	(37,297,107)	(522,326)	(18,916,998)	(121,805)
14. Trade payables	-	-	-	-
15. Financial liabilities	(213,803,938)	(49,600,000)	(70,613,945)	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. NON-CURRENT LIABILITIES	(213,803,938)	(49,600,000)	(70,613,945)	-
18. TOTAL LIABILITIES	(251,101,045)	(50,122,326)	(89,530,943)	(121,805)
20. Net foreign currency asset/(liability) position	82,843,448	104,392,845	(45,549,775)	5,989,038
21. Net foreign currency position for monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	82,843,448	104,392,844	(45,549,775)	5,989,038
23. EXPORTS	158,583,149	38,593,893	43,407,152	12,562,415
24. IMPORTS	42,477,163	4,387,635	17,069,554	1,415,552

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

38. Financial instruments and financial risk management (Continued)

b.3.1) Foreign currency risk management (Continued)

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.

	30 June 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	13,150,993	(13,150,993)	11,010,675	(11,010,675)
2- USD risk hedged amount (-)	-	-	-	-
3- USD net effect (1 +2)	13,150,993	(13,150,993)	11,010,675	(11,010,675)
Appreciation of EURO against TRY by 10%				
4 - EURO net asset/liability	(7,002,640)	7,002,640	(8,978,677)	8,978,677
5 - EURO risk hedged amount (-)	-	-	-	-
6- EURO net effect (4+5)	(7,002,640)	7,002,640	(8,978,677)	8,978,677
Appreciation of other currencies against TRY by 10%				
7- Other currencies net asset/liability	479,123	(479,123)	350,928	(350,928)
8- Other currencies risk hedged amount (-)	-	-	-	-
9- Other currencies net effect (7+8)	479,123	(479,123)	350,928	(350,928)
TOTAL (3 + 6 +9)	6,627,476	(6,627,476)	2,382,926	(2,382,926)

b.3.2) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by either positioning the balance sheet or protecting interest expense through different interest rate cycles. 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:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

38. Financial instruments and financial risk management (Continued)

b.3.2) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

		Interest position table	
		<u>30 June 2010</u>	<u>31 December 2009</u>
Fixed rate instruments			
Financial Assets	Cash and cash equivalents	285,052,611	272,797,188
	Loan to related parties	82,290,746	37,339,870
Financial Liabilities	Loan from related parties	27,317,601	20,255,541
	Bank loans	9,482,710	34,407,973
Variable rate instruments			
Financial Assets		-	-
Financial Liabilities		303,575,525	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 30 June 2010 would have been lower/higher by TRY 758,939 (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. Equity share investments are held for strategic purposes rather than trading purposes. The Group does not trade equity share investments.

Equity price sensitivity

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

As of the reporting date, if the equity share prices were increased / decreased by 10% with the assumption of keeping all other variables constant:

- As of 30 June 2010, if equity share investments classified as available for sale assets would not be disposed of or as long as not impaired, net profit/loss would not be affected,
- Increase/decrease in the other equity funds would amount to TRY 2,964,375 (31 December 2009: TRY 3,063,318). This change is caused by the fair value change of equity share investments classified as available for sale.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

39. Financial instruments (Fair value and hedge accounting disclosures)

30 June 2010	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>					
Cash and cash equivalents	304,973,281	-	-	304,973,281	6
Trade receivables	197,748,518	-	-	197,748,518	10
Due from related parties	82,290,746	-	-	82,290,746	37
Financial investments	-	121,866,759	-	121,866,759	7
<u>Financial liabilities</u>					
Financial liabilities	-	-	313,058,235	313,058,235	8
Trade payables	-	-	44,259,350	44,259,350	10
Due to related parties	-	-	33,619,158	33,619,158	37

31 December 2009	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Note
<u>Financial assets</u>					
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
<u>Financial liabilities</u>					
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:

- First category: In determining the fair value of assets and liabilities, active market trading price is used for valuation purposes.
- Second category: In determining the fair value of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.
- Third category: In determining the fair value of assets and liabilities, data which is not based on market observation is used for valuation purposes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2010**

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

39. Financial instruments (Fair value and hedge accounting disclosures) (Continued)

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

30 June 2010	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial investments	31,203,945	-	-	31,203,945
	31,203,945	-	-	31,203,945
31 December 2009	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Financial investments	32,245,456	-	-	32,245,456
	32,245,456	-	-	32,245,456

40. Events after the balance sheet date

None.

41. Other matters that significantly affect the financial statements or other matters required for the clear understanding of financial statements

The Group's consolidated financial statements as at 30 June 2010 reviewed by independent auditors and the semi-annual report 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 24 August 2010, Board Member Müfit Özkara, and the Head of Business Development and Strategic Planning Ceyda Erdem are authorized to sign electronically the consolidated financial statements for public announcement.