

T Ü R K İ Y E Ş İ Ş E V E C A M F A B R İ K A L A R I A . Ş .

global vision, dynamic structure



2012 Annual Report

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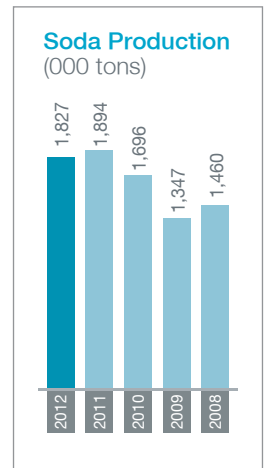
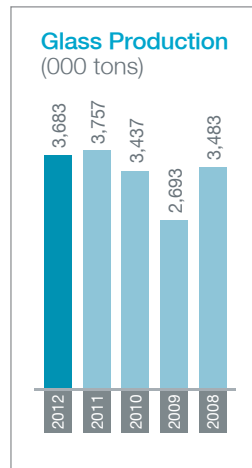
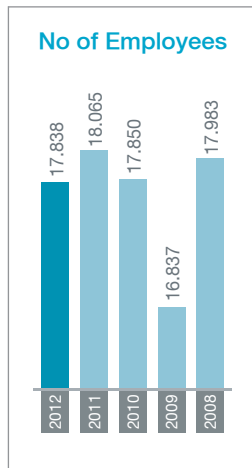
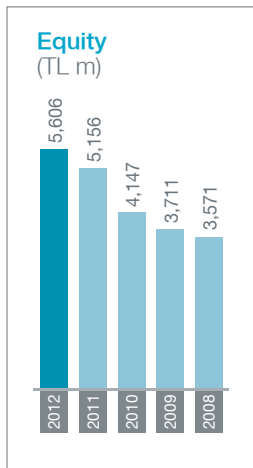
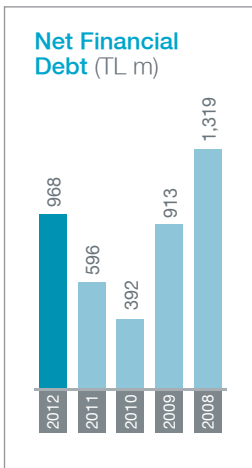
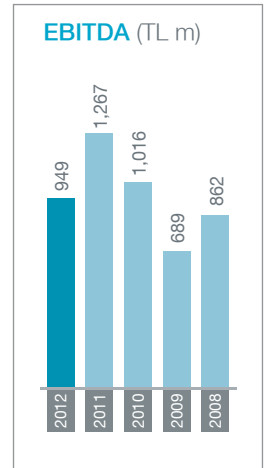
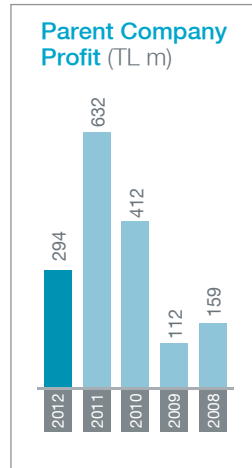
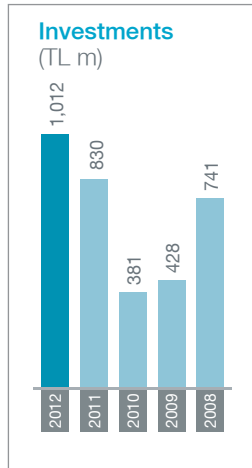
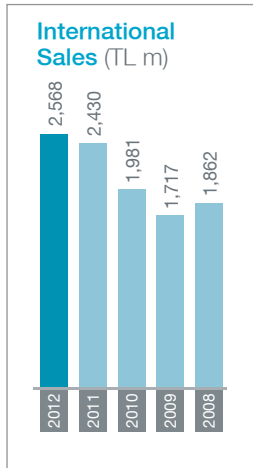
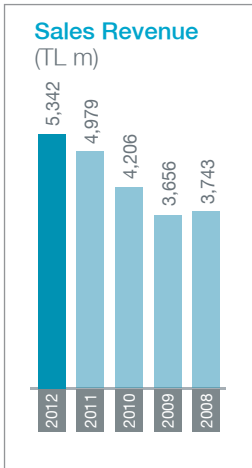
FINANCIAL INDICATORS

Summarised Balance Sheet	2012		2011		2010	
	TL m	USD m	TL m	USD m	TL m	USD m
Current Assets	3,461	1,942	3,807	2,015	3,157	2,042
Non-Current Assets	5,262	2,952	4,448	2,355	3,613	2,337
Total Assets	8,723	4,894	8,255	4,370	6,770	4,379
Current Liabilities	1,905	1,069	1,367	724	1,026	664
Non-current Liabilities	1,212	680	1,732	917	1,597	1,033
Equity	5,606	3,145	5,156	2,729	4,147	2,682
Equity Holders of the Parent	4,636	2,601	4,202	2,224	3,338	2,159
Non-controlling interests	970	544	954	505	809	523
Total Liabilities and Equity	8,723	4,894	8,255	4,370	6,770	4,379

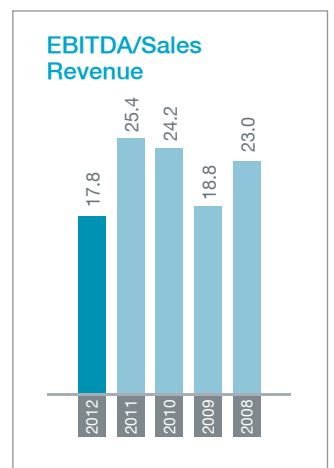
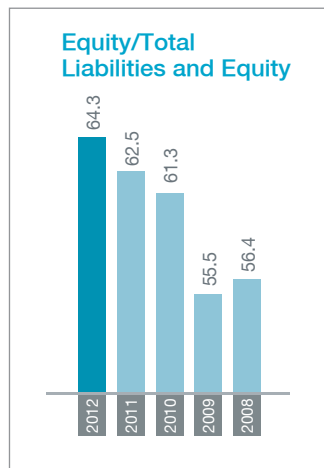
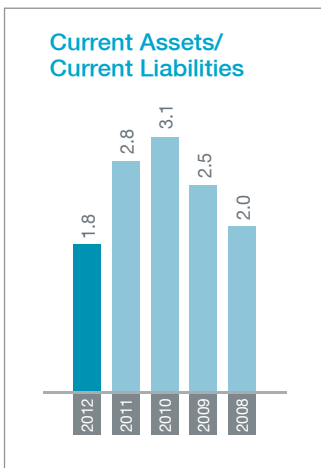
Summarised Statement of Income	2012		2011		2010	
	TL m	USD m	TL m	USD m	TL m	USD m
Sales Revenue	5,342	2,981	4,979	2,981	4,206	2,806
Cost of Sales	(3,918)	(2,186)	(3,341)	(2,000)	(2,971)	(1,982)
Gross Profit	1,424	795	1,638	981	1,235	824
Operating Expenses	(994)	(555)	(860)	(515)	(669)	(446)
Operating Profit	430	240	778	466	566	378
Income/(Loss) from Associates	18	10	7	4	7	4
Financial Income/(Expense)	(85)	(47)	82	49	13	9
Profit Before Tax	363	203	867	519	586	391
Tax Income/(Expense)	(44)	(25)	(126)	(75)	(102)	(68)
Current Tax Income/(Expense)	(97)	(54)	(187)	(112)	(120)	(80)
Deferred Tax Income/(Expense)	53	30	61	37	18	12
Profit for the Period	319	178	741	444	484	323
Attributable to						
Non-controlling Interests	25	14	109	65	72	48
Equity Holders of the Parent	294	164	632	379	412	275
Earnings Before Interest and Taxes(EBIT)(*)	430	240	778	466	566	378
Depreciation	519	290	489	293	450	300
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)(*)	949	530	1,267	759	1,016	678
Net Cash Provided from Operating Activities	719	401	681	408	506	338
Net Financial Debt	968	543	596	316	392	254

Financial Ratios (%)	2012	2011	2010
Current Assets/Current Liabilities	1.8	2.8	3.1
Equity/Total Liabilities and Equity	64.3	62.5	61.3
Total Liabilities/Equity	55.6	60.1	63.3
Net Financial Debt/Total Assets	11.1	7.2	5.8
Net Financial Debt/Equity	17.3	11.6	9.5
Gross Profit/Sales Revenue	26.7	32.9	29.4
EBITDA(*)/Sales Revenue	17.8	25.4	24.2
EBIT(*)/Sales Revenue	8.0	15.6	13.5
Net Financial Debt/EBITDA(*)	1.0	0.5	0.4

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



FINANCIAL RATIOS (%)



77 ŞİŞECAM GROUP in its th Year

Şişecam Group is an industrial group operating on an international scale in the fields of flat glass, glassware, glass packaging, and chemicals. International sales constitute approximately 50% of the total sales of Şişecam, which carries out production activities in nine countries and exports to 150 countries. The Group is the leader in its fields of business, encompassing all the key areas of glass production (i.e., flat glass, glassware, glass packaging and glass fiber), and soda ash and chromium chemicals.

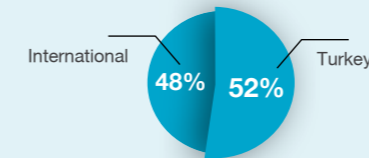
Founded in 1935 by İşbank upon the directive of Atatürk, Şişecam is one of the most established industrial organizations in Turkey with 77 years of corporate history. The Group is among the world's most distinguished glass manufacturers, due to its scale, degree of specialization, and the considerable competitive advantage of its operations.

In line with its strategy of creating value in the sector, Şişecam Group utilizes high-end technology and innovations, and continuously improves its products and production processes through R&D investments. Targeting to stand among the top three in the world glass league by 2020, the Group is expanding its production capacity abroad, value-added product portfolio, and market share through new investments.

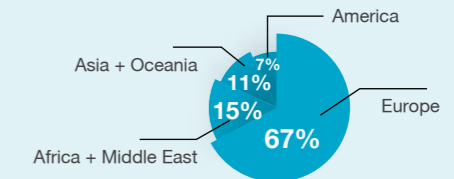
Combining its extensive experience with an ambitious vision, Şişecam is growing as a people-oriented, environment-friendly global brand that shares, creates wealth, and shapes the future with products and services that add value to its stakeholders.

ŞİŞECAM, ONE OF THE MOST WELL-ESTABLISHED INDUSTRIAL ORGANIZATIONS IN TURKEY, IS A GLOBAL PLAYER THAT CARRIES OUT PRODUCTION ACTIVITIES IN 9 COUNTRIES AND EXPORTS TO 150 COUNTRIES.

Sales Distribution



International Sales by Region



GLOBAL PRODUCTION, GLOBAL SALES

With 77 years of experience in the glass and chemical industry, production activities in 9 countries around the world and exports to 150 countries, Şişecam is among the national brands that successfully represent Turkey in the global market. Glass production abroad constitutes approximately 40% of the Group's total production volume, and international sales constitute approximately 50% of the total sales.

Sustaining its growth in the shrinking global market, Şişecam increased its international sales revenue by 5.7% to reach TL2.6 billion in 2012. In search of new markets, the Group further enhanced its sales network, which now reaches every corner of the world, from Latin America to Oceania, and from North Europe to South Africa. The international brand recognition and market share of Şişecam continues to grow consistently.

In line with its vision of taking a place among the top three glass producers in the world by 2020, the Group continues to make facility investments abroad in order to diversify its markets in production and attain the level of its market diversity in sales. In order to further strengthen its position in the global market by expanding its production activities to new regions, Şişecam is embracing investment opportunities in Asia, America, Africa, and East Europe, and is continuing its initiatives to acquire suitable production facilities.



Production in
9 countries

Turkey, Russia,
Georgia, Ukraine,
Bulgaria, Bosnia-
Herzegovina,
Italy, Romania,
Egypt

Production of
3.7 million tons
of glass

1.8 million tons
of soda ash

3.8 million tons
of industrial
raw materials

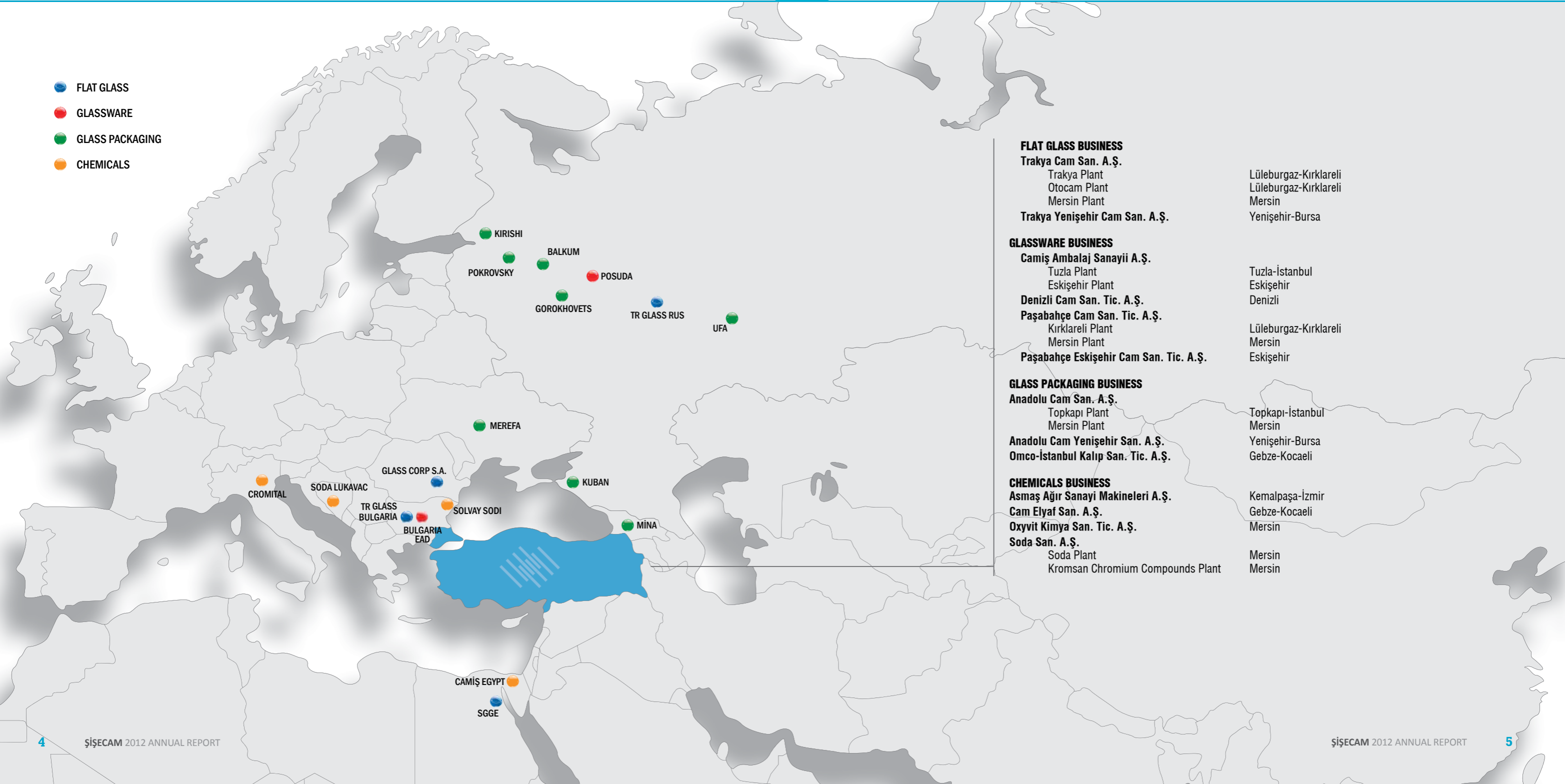
17.838
employees

34%
of which are
recruited abroad

Export revenue of

USD
815
million

- FLAT GLASS
- GLASSWARE
- GLASS PACKAGING
- CHEMICALS



FLAT GLASS BUSINESS

Trakya Cam San. A.Ş.

Trakya Plant
Otocam Plant
Mersin Plant

Trakya Yenişehir Cam San. A.Ş.

Lüleburgaz-Kırklareli
Lüleburgaz-Kırklareli
Mersin
Yenişehir-Bursa

GLASSWARE BUSINESS

Camiş Ambalaj Sanayii A.Ş.

Tuzla Plant
Eskişehir Plant

Denizli Cam San. Tic. A.Ş.

Kırklareli Plant
Mersin Plant

Paşabahçe Cam San. Tic. A.Ş.

Paşabahçe Eskişehir Cam San. Tic. A.Ş.

Tuzla-İstanbul
Eskişehir
Denizli

Lüleburgaz-Kırklareli
Mersin
Eskişehir

GLASS PACKAGING BUSINESS

Anadolu Cam San. A.Ş.

Topkapı Plant
Mersin Plant

Anadolu Cam Yenişehir San. A.Ş.

Omco-İstanbul Kalıp San. Tic. A.Ş.

Topkapı-İstanbul
Mersin
Yenişehir-Bursa
Gebze-Kocaeli

CHEMICALS BUSINESS

Asmaş Ağır Sanayi Makineleri A.Ş.

Cam Elyaf San. A.Ş.

Oxyvit Kimya San. Tic. A.Ş.

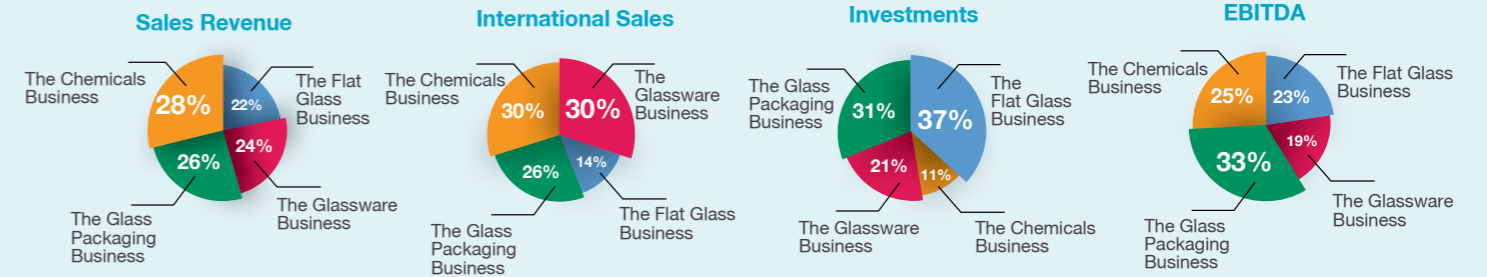
Soda San. A.Ş.

Soda Plant
Kromsan Chromium Compounds Plant

Kemalpaşa-İzmir
Gebze-Kocaeli
Mersin

Mersin
Mersin

DETERMINED STEPS TOWARDS GLOBAL LEADERSHIP



THE FLAT GLASS BUSINESS

Founded in 1978 as a subsidiary of Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş. carries out the activities of the Şişecam Group in the field of flat glass, and stands as the 6th largest flat glass producer in the world and the 4th in Europe. By inaugurating a new facility in 1981, Trakya Cam became the first company in Eastern Europe, the Balkans, the Middle East, and North Africa to utilize the modern float technology for production, and continued to introduce numerous innovations to the flat glass industry both in Turkey and the region.

Performing production activities through its seven float lines, Trakya Cam is active in four main segments:

- Basic glass products (flat glass, patterned glass, mirror, laminated glass, and coated glass)
- Automotive and other transportation-vehicle glass
- Energy glass
- Home appliance glass

In line with its vision of regional leadership and multi-focused production, Trakya Cam expanded its activities beyond Turkey in the second half of the 2000s. After the commissioning of the first float line in the Balkans in 2006 through Trakya Glass Bulgaria EAD, mirror and tempered glass lines were also started, and the Autoglass Plant in Bulgaria started operating in 2010. In 2009, the Company decided to establish a joint venture with Saint-Gobain, a leading player in the global glass industry, in order to conduct flat glass activities in Egypt and Russia.

Trakya Cam continued to grow in the Turkish market through its two float lines and one coated glass line, which started in 2007 in Bursa-Yenişehir, and one laminated glass line in 2008. Today, the Company is a strong supplier in the region, serving the construction, automotive, energy, and home appliance industries through its partnerships and seven float lines in five different locations.



THE GLASSWARE BUSINESS

The second largest glassware manufacturer in Europe and the third in the world, Paşabahçe Cam's history goes back to 1935 when a production facility was established in Beykoz-Paşabahçe, upon the wish of Atatürk to develop the glass industry in Turkey. In its early days, the Paşabahçe Plant had a modest annual production capacity of 3,000 tons/year and met the country's bottle and glassware needs entirely through manual production. As the company began to grow more rapidly, the plant shifted to machine production, the first stage of today's automated production technology, in 1955, and started producing heat-resistant glassware in 1974.

Growing in the Turkish market, Paşabahçe Cam realized its first export in 1961. In addition to meeting domestic demand, the Company followed the strategy of export-led growth between 1980 and 2000 by adding new product lines to its portfolio and raising its production capacity with new facilities and plants. In order to penetrate highly competitive developed markets, Paşabahçe also attached great importance to technological advancements regarding quality and productivity enhancement, and realized its first investments abroad in the 2000s.

Building on 77 years of experience and know-how, Paşabahçe Cam is working towards its goal of becoming the world's largest glassware producer. Having a rich product portfolio and specialist expertise in various areas, the Company exports a wide range of products, from glass tumblers and tabletop products to kitchen utensils and decorative items, to 135 countries around the world.

Serving an extensive customer base in Turkey and abroad with its product portfolio including over 20,000 glassware items of manual and automated production, Paşabahçe Cam carries out production in its domestic plants at Kırklareli, Mersin, Eskişehir, and Denizli, as well as abroad, in Bulgaria and the Russian Federation.



THE GLASS PACKAGING BUSINESS

Providing glass packaging products of different colors and sizes for the food, beverage, pharmaceutical and cosmetic sectors, the Glass Packaging Business has a history that dates back to the establishment of its first production facility in Beykoz-Paşabahçe in 1935. After operating at this facility for approximately 35 years, production activities were relocated to the Topkapı Bottle Plant in 1969 due to rapid growth in the beverage industry, the increased bottle demand of the pharmaceutical industry, and the expansion of glassware production in the Paşabahçe Plant, and the Company began to grow at a fast and consistent pace.

A significant step in the growth process was the acquisition of Anadolu Cam Sanayii A.Ş. in Mersin in 1976, and in 1988, the NNPB (light bottle) production technology, a milestone in glass packaging production, was utilized for the first time at this plant. All companies and plants operating within the Glass Packaging Business were reorganized under the body of Anadolu Cam in 2000. The Company's domestic production capacity increased in 2006 with the operations of the new Bursa-Yenişehir Plant. The Topkapı Plant was closed at the end of 2012, and at the beginning of 2013, production activities were relocated to the modern facility established in Eskişehir, with a production capacity of 180,000 tons/year.

In line with its goal of becoming a regional leader and as a global glass-packaging supplier that generates half of its turnover from international activities with investments and joint ventures in the region, the Company realized its first investment abroad by acquiring the Mina Plant in Georgia in 1998. In order to embrace the opportunities of the dynamic Russian market, the Company continued its international investments by acquiring the Gorokhovets Plant in 2002, the Pokrovsky Plant in 2004, the Ufa Plant in 2005, the Kuban Plant in 2007 and the Kirishi Plant in Leningrad in 2008. Anadolu Cam also acquired a glass packaging facility in Ukraine-Merfa in 2011 and raised its production capacity abroad to 1.2 million tons/year.

With an annual production volume of 2.1 million tons, Anadolu Cam now stands as the 5th largest glass packaging producer in the world, and the 4th in Europe. Carrying out production activities through its 10 facilities, comprising the Mersin, Bursa-Yenişehir, and Eskişehir Plants in Turkey and the plants in Georgia, Russia and Ukraine, the Company provides employment for approximately 5,000 people.



THE CHEMICALS BUSINESS

The operations of the Chemicals Business, one of the four business segments of the Şişecam Group, are carried out by Soda Sanayii A.Ş., which was founded in 1969 to produce soda, a raw material of the glass industry. The chemicals manufactured at the Mersin Soda Plant and at the Kromsan Chromium Compounds Plant, which joined the Group in 1982, are used as the main input for more than 100 products, from glass to detergent, from chemical industry to leather and pharmaceutical industry.

The Company became a partner of the privatized Bulgarian soda ash producer Sodi in 1997 through a joint venture with Solvay (Belgium) and EBRD, and raised its share to 25% in subsequent years. In 1998, Camiş Egypt Mining Co. Ltd. was founded in Egypt to produce industrial raw materials. In 2005, Soda Sanayi established a joint venture with Cromital, an Italian company producing and marketing chromium chemicals, and purchased the remaining shares in 2011 to become the outright owner of Cromital. In 2006, the Company acquired the Lukavac Soda Plant, a soda ash production facility in Bosnia.

With the production activities carried out at the Mersin Plant, the Bosnia Plant, and the Solvay Sodi Plant, a joint venture located in Bulgaria, the Company's soda production volume reached approximately 2 million tons/year, ranking it amongst the top four producers in Europe and top 10 in the world. Thanks to its Kromsan Chromium Compounds Plant and Cromital SpA in Italy, the Company holds a strong position in the global chromium chemicals market as the top producer of sodium dichromate and basic chromium sulphate, and the third largest producer of chromic acid.

In addition to soda ash and chromium chemicals production, the Company is also active in the areas of glass fiber, industrial raw materials, electricity, Vitamin K3 derivatives, sodium metabisulphite, and heavy-duty industrial machinery, and operates on a global scale through its production facilities located in six countries and exports to 92 countries.

Soda Sanayi A.Ş. successfully implements environment, health, and work safety management systems under the "Three Way Responsibility Commitment", a volunteer practice specific to the chemical industry. Adopting a responsible approach, the Company continuously invests in the field of environment and meets its own energy requirements through its energy generation station, as well as registering an electricity sales volume of 2 billion kWh every year.



“OUR 2020 VISION OF ‘TAKING OUR PLACE AMONGST THE TOP THREE IN THE WORLD GLASS LEAGUE’ IS BUILT ON THE OBJECTIVES OF TURNING OUR BRAND INTO OUR MOST VALUABLE ASSET, CREATING A HIGHLY INNOVATIVE COMPANY, DEVELOPING SOLUTIONS THROUGH COLLABORATION WITH OUR CUSTOMERS, AND CARING FOR THE ENVIRONMENT AS A REFLECTION OF OUR RESPECT FOR LIFE.”

Dear Shareholders,

Welcome to the Ordinary General Assembly of our Company, which is of great importance for it provides us the opportunity of sharing not only the latest operational results but also our opinions on the current state and future of Şişecam Group. I would like to take this opportunity to convey my sincerest greetings to you.

The global economy has experienced quite extraordinary developments in recent years. Getting its economy back on track after the crises experienced at the beginning of the 2000s, Turkey has registered a consistent growth rate with the support of political stability and determination. However, the severe global stagnation that began to dominate the world in 2008 seriously disrupted the natural industrial markets, and its adverse effects were felt in Turkey as well. 2012 was the year when, in its fifth year, the global crisis deepened once again.

The concerns regarding high sovereign debts in Europe dominated the 2012

agenda. The difficulties experienced in market pricing mechanisms in the pre-crisis period reached an uncontrollable level, and through a chain reaction impacted all the fundamental components of economic activity. The results confirmed the transient nature of financial wealth created through debt. Exceeding all safety margins, the debt levels of economies that do not create true added value were compounded with structural problems, and led to severe economic impasses in several countries in 2012.

Like the rest of the industry, our Group conducted its activities under these extraordinary and difficult conditions.. Due to the conditions outlined above, the projections regarding our traditional markets were not completely realized in 2012; in other words, demand was suspended in some of our business segments. The stagnation in the Turkish and European construction and automotive industries, which are among the main markets for our products, negatively impacted the glass production in these areas. The relative improvement in the regions where the glass-packaging

plants are located continued to stimulate demand, and the growth pace was maintained in soda ash and chromium chemicals.

Despite these different trends of development in the markets, price increases in input materials and especially in energy made it difficult to achieve targets. While several glass manufacturers particularly in Europe cut down supplies and shut down their facilities due to weak demand, our Group continued its on-going investments through a balanced approach and prepared itself for new investments.

On the other hand, 2012 also conveyed some important messages. The developments throughout the year once more revealed the risks awaiting organizations that only focus on the short-term results and do not prepare well enough for the future. For this reason, we have reviewed and revised our vision in 2012. We have defined a core target that reflects the entire potential of Şişecam. We built our ambitious vision of “taking our place amongst the top three in the world

glass league” on the objectives of turning our brand into our most valuable asset, creating a highly innovative company developing solutions through collaboration with our customers, and caring for the environment as a reflection of our respect for life.

Despite its resemblance to the theme of “leadership in our hinterland”, which was highlighted in our previous vision, this new vision sets a much higher standard. In line with our new vision that points to a truly “global Şişecam”, we have prepared comprehensive road maps for our journey into the future, and we even defined our code of conduct, the “Şişecam values”, to turn this journey into a source of prosperity.

All these activities were conducted to create a Şişecam that is a “sensitive and prestigious global brand that creates and shares wealth, adds value to its stakeholders, and shapes the future with products and services making life easier.” Accomplishing such an ambitious target will undoubtedly take time and effort. However, we will work with utmost devotion, and we will feel

contented to the extent we realize this core duty. The high expectations of our partners will be our major driving force in this journey.

I would like to express my gratitude and sincere regards to our employees who are the main sources of Şişecam’s energy both today and in the future, to our business partners, stakeholders, and you our dear shareholders.

H. Ersin Özince
Chairman



OUR GROUP MOVES FORWARD WITH A VISION THAT PUTS SUSTAINABLE DEVELOPMENT AND GROWTH AT THE CENTER OF ALL ITS ACTIVITIES, AND WITH AN AMBITION TO SHAPE THE FUTURE.

Dear Shareholders,

Operating in the glass and chemicals industries, our Group continued to supply the global market in 2012 with a wide range of products and solutions that add value to life.

Given the fact that our markets failed to offer desired opportunities due to conditions dominating national and global economies, we continued our current activities productively and took significant steps in creating the Şişecam of the future.

Our Group moves forward with a vision that puts sustainable development and growth at the center of all its activities, and with an ambition to shape the future.

Despite being manufactured through consumption of a great deal of energy, glass turns out to be one of the most significant dynamics of sustainable social growth both regionally and globally as it provides important energy saving advantages with its thermal insulation capacity. Our group contributes to such growth in all the regions it operates in, more specifically in Turkey, by focusing on

vital dynamics for sustainability and manufacturing all its products including but not limited to the continuously renewed, developed and manufactured coated glass with due consideration for energy saving quality. The limited nature of energy resources makes it our responsibility to ensure that not only our production phase but all our end-products contribute to energy saving. By assuming energy saving practices as a vital concern for the Group, we aim to serve sustainable growth, which includes generating electricity from waste heat in our plants. Our efforts are focused on ensuring that every single item in our product range contributes to raising and sustaining the life quality of users; these efforts have been coupled with improvements in producing lighter glass packaging and creative solutions through design, for which we have won 18 awards. And we continue to embrace all customers around the world with our glassware produced for every aspect of life. A growing number of Paşabahçe stores offer our products, designed with an eye to prevailing consumer trends and shaping the consumer taste.

The innovative practices in all these areas demonstrate that glass is the

product of today as well as the future, and that it will continue to shape every aspect of our lives. Aware of the fact that the future of glass is the future of Şişecam, our vision was redefined as “registering a threefold increase in our turnover and taking our place amongst the top three in the world glass league”. Accordingly, our projects have focused on rapidly developing our business partnerships, production capacities, research and development abilities, resources, information technologies, and all operational methods and processes, thereby creating the infrastructure for the Şişecam of the future.

Dear Shareholders,
We have continued our investments decisively, as necessitated by our sustainable social growth goals, in 2012, as well.

Throughout the year, the Flat Glass Business continued three separate float investments in Russia, Bulgaria, and Turkey, while the Glassware Business made furnace investments in Bulgaria and Russia, and the Glass Packaging Business inaugurated the newly constructed furnace at the Bursa-Yenişehir Plant. Expanding our production capacity abroad has been once again one of

our main goals in 2012. In this regard, Şişecam acquired an autoglass facility in Romania and increased the number of countries hosting its production activities to nine, Turkey being one of them. In recognition of the growth potential in Russia, investments were continued for the automotive glass production facility in Tatarstan. We sought to expand our production by pursuing organic and inorganic growth opportunities in new markets in our fields of business.

Our Group carries out approximately 40% of its production activities and realizes 50% of its total sales abroad. The contraction in the international markets in 2012 was compensated by the addition of new markets; as the number of countries importing our products continued to increase, our international sales reached TL2.6 billion, registering a 5.7% growth over the previous year.

Our restructuring activities to increase organizational efficiency continued unabated in 2012, through practices reinforcing transparency and vertical integration with a focus on maximizing shareholder value. The requirement for experienced and proficient human capital infrastructure adopting all the values of Şişecam led us to undertake important

restructuring activities for a more efficient human resources management.

Aware of the fact that shaping the future requires preparation, Şişecam’s corporate positioning was reviewed, and for the first time in the history of Şişecam, our corporate vision and values were streamlined by gathering the thoughts and opinions of employees at every level and aligning them with corporate goals.

Aware of the responsibilities of being a global company, the Group defined its permanent goals for the forthcoming periods as achieving sustainable growth in its production activities, expanding its region of operation, increasing its share in current markets, penetrating new markets, improving productivity and profitability through use of the right technology based on R&D and through the right organizational structure, and increasing and transforming corporate brand value.

Dear Shareholders,
Notwithstanding all the adverse effects invalidating the expectations from the global markets in 2012, our Group succeeded in manufacturing 3.7 million tons of glass, 1.8 million tons of soda

and 3.8 million tons of industrial raw material, increasing its consolidated sales over TRY 5 billion by a rise of 7.3%, and thereby confirming the aspiration of Şişecam Group to become one of the top three glass manufacturers in the world.

In the forthcoming period, our priority will be to reveal Şişecam’s true value by realizing the Company’s high potential. In this process, human resources, our most valuable asset, will be our main source of power, and the trust of our partners will be our most significant source of motivation in pursuing our goals.

I would like to express my gratitude to all our stakeholders for the continuous support they have provided to this day and for their future contributions to our Group in the forthcoming period.

Prof. Dr. Ahmet Kirman
Vice Chairman and CEO



H. Ersin Özince

Chairman

(59) H. Ersin Özince is a graduate of the Middle East Technical University. He started his professional career in 1976 at İşbank's Board of Inspectors. After serving as a manager in a variety of departments within İşbank, he was appointed as Deputy Chief Executive in 1994 responsible for Treasury, Financial Management, Capital Markets, Commercial Loans and Credit Information-Financial Analysis. He was appointed as the 15th Chief Executive Officer of İşbank in 1998. Between 1998 and 2005 Özince also served as the Chairman of the Board of Directors of Şişecam Group. Özince was appointed Chairman of the Board of Directors for İşbank on 1 April 2011 and of the Şişecam Group on 15 April 2011. Ersin Özince is a Board Member at TEMA - the Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats, a member of IIEB - Institut Internationale d'Etudes Bancaires and IIF - Institute of International Finance, a member of the Board of Trustees at Bilkent University and a member of the consultancy board of WWF Turkey.

Prof. Dr. Ahmet Kirman

Vice Chairman and CEO

(54) Prof. Dr. Ahmet Kirman is a graduate of Ankara University, Faculty of Law. He holds a master's degree in EU Competition Law, and Ph.D. in Commercial Law from Ankara University where he became Professor in Public Finance/Tax Law and served as a Faculty Member, Division Head, Head of the Finance Department and Institute Director. He also served as a faculty member at the Galatasaray University, Faculty of Law. Kirman started his career at İşbank in 1982, where he held various positions in banking and insurance operations. He served as Chairman and Board Member in several prominent companies, foremost amongst them being İşbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Prof. Dr. Kirman served Şişecam Group as Chairman between 2006 and 2008, as Chairman and Managing Director between 2008 and 2011 and he became the Vice Chairman and the Chief Executive Officer of Şişecam Group in April 2011. He also serves on TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Board of Legal Affairs. Prof. Dr. Kirman is the author of a large number of publications, including 12 books and numerous articles.

Alev Yaraman

Member¹

(65) Alev Yaraman is a graduate of the Middle East Technical University Department of Chemistry and holds a master's degree in glass technology from the University of Sheffield, UK. She began her career at the Şişecam Group in 1970 and was director of the foundation of the Glass Research and Development Center. Yaraman has been Executive Vice President - Glassware and Executive Vice President - of Flat Glass Group. Assuming an active role in the International Glass Commission, she served as the Chair of the Technical Committee, Board Member and Chairwoman. Having served as a Board member and Chairwoman at EGD (European Domestic Glass Committee), Yaraman is a "fellow" member of the British Society of Glass Technology where she has also served as a Board Member. As a full member of the American Ceramic Society, she served on the Global Partnership management team. Recipient of the Phoenix Prize and the Contribution Award of the METU Prof. Dr. Mustafa Parlar Foundation, Yaraman was also honored with the International Glass Commission President's Award due to her lifetime contributions to the field.

Dr. Tevfik Ateş Kut

Member⁴

(63) Ateş Kut is a graduate of the Ankara University, Department of Chemical Engineering and holds a doctorate from the same institution. He began his career at the Atomic Energy Commission and joined the Şişecam Group in 1980, where he has served in a variety of management positions. Dr. Kut served as the Executive Vice President - Chemicals from 1998 until his retirement in February 2011.

Rıza İhsan Kutlusoy

Member²

(47) İhsan Kutlusoy obtained his degree in Business from the Middle East Technical University in 1987. His professional career began in 1988 at İşbank when he joined the Board of Inspectors as an intern assistant inspector. Having served in the Stock Exchange Management Office between 1996 and 2002, Kutlusoy was appointed Stock Exchange Manager in 2002; he was appointed Galata Branch Manager in 2006, and became Risk Manager in 2008. Kutlusoy was appointed as Deputy Chief Executive on April 13, 2011.

Zeynep Hansu Uçar

Member³

(41) Zeynep Hansu Uçar is a graduate of the Middle East Technical University, Faculty of Economic and Administrative Sciences - Department of Business Administration. She started her career as an Assistant Specialist in Investments at the Department of Subsidiaries of İşbank in 1994. She held several managerial positions responsible for various group companies at the same department. Uçar has been serving as the Unit Manager of the Subsidiaries Department since 2007.

Prof. Dr. Turgay Berksoy

Independent Member⁵

(61) Prof. Dr. Turgay Berksoy is a graduate of the Istanbul University, Faculty of Economics. He holds a master's degree from Boğaziçi University and a doctorate degree from Marmara University. He lectured at the University of East Anglia School of Development Studies as a visiting professor and has served as a faculty member and administrative staff member in various universities in Turkey. Berksoy is a faculty member and Chairman of the Marmara University School of Finance. The author of several books, articles, research papers, and other publications, Berksoy is a Certified Public Accountant and has served as a Board Member at various companies and organizations, including İşbank Board (auditing member), the Tax Reform Commission, TOBB Special Commission, Güneş Hayat Sigorta A.Ş., Petkim A.Ş., Ataköy Otelcilik A.Ş., Türkiye Denizcilik İşletmeleri A.Ş., and the Tax Council of the Turkish Ministry of Finance. In line with the criteria set forth in the CMB Corporate Governance Guidelines, Berksoy was appointed as an independent member at the Ordinary General Assembly Meeting held on May 25, 2012.

Prof. Dr. Atilla Murat Demircioğlu

Independent Member⁶

(65) Prof. Atilla Murat Demircioğlu is a graduate of the Istanbul University Faculty of Law and obtained his second bachelor's degree from the Bern University Faculty of Law. He became Associate Professor and subsequently Professor in Labor and Social Security Law. Having served as a faculty member and director at various universities, he continues to serve as a member of the Yıldız Technical University Senate and Board. The author of several books, articles, research papers and publications, Demircioğlu served as a Member of the Editorial Board of the Ministry of Culture's Encyclopedia of Trade Unions, Board Member at Hamburg Turkish-European Research Institute, and Deputy Chairman at Japan Research Association, in addition to his services as Consultant to the Ministry of Labor and Social Security, Honorary Consultant to TRNC Government, Member of the THY Audit Committee, Board Member of THY, Legal Advisor to ICC and Advisor to Istanbul 2010 European Capital of Culture Agency. He currently serves as Consultant in Antalya Chamber of Commerce and Industry. In line with the criteria set forth in the CMB Corporate Governance Guidelines, Demircioğlu was appointed as an independent member at the Ordinary General Assembly Meeting held on May 25, 2012.

Prof. Dr. Orhan Sezgin

Independent Member⁷

(67) Prof. Dr. Orhan Sezgin obtained his bachelor's, master's and doctorate degrees from the Istanbul Academy of Economic and Commercial Sciences. He attended the post-graduate research program entitled "Socio-Economic Planning" at the International Institute of Social Studies in the Netherlands. He served as a faculty member at the Marmara University Faculty of Economics - Department of Economics in Turkish and English, and the Maltepe School of Tobacco Expertise. He has served at Marmara University as a Board Member, Senate Member, Director of the Institute of Social Sciences and Head of Political Economics Division - Department of Economics. The author of several books, articles, research papers, and other publications, Sezgin is a Certified Public Accountant and has also served as a Board Member of Ataköy Marina from 1993 to 1994 and at Emlak Konut A.Ş. from 1995 to 1999. From 2000 to 2012, he was Vice President of the Ataköy Marina Yacht Club. In line with the criteria set forth in the CMB Corporate Governance Guidelines, Sezgin was appointed as an independent member at the Ordinary General Assembly Meeting held on May 25, 2012.

(1) Member of Corporate Governance Committee

(2) Member of Risk Committee

(3) Member of Corporate Governance Committee and Member of Risk Committee

(4) Member of Corporate Governance Committee

(5) Chairman of Audit Committee and Chairman of Risk Committee

(6) Chairman of Corporate Governance Committee, Member of Audit Committee and Member of Risk Committee

(7) Member of Audit Committee and Member of Risk Committee

Members of the Board of Directors were appointed on May 25, 2012 for a period of three years. Their responsibilities are defined by the terms of the Turkish Trade Act and Articles of Association.



Prof. Dr. Ahmet Kirman

Vice Chairman and CEO

(54) Prof. Dr. Ahmet Kirman is a graduate of Ankara University, Faculty of Law. He holds a master's degree in EU Competition Law, and Ph.D. in Commercial Law from Ankara University where he became Professor in Public Finance/Tax Law and served as a Faculty Member, Division Head, Head of the Finance Department and Institute Director. He also served as a faculty member at the Galatasaray University, Faculty of Law. Kirman started his career at İşbank in 1982, where he held various positions in banking and insurance operations. He served as Chairman and Board Member in several prominent companies, foremost amongst them being İşbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Prof. Dr. Kirman served Şişecam Group as Chairman between 2006 and 2008, as Chairman and Managing Director between 2008 and 2011 and he became the Vice Chairman and the Chief Executive Officer of Şişecam Group in April 2011. He also serves on TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Board of Legal Affairs. Prof. Dr. Kirman is the author of a large number of publications, including 12 books and numerous articles.

Teoman Yenigün

Executive Vice President
Flat Glass Business

(60) Teoman Yenigün is a graduate of the Boğaziçi University, Department of Mechanical Engineering. He started his career in the Şişecam Group in 1975. He served the Group at a variety of managerial levels. Yenigün was Executive Vice President of Glass Packaging Business between September 1998 and February 2011. He was appointed as Executive Vice President of Flat Glass Business on February 15, 2011.

Azmi Taner Uz

Executive Vice President
Glassware Business

(59) A. Taner Uz is a graduate of the Middle East Technical University, Department of Mechanical Engineering. He holds a master's degree from the Department of Engineering Sciences. Uz started his professional life at Ankara Erg Construction in 1976. After joining the Şişecam Group in 1980, Uz took office at a variety of managerial levels. Since September 2007, he has been serving as Executive Vice President of Glassware Business.

M. Ekrem Barlas

Executive Vice President
Glass Packaging Business

(59) Ekrem Barlas is a graduate of the Middle East Technical University Department of Business Administration from where he also holds a master's degree. He joined the Şişecam Group in 1979. He has served in a variety of managerial positions and became Marketing and Sales Director of Glass Packaging Business in 1995. Barlas was appointed as Executive Vice President – Glass Packaging Business in February 2011.

Sabahattin Günceler

Executive Vice President
Chemicals Business

(61) Sabahattin Günceler is a graduate of the Middle East Technical University, Department of Chemical Engineering. He started his career in Azot Sanayii T.A.Ş. After joining the Şişecam Group in 1982, Günceler served at a variety of managerial positions both in research and production. In 1997, he became General Manager to Camış Elektrik Üretim A.Ş. He was appointed as Executive Vice President of Chemicals Business in February 2011.

İbrahim Babayigit

Chief Financial
Officer

(53) İbrahim Babayigit is a graduate of the Middle East Technical University, Department of Business Administration. He served as Inspector at İşbank between 1984 and 1991, and took office as Assistant Director and Group Director between 1992 and 2000. He served İşbank as Accounting Manager from 2001 to 2005. Babayigit worked as Sultanhamam Branch Manager between 2005 and 2007. He joined the Şişecam Group in July 2007. Currently he serves the Group as Chief Financial Officer.

Prof. Dr. Şener Oktik

President of Research &
Technological Development

(58) Prof. Dr. Şener Oktik is a graduate of Ankara University and obtained his PhD from the Department of Applied Physics and Electronics of Durham University, UK. He has served as a faculty member and administrator in various universities and was the Rector of Muğla University from 2002 to 2010 and a Vice Rector between 1998 and 2002. Oktik worked as researcher and director at several institutions and companies, including BP Solar, Imperial Chemical Industries PLC, Durham University Industrial Research Laboratories (UK), Anel Group, and Arkanlı Holding. He also served as a member of the TÜBİTAK Marmara Research Center Advisory Board and the "Higher Education Qualification Framework" Committee. Prof. Oktik has published over 100 scientific and technical articles. In 2012, Oktik was appointed as Board Member of the International Commission on Glass and the Chairman of Turkish Photovoltaic Industry Association, and joined the Şişecam Group as the President of Research & Technological Development in 2012.

Gizem Sayın

Vice President
Strategic Planning

(50) Gizem Sayın is a graduate of the Boğaziçi University, Department of Industrial Engineering and received his master's degree from Istanbul Technical University, Department of Business Engineering. He joined the Şişecam Group in 1989 as Planning Specialist Assistant in the Directorate of Planning and Economic Research and has served the Group in a variety of managerial positions. Sayın was appointed as Business Development and Strategic Planning Manager – Chemicals Business in 2009 and as Vice President-Strategic Planning in February 2011.

Dr. Atila Gültekin

Vice President
Information Technologies

(47) Atila Gültekin is a graduate of the Istanbul Technical University, Department of Electronics and Communications Engineering, he received his master's degree at the same institution. He continued his studies and received his PhD from the Department of Control and Computer Engineering, later lecturing at the same University. He then worked at the following companies in the following positions: Siemens Nixdorf - System Software Engineer; Yapı Kredi Bank - System and Network Group Manager, and TradeSoft - Chief Technology Officer. Gültekin served as Project Coordinator and Chief Consultant at İşbank between February 2009 and July 2010. In August 2010, he was appointed as Vice President - Information Technologies at the Şişecam Group.

Özgün Çınar

Chief Risk and
Internal Audit Officer

(43) Özgün Çınar is a graduate of the Ankara University, Faculty of Political Sciences Department of Business Administration. He holds a master's degree in International Banking and Finance from the University of Southampton. He began his career in the Equity Department of İşbank in 1990 as Investment Specialist, subsequently taking up various management positions. He served as Unit Manager of İşbank's Participations Division and served as a member of the Board of Directors of T. Şişe ve Cam Fab. A.Ş. between 2006 and July 2010. Çınar has been serving as Chief Risk and Internal Audit Officer since July 2010.

* Ali Nafiz Konuk left his position as the Vice President as of 31 August 2012.

OUR VISION

WITH ITS NEW VISION, **ŞİŞECAM** IS GOING THROUGH
A COMPREHENSIVE, AMBITIOUS, AND RATIONAL
 TRANSITION PROCESS

As part of The Blue Compass Project launched in 2012, Şişecam Group's objectives and strategic orientation were redefined considering the global market conditions, and a process of structural changes was planned and initiated in order to meet these objectives. Şişecam's vision was redefined, and the corporate values and mission were revised to provide a roadmap for employees during the implementation of the global vision.

The Company's new Vision, Mission and Values reflect the transition process, which will lead Şişecam Group to its target of taking its place amongst the top three in the world glass league by 2020.

OUR MISSION

To be a company that adds value to life through its high-quality products offering comfort and that respects people, nature and the law.

OUR VALUES

- We draw strength from our traditions and support one another
- We grow together
- We are environmentally conscious
- We create a culture of fair and transparent corporate governance
- We respect differences

While racing to the top as one of the **leading** companies in glass and our other business lines, we will become a global company that teams up with business partners to deliver **innovative** solutions, that **creates a difference** distinguished with high-end technology and global brands and that ensures great **respect** to individuals and environment.

Trakya Cam

FLAT GLASS BUSINESS

leading

Şişecam Group heads to the top in the world glass league and in its other fields of business.



TRAKYA GLASS AIMS TO STRENGTHEN ITS REGIONAL LEADERSHIP POSITION IN LINE WITH ITS VISION OF “BEING A FAST-GROWING GLOBAL FLAT GLASS COMPANY OF STRONG BRANDS AND INNOVATIVE SOLUTIONS”

Trakya Cam

Europe's
4th
World's
6th
largest flat glass
manufacturer

A strong supplier of the automotive, construction, energy and home appliance sectors with its
7 float lines at
5 different locations

4 new products
in coated glass
27% increase in revenues

Sales revenue of
TL 1,249 million
investments totaling to
TL 366 million

GENERAL OVERVIEW FOR 2012

The stagnation in the European economy and the slowdown of developing economies including Turkey exerted a negative impact on the construction and automotive industries, the main markets for flat glass. Turkey's economic performance fell below projections, registering a 2.6% growth in the first three quarters of 2012, and the construction industry was among the industries that were most affected by the contraction in domestic demand. The construction industry, which had entered a period of rapid growth after the contraction in 2009, ended the year with a weak growth rate of 1%.

The sector, however, is expected to revive due to the 22% increase in building licenses, the 4.6% increase in housing sales and new urban transformation projects, and flat glass consumption is expected to increase accordingly. The requirement of obtaining energy performance certificates for new buildings will also lead to a growth in the use of high-quality glass products, which provide thermal insulation, in building renewal and construction projects.

In 2012, the deepening European economic crisis and the contraction in the Eurozone led the West European automotive market to shrink by 8%, which was also reflected in Turkey's export performance in the automotive industry. Domestic automotive sales decreased by approximately 10% compared to 2011 due to Turkey's economic slowdown, volatility in



credit costs, and the increase in private consumption taxes.

The Turkish home appliance industry was more active in 2012 and production grew by 8% compared to 2011. The cooling and cooking segments, which are among the operational areas of Trakya Cam, grew by 12% and 4% respectively. The home appliance industry was stagnant in Europe compared to 2011.

After achieving rapid growth in 2011, the installed capacity of solar cells, which constitute another operational area of Trakya Cam, displayed stagnant growth in 2012, reaching the level of 100 GW. In addition to Southeast Asia, Latin America and the Middle East, the solar cell market keeps expanding, especially in the USA, China, Japan and India, and is expected to remain a significant potential market for flat glass in the long term.

Due to renewable energy policies, Turkey also appears as a significant market with a high potential for solar energy usage.



FLAT GLASS BUSINESS IN 2012

Despite the negative effects of the contraction in the Turkish and European markets in the flat glass sector in 2012 and the significant reduction in manufacturer supplies throughout Europe, the sales turnover of Trakya Cam stood at the level registered in 2011. Acting on its vision of becoming a global flat glass company, the Company continued its investments and achieved significant developments in expanding to new locations.

The profitability performance of the Company was affected in 2012 by the rise of input costs and the stagnation in flat glass demand, particularly in export markets. Trakya Cam worked to minimize this effect through efforts to raise productivity and reduce costs.

Sector activities

Regarding the international sales in the construction sector, Trakya Cam adopted the strategy of targeting profitable markets in 2012 and continued its sales in a



controlled manner. Despite the decrease in sales volume, the number of customers and market share increased in the Balkans and Eastern Europe, which were among the major areas of economic stagnation. A controlled sales approach was adopted to take into account the market conditions in the Middle East and North Africa, which were impacted negatively by both economic stagnation and political instability. Held back by general economic instability, demand started to rise in Russia in the second half of the year, and the Company acted to take utmost advantage of this rise by considering a new float investment, which will be put into effect in 2013. As a result of these activities, sales levels of the previous year were maintained for architectural glass, and a significant increase was achieved in coated glass sales.

Despite the contraction in the automotive industry, Trakya Cam registered an 8% increase in its sales over the previous year by increasing its market share through new projects in the Turkish and European

GROWING THROUGH INCREASED CAPACITIES AT DIFFERENT REGIONS, TRAKYA CAM ALSO FOCUSES ON EXPANDING ITS PORTFOLIO OF VALUE-ADDED PRODUCTS.



markets. In 2012, Trakya Cam started to supply glass for new projects implemented in Turkey and Romania by Renault and Ford. Infrastructure developments were completed for the 2013 projects of Ford, Nissan-Russia, Toyota, and Hyundai.

Focusing on the European market, Trakya Cam continued to increase its glass sales in the cooling and cooking segments, and the Company's European sales rose by 27% compared to the previous year.

Trakya Cam's energy glass sales slightly decreased in 2012 due to the contraction in the solar energy market and the increased activity of China in solar cell production. In line with its objectives of increasing sales to existing customers and acquiring new customers in different markets, Trakya Cam worked towards developing more efficient glass products and diversifying its product portfolio.

New products

Growing through increased capacities at different regions, Trakya Cam also focuses on expanding its value-added product portfolio as a critical component of its growth strategy. The Company accelerated its R&D activities regarding energy-saving coated glass products and accomplished significant progress in this field. Energy saving has been a priority of Trakya Cam since the Company produced Turkey's first double-glazing products in 1974 under the "Isicam" brand. In this regard, four new products were launched and sales revenue from coated glass increased by 27% in 2012.

The Company's products "Isicam Sinerji" and "Isicam Konfor", which enhance energy saving and environment protection by providing up to 50% thermal insulation compared to standard double-glazing products, were promoted through an advertising campaign highlighting the insulation feature.

Certain topics have gained increasing importance in the European automotive industry, such as the reduction in CO2 emissions, vehicle weight, cooling load, increased fuel efficiency, and the use of lead-free materials. In this regard, Trakya Cam continued a number of R&D projects in automotive glass by developing original coatings with thermal insulation qualities.

The preparations for the anti-reflective coating application, which further increases the rate of light transmission of glasses used in solar cells and thermal collector systems, was completed in 2012. Commercial production is planned to commence in 2013.

Product development activities for new glass products with different functional features to be used in the home appliance and furniture industries continued throughout 2012.

The low-iron flat glass TRC Helio Extra Clear, used in shop windows, interior decoration, and furniture was added to the product portfolio. The TRC Tentesol reflective series, used primarily in commercial buildings, which formerly was

available in blue, green and silver, was enriched in 2012 by new color options of gray and bronze.

Important campaigns and activities

In 2012, Trakya Cam continued its communication activities in the media to promote the Company and its products, including the new generation insulating glasses. An advertising campaign was run with the slogan "Isicam Konfor, Isicam Sinerji / Because Your Money is Valuable... Because Your House is Valuable..." in order to promote the new energy-saving products and draw attention to the importance of heat loss in buildings. In addition to television, newspapers, radio, and digital media, the campaign was carried out at 5,000 sales points using promotional materials, and highlighted the importance of glass in insulation. In order to support the advertising cam-

aign, a promotional activity, "You Win with Isicam", was held in Izmir.

Trakya Cam provided sponsorship for the thermal and acoustic insulation films of the "Y Team" advertising campaign, which was realized with the support of members of IZODER - Association of Thermal Insulation, Waterproofing, Sound Insulation and Fireproofing Material Producers, Suppliers and Applicators.

The Group participated in numerous domestic and international fairs, including "Glasstec", one of the largest glass fairs in the world, and had the opportunity of presenting its products to industry professionals while forging new commercial bonds. Within the framework of strong cooperation with Turkish Association of Architects in Private Practice, the Company's products were promoted directly to



TRAKYA CAM CONSOLIDATED HIGHLIGHTS*

(in million TL)	2012	2011	2010
Sales Revenue	1,249	1,255	1,079
International Sales	359	386	340
Gross Profit	330	446	359
Operating Profit	80	233	182
Parent Company Profit	72	225	211
EBITDA	206	361	306
Net Financial Debt	13	(215)	(190)
Equity	2,010	1,794	1,550
Total Assets	2,649	2,348	2,047
Investments	366	97	88
Number of Employees	2,978	2,768	2,701

*Includes Trakya Cam, Trakya Cam Investment B.V., Trakya Investment B.V., Trakya Glass Bulgaria EAD, Trakya Yenisehir Cam, Trakya Polatli Cam, Trakya Glass Kuban OOO, Trakya Glass Logistics EAD, Glass Corp.S.A, Automotive Glass Alliance Rus ZAO, TRSG Autoglass Holding B.V., TRSG Glass Holding B.V., Trakya Glass Rus ZAO.

IN LINE WITH ITS ORGANIC AND INORGANIC GROWTH STRATEGIES, TRAKYA CAM HAS CARRIED OUT SIGNIFICANT INVESTMENTS IN TURKEY, RUSSIA, BULGARIA, AND ROMANIA.

the target audience at the meetings held in Istanbul, Ankara and Izmir.

Developments in production

Based on the strategy of "low cost, high quality, and product diversity", Trakya Cam carried out all its production activities in all product groups with high efficiency and optimized capacity in 2012.

Due to the increasing competition and input prices, the Company also worked to further improve total cost management in 2012 and achieved significant cost savings through the efficient use of resources.

Due to environmental and cost-related concerns, efforts to reduce energy consumption in glass production have also been among the Company's priorities in 2012. Consequently, several steps were

taken to reduce energy consumption in glass furnaces, and the Waste Heat Conversion Facility that enables the recycling of waste heat began to serve at the Yenişehir Plant. Similar systems are planned for all plants.

In order to foster the efficient use of energy, development activities were carried out in existing production facilities in 2012 and cold repair was realized for a float line in Lüleburgaz. The line is planned to be inaugurated at the beginning of 2013.

Trakya Cam uses innovative designs and technologies in all of its new projects to minimize energy consumption.

New investments

Following its growth plan, Trakya Cam continued investments in 2012 and took significant steps in Turkey, Russia, Bulgaria, Romania and India. The second mirror line in Mersin was inaugurated in July in order to meet the growing demand for mirrors in Turkey. In line with the growth expectations for the flat glass market, investments continued in the Ankara-Polatlı Industrial Zone to establish two new float lines with an annual capacity of 580,000 tons. With this new investment to be put in commission in stages, Trakya Cam will be operating eight float lines in four different regions of Turkey starting in 2013.

In line with the Company's international growth strategy, investments continued in Bulgaria to offer a wide product range and to increase the Company's market



penetration in the Balkans and Central Europe, especially with value-added products. In this regard, along with the continuing second float line investment, a coated glass line investment was also carried out in Bulgaria. The realization of this investment in 2013 will make a significant contribution to the diversification of the coated glass product portfolio.

Upon the completion of these investments, which are scheduled for 2013, Trakya Cam will be catering to all relevant product segments in Bulgaria with its diverse range of plants producing mirrors,

Trakya Cam brands

Isıcam®	TRC Tentesol®	TRC Deco classic
Isıcam Klasik®	TRC Tentesol T®	TRC Deco wired
Isıcam Sinerji®	TRC Aura Reflektä	TRC Flotal®
Isıcam Konfor®	TRC Lameks®	TRC Flotal S®
TRC Ecotherm	TRC Acoustic Lameks	TRC Gökkuşığı®
TRC Ecosol	TRC Duracam®	Lara® Cam Tuğla
TRC Helio clear	TRC Emaye Duracam®	Lara Cam Parke
TRC Helio®	TRC Elit Glass	

Automotive brands

Duracam®
Lameks®
Toglas®
Toflex®

home appliance glasses, automotive glasses and coated glasses, along with its two float lines of clear and tinted glass production.

To fulfill the objective of increasing its market share in the automotive glass market, Trakya Cam acquired a 90% stake in Glass Corp. S.A. to carry out automotive glass production activities in Romania. Embracing the growth potential in Russia, the Company continued its automotive glass plant investment in Tatarstan.

Investment in a new float line in the Republic of Tatarstan continued in the joint venture of a 70% Trakya Cam – 30% Saint Gobain partnership joint venture. With the realization of this investment, which is expected to be completed in 2013, Trakya Cam will become a strong local manufacturer in the Russian market. In order to further benefit from the high growth potential of the Russian flat glass market, the Company plans to initiate mirror and coated glass investments in Tatarstan.

As part of Trakya Cam's investments in Turkey, Russia, and Bulgaria, three new float lines, one coated glass line, and one automotive glass plant are expected to be put into operation concurrently in 2013.

In line with the decision to enter the Indian market, one of fastest growing markets in the flat glass industry, Trakya Cam signed a Memorandum of Understanding in 2012 and a Joint Venture Agreement in

January 2013 with Hindusthan National Glass & Industries Limited (HNGIL), one of the largest glass manufacturers in India.

Most recently, in line with its target of being a strong supplier of automotive glasses, Trakya Cam signed a Memorandum of Understanding in 2013 to acquire a 100% stake of the Germany-based Fritz Holding GmbH, in order to develop its capacity in encapsulated automotive glass production, an integral part of the auto glass segment.

Future prospects of Trakya Cam

Despite the current stagnation in the demand for flat glass, global flat glass demand is expected to display a continued growth with a 4-5% rise in 2013 due to the impact of developing countries and value-added products. In the current competitive environment, Trakya Cam aims to

strengthen its regional leadership and to boost its growth in the forthcoming period in line with its vision of "being a fast-growing global flat glass company of strong brands and innovative solutions".

Acting on the strategy of increasing growth in current and new markets in the coming period, Trakya Cam will continue to work towards becoming a global flat glass company by developing sustainability solutions in the areas of energy saving and environmental protection, performing efficient total cost management, accelerating R&D activities, and enhancing customer satisfaction through process optimization and a diverse portfolio of value-added products.



creating difference

Şişecam Group offers products
adding value to life with its advanced
technology and strong brands.

Paşabahçe Cam

GLASSWARE BUSINESS



PAŞABAHÇE CAM CONTINUES TO MAKE INVESTMENTS IN LINE WITH ITS VISION OF “BEING THE **WORLD’S LEADING GLASSWARE COMPANY** WITH PRODUCTS THAT **ADD VALUE TO LIFE.**”

Paşabahçe Cam

Europe's
2nd
World's
3rd
largest glassware
manufacturer

6 glass
plants
2 cardboard
plants
37 retail
stores

A broad portfolio of
over
20 thousand
machine and
handcrafted
products
exports to
135
countries

Sales revenue of
TL 1,142
million
investments totaling
TL 185
million



GENERAL OUTLOOK

Crisis-driven financial fragility remained an issue mainly for developed countries in 2012, and the worldwide stagnation impacted the glassware market negatively. Customer confidence continued to decline due to the continued economic weaknesses of EU countries in particular, and the demand for glassware continued to diminish. The implementation of monetary expansion policies did not prove sufficient to revive consumer demand. Despite the lessening of the Arab Spring's effects in the Middle East in 2012, demand in the region has not yet reached expected levels, due to the tension arising with regard to Iran and Syria. CIS continued to be an attractive market in 2012, with Russia as the driving force.

The Turkish glassware market was negatively impacted by the contraction in domestic demand. Turkey's foreign trade deficit declined in 2012 as exports hit a record high and imports decreased. Glassware imports to the Turkish market, which had risen to high levels in



Paşabahçe

2010 and 2011, were reduced by half in 2012 compared to the previous year. Centralized promotional projects of global brands continued to increase in 2012.

GLASSWARE BUSINESS IN 2012

Despite the contraction of the global market, Paşabahçe Cam, one of the top three glassware manufacturers in the world, continued to perform successfully, increasing both its sales and market share in the domestic market, registering a 3% growth in total sales revenue.

Paşabahçe Cam compensated for the decrease in demand in the developed markets including European countries, which are among the Company's main markets, by increasing its sales in alternative markets in 2012. The Company managed to maintain its international

sales at 2011 levels. Although the sales volume target was not achieved for European sales, the Company's sales revenue grew in the CIS market due to the rapid increase in demand for glassware, and growth was also achieved in the Asian, Pacific, and US markets. In the Middle East, the decrease in sales stemming from Syria and Iran were compensated through increased sales to Saudi Arabia.

Due to the fall in prices resulting from the increased competitiveness of the market, and the rise of input costs, Paşabahçe focused on productivity enhancement and cost reduction activities in 2012, in order to protect its profitability.

Restructuring of brand architecture and logo changes

The brands and sub-brands under the Paşabahçe umbrella and their relation-

ships with each other were restructured in 2012 through an extensive brand architecture project. As part of the brand identity project, the logos of Paşabahçe and Borcam were also renewed in 2012. The familiar 77-year-old Paşabahçe logo was revised to reflect a contemporary image without losing its connections with the past.

One of the two drops in Paşabahçe's new logo emphasizes the natural purity of glass and its property of enabling continuous recycling without harming the environment. The second drop symbolizes glass in its liquid state. The oval form is a preserved element from the previous Paşabahçe logo, while the white section in the middle of two drops represents Paşabahçe's "P".

As part of the Paşabahçe brand restruc-

PAŞABAHÇE CAM ENHANCES ITS MARKETING STRENGTH BY SUPPORTING ITS STRONG BRAND OF 77 YEARS WITH STYLISH, FUNCTIONAL DESIGNS AND EFFECTIVE PRODUCT MANAGEMENT.

THE GLASSWARE BUSINESS COMBINED HIGHLIGHTS*

(in million TL)	2012	2011	2010
Sales Revenue	1,348	1,315	1,147
International Sales	795	798	670
Gross Profit	441	505	415
Operating Profit	69	186	168
Net Profit for the Period	60	160	137
EBITDA	170	288	269
Net Financial Debt	228	96	124
Equity	1,134	1,328	1,143
Total Assets	1,788	1,913	1,528
Investments	208	190	89
Number of Employees	6.169	6.058	6.043

*Includes Paşabahçe Cam, Denizli Cam, Camış Ambalaj and Paşabahçe Mağazaları (Retail Stores)

PAŞABAHÇE CAM CONSOLIDATED HIGHLIGHTS*

(in million TL)	2012	2011	2010
Sales Revenue	1,142	1,109	984
International Sales	766	764	637
Gross Profit	335	406	331
Operating Profit	43	166	148
Parent Company Profit	23	127	108
EBITDA	131	254	236
Net Financial Debt	228	104	126
Equity	1,011	1,062	719
Total Assets	1,626	1,600	1,248
Investments	185	174	80
Number of Employees	4.436	4.356	4.331

*Includes Paşabahçe Cam, Paşabahçe Cam Investment B.V., Paşabahçe Bulgaristan, Posuda Limited, Trakya Glass Logistics EAD and Trakya Cam Investment B.V.



turing project, the logo of Borcam, a generic name for heat-resistant ovenware in Turkey, was also revised to reflect dynamism and innovativeness.

Brand architecture to meet the market trends

Through a brand architecture project that reorganized the brand portfolio, the products that are specially produced and packaged for the catering sector were categorized under "Paşabahçe Professional", while the "Paşabahçe Porcelain" brand was reserved for the porcelain products category.

Colorful and decorative items remained under "Paşabahçe Workshop", while the hand- and/or machine-crafted crystal composition product line became the



"Paşabahçe Superior" brand.

Additionally, the "glass4you.com" brand was created in order to compete with the continuously increasing non-branded products in Turkish and global markets, without undermining the stature of the Paşabahçe brand.

Together with the brand development activities, the packaging graphics and promotional materials of all brands and sub-brands were also renewed.

New products

As a result of the development activities, a number of new products were launched in 2012, including the reinforced and stackable Grande-S tumbler series serving the needs of the food-service segment; the Generation series with



a broad tabletop product line; the playfully designed Vita water set; the original Basic jug with juicer; and the Borcam casserole with handle on the lid for easy handling.

Along with these products, the Company also met the need of different industries for novelty by offering Spring/Summer & Fall/Winter collections, licensed products, printed plates, and products with additional accessories, such as the Breakfast Club series.

Important campaigns and activities

In order to reach industry professionals and end users, Paşabahçe Cam attended a total of 12 international fairs in 2012, six of which were in Europe, three in America, two in the Far East and one in Russia. In addition to presenting the Paşabahçe, f&d, Denizli, and Borcam branded products at these fairs, the Company was also represented at two domestic fairs with its own stand.

A platform of growing importance, digital media was used extensively in 2012 for marketing activities. In this regard, the websites of the Paşabahçe, Borcam, Paşabahçe Porcelain, f&d, and

Denizli brands were regularly updated. Additionally, several online platforms, including YouTube, Twitter, Facebook Global, and LinkedIn were efficiently used in order to connect with the target audience through social media. As a result of these communication activities, the number of Paşabahçe's followers on Facebook Turkey reached 12,500.

Commercial marketing activities were carried out for domestic markets in coordination with the commercial marketing team that served at over 180 touch-points around Turkey.

New Investments

The second furnace investment, which was started in Bulgaria mainly to supply the European market in particular, and the third furnace investment, which was initiated in Russia to supply the CIS market, continued in 2012.

Cold repair was conducted for the Borcam furnace at the Kırklareli Plant. The investment regarding the improvement of the furnace through line addition was completed and it was put into operation in April. Additionally, investments were made in ornamentation in order to ex-





PAŞABAHÇE CAM IS A SUPPLIER FOR NUMEROUS SECTORS IN TURKEY AND ABROAD, FROM **PRESTIGIOUS RETAIL STORES** TO SUPER/HYPERMARKET CHAINS, FROM **WORLDWIDE RESTAURANT AND HOTEL CHAINS** TO THE PROMOTIONS OF GLOBAL FOOD/BEVERAGE BRANDS.



pand the demand for value-added products.

Developments in production

To enhance productivity and reduce costs, the following activities were carried out by Paşabahçe Cam in 2012:

- Projects focusing on quality control and automated packaging were continued,
- The inauguration of oxygen installations at several facilities provided cost saving,
- New systems were inaugurated to make more use of waste heat,
- Projects were conducted on the utilization and sales of inactive materials,
- Activities continued on process improvement,
- Successful results were achieved especially in auxiliary raw material stock management, and measures were taken to prevent the increase of stocks that are not related to order placement.

To enhance product quality and production performance, the following R&D activities were conducted in 2012:

- Developed with the support of TÜBİTAK's R&D investment incentive, the new spinner led to improved results in product quality and size,
- Servo hydraulic technology, which is another development project, was used in 21 press lines,
- The first completely local press production line was set up,
- The press blow machinery was modernized,
- The originally designed tempering lines provided up to 50% savings in electricity consumption.

Future prospects of Paşabahçe Cam

Glassware demand is expected to be driven mainly by customer demand in 2013 as well. According to forecasts, developed markets will continue to experience stagnation and contraction in demand, and consumer spending is not expected to increase. As for the developing markets, the new policies aimed at increasing domestic demand, and the projected growth in the retail sector are expected to lead to a rise in the demand for glassware.

The catering sector, one of the sectors that shape demand and needs, is also expected to grow in the developing markets due to domestic consumption and tourism.

With its restructured brand architecture, Paşabahçe Cam aims to increase its branded sales in the target markets and enhance its marketing strength through efficient product management and brand communication activities. The continuing furnace investments in Bulgaria and Russia are scheduled to be put into commission at the end of 2013. With its growth plans extending to other geographical regions, Paşabahçe Cam continues its activities in light of its vision of being the world's leading glassware company.

RETAIL STORE ACTIVITIES

Paşabahçe Mağazaları, the Group's professional chain store management business, stands as the leading retailer in Turkey in its field. The chain extended its reach in 2012 to cover 10 cities. With the opening of Buyaka, Trump Tow-

ers, Aqua Florya and Nişantaşı City's Mahalle in Istanbul and Sanko Park in Gaziantep, the total number of stores reached 37. Additionally, a large number of stores were renovated to provide an improved shopping experience.

Offering the opportunity of online shopping, the Paşabahçe e-store was also enhanced through the expansion of the product range and a new user-friendly interface design. The product portfolio of Paşabahçe Mağazaları was expanded in 2012 with the addition of new concepts, including Camda Bi'lokma, Yaz Sofraları, Yaz Renkleri, and Çeyiz. Paşabahçe Mağazaları aims to extend its services in the forthcoming period

by opening new stores in Turkey and abroad.

PAPER-CARDBOARD PACKAGING ACTIVITIES

Camiş Ambalaj, which meets the high-quality paper-cardboard packaging needs of the Şişecam Group, along with many other renowned companies of the Turkish manufacturing industry, manufactures and markets offset-printed cardboard and laminated consumer packaging, and high-quality flexo printed corrugated packaging. Camiş Ambalaj increased its total sales volume by 4%, where the sales to non-Şişecam Group Companies increased by 13%.

Camiş Ambalaj participated with four new designs in the "3rd Crescents and Stars for Packaging Competition", organized by the Packaging Manufacturers Association of Turkey in 2012. The Company received the gold, silver and bronze awards in the "Presentation and Storage Products" category.

- Paşabahçe Mağazaları 7-piece Elephant Pack - Gold Medal
- Paşabahçe 6-piece Tea Glass Pack and Display - Silver Medal
- Paşabahçe 6-piece Glass Pack - Bronze Medal
- Efes Pilsen 4-piece Bottle Pack with Handle - Bronze Medal

Camiş Ambalaj aims to grow further in the paper-cardboard packaging industry, increasing its competitive advantage and becoming a preferred solution partner.



Anadolu Cam

GLASS PACKAGING BUSINESS

innovative

Şişecam Group, empowered by its stakeholders, creates value for its business partners through innovative solutions



ANADOLU CAM CONTINUES ITS INVESTMENTS WITH ITS VISION OF “BEING A GLOBAL GLASS PACKAGING COMPANY THAT SERVES ITS CUSTOMERS AS A SOLUTION PARTNER IN CREATIVE PROCESSES WITH ITS DESIGNED PRODUCTS AND SERVICES, AND ADDS VALUE TO THE INDIVIDUAL AND THE ENVIRONMENT.”

Anadolu Cam

Europe's
4th
World's
5th
biggest glass
packaging producer

2.2 million
ton/year
production
capacity in
4 different
countries

Over 1,000 products
on
production
lines
87
46%
international
sales revenue

Sales revenue of
TL 1,475
million
investments totaling to
TL 310
million



A GENERAL OVERVIEW OF 2012

Beginning in 2011, the glass packaging market, which had shrunk due to the global financial crisis, started a steady recovery in the geographical regions in which Anadolu Cam has been active. With these developments, the glass packaging market tended to grow in a more reliable manner in 2012. Economic recovery in these above-mentioned markets enabled demand to stay at a desirable level during the course of the year and favorable market conditions in emerging markets led to the demand being channeled to these countries.

The international glass packaging business is expected to reach \$36,800 million in 2013, according to the International Glass Packaging Market 2012-2022 report prepared by the research company Visiongain. The report envisions that the glass packaging market will grow at a steady rate for the next 10 years and that the use of glass packaging will expand due to the expected increase in the consumption of luxury products in rising markets. Anadolu Cam developed a growth strategy of “becoming a global power in the emerging global glass packaging market with new investments” within the scope of the opportunities provided by the region in which it operates.



GLASS PACKAGING GROUP IN 2012

Anadolu Cam's annual turnover reached TL1,475 million in 2012 with the impact of changing consumption patterns, showing an increase of around 15% compared to the previous year. Approximately 46% of the Group's sales revenue came from international activities.

“Strategic Mapping” activities initiated by the Şişecam Group in 2012 were also discussed broadly by the Glass Packaging Group throughout the year. Within this scope, strategic orientations and positioning in the operating markets together with new focus points were determined by detailed analyses under the umbrella of renewed vision, mission, and values. Furthermore, new strategic projects were developed in compliance with globalization and the rapidly changing world dynamics.

Activities in production facilities

The Glass Packaging Group, which continues its activities in production facilities in four countries, has an annual production capacity of:

- 920,000 tons/year in three facilities in Turkey,
- 1,200,000 tons/year in five facili-



- ties in the Russian Federation,
- 30,000 tons/year in one facility in Georgia,
- 85,000 tons/year in one facility in Ukraine

and a total annual production capacity of 2,200,000 tons/year. Existing facilities are constantly renovated with modernization works in accordance with needs and are improved by additional investments. Within this framework, investments made in 2012 totaled \$137 million: \$119 million in Turkey and \$18 million in Russia and other countries.

Turkey

The Glass Packaging Group continued its activities in Turkey as “Anadolu Cam” in 2012 with ten furnaces in three facilities in Istanbul, Mersin, and Bursa-Yenişehir. The investment process started in Yenişehir in order to meet increasing glass packaging demand from these facilities was completed at the end of 2011. A production capacity of a total of 480,000 tons/year from four furnaces, each with a capacity of 120,000 tons/year was reached in the Yenişehir facility. The Group's Topkapı Factory, which has been active since 1969, was closed down

on December 31, 2012 when the area in which the facility was located ceased to be an industrial zone. At the beginning of 2013, production was started at a new facility with 2 furnaces and a capacity of 180,000 tons/year. The Eskişehir factory, which is going to produce jars and bottles for the food, drink, and drug sectors, was designed using the latest technology. The facility also has a production line for large-scale glass packaging manufacturing and is capable of producing items with volumes from 10 to 60 liters. Two furnaces at the Eskişehir plant were fired up at the beginning of 2013 and started production.

Enhancing the competitive capacity of glass packaging was again taken into consideration as a priority issue in 2012. Making glass packaging lighter, improving its endurance, reducing the process inputs and wastes in production, using renewable energy, and enhancing glass recycling are among the foremost project titles. Meanwhile, new works related with these projects started during the course of the year. Our activities were aimed particularly at energy saving and other improvements, as well as cost reduction activities in all our facilities being acceler-

AT ALL OUR PLANTS, VARIOUS IMPROVEMENTS AND COST-REDUCTION EFFORTS, ESPECIALLY THOSE AIMED AT ENERGY CONSERVATION, HAVE BEEN ACCELERATED, RESULTING IN TL 25.8 MILLION COST-SAVING IN ONE YEAR.



ated, thereby saving TL25.8 million during the year.

Russian Federation

Anadolu Cam defines its basic strategy in the sphere of glass packaging as “constantly improving its scale and becoming a leading producer in its region” and has been carrying out its expansion strategy in the Russian Federation under the name of “Ruscam” since 2002. Anadolu Cam defines its growth targets in the Russian market as “existing in all categories of the glass packaging market, reaching a market share of 20% in the total glass packaging market, and being a leading glass packaging supplier, with minimum cost and maximum service quality”. Anadolu Cam continues its capacity creating activities by direct investment and purchasing.

The fact that the Glass Packaging Group’s production capacity in the Russian Federation has been steadily increasing made high-quality and economical sand provisioning a vital issue. The Group runs a 50% partnership in a sand facility in Russia in order to meet its basic raw material

needs from a reliable source, with a total capacity of 800,000 tons/year, 350,000 of which is glass-packaging sand.

Georgia

The Mina Plant in Georgia, which was acquired during its privatization in 1997, was Anadolu Cam’s first investment abroad. The Mina plant continued its activities in 2012 with one furnace and a capacity of 30,000 tons.

Ukraine

Anadolu Cam acquired Merefca Glass Packaging Plant in Ukraine in 2011 to bolster its international activities with the objective of becoming a leading producer in its region. Merefca Glass Packaging Plant continued its production activities related to the food and drink sectors in 2012 in its single furnace, equipped with modern technology.

OMCO-Istanbul

OMCO-Istanbul, which commenced its operations in 2001 in partnership with Anadolu Cam and Belgian OMCO International

NV, is a facility producing glass packaging and glassware moulds. The company achieved sales of TL64.7 million in 2012, surpassing its budget target. OMCO-Istanbul, which is expanding in the market with its product and service quality and enjoys a high demand in international markets due to its high quality, will continue with its activities aimed at boosting its exports in the upcoming period.

New product activities

The Product Design Center of Anadolu Cam partners with customers to produce different and innovative design solutions. The Product Design Center, which aims at providing the best service possible by combining design, engineering knowledge, and deep-rooted experience, worked on 1,113 new product designs for production facilities in Turkey, Russia, Ukraine, and Georgia during 2012. Mould orders were placed for 294 of these.

Anadolu Cam had a successful year in terms of design in 2012. The company received 18 design awards, including:

- A total of 14 awards encompassing 10 competency awards, two silver and two bronze awards at the Packaging Star and Crescent Contest organized by the Packaging Manufacturers Association,
- Two awards in the WorldStar-2012 Contest organized by the World Packaging Organization, 2 awards in the “Outstanding Design” and “Good Design” categories of Design Turkey 2012.

Anadolu Cam showed the success of receiving awards from the World Packaging



Organization for three consecutive years, with the two awards granted at the WorldStar-2012 Contest.

Cooperation with Universities

A “glass packaging design project” was carried out in the Spring semester of 2012 with Istanbul Technical University’s industrial design students to introduce them to glass packaging and help them develop creative, original, and functional new designs. A total of 46 students participated in the project which lasted two months, and they developed glass packaging designs in the categories of water, milk, yoghurt, yoghurt drinks, mineral water, beer, and alcoholic beverages. The students presented the results of their projects at Şişecam Main Office and Sales Center.

Solutions through Design

When a request for a water bottle design for the Reina brand was received, the first idea was to develop a stylish and premium design in line with the brand identity. one of the designs from our Design Center’s portfolio was immedi-

ately favored by the customer, however, deciding on the concept required further efforts to understand both the technical requirements and the positioning of the brand. The Design Center was already working on the Braille alphabet at the time and offered the customer to print the word “water” in raised letters on the glass packaging in Turkish and English using the Braille alphabet referring to the customer’s significant concern for social issues. The fact that a project for the visually impaired people was not made before, gave extra impetus to the idea of combining the customer’s demand in design features with the idea of using the Braille alphabet on glass packaging. The Six Dots Foundation for the Blind



confirmed that the script embossed on the shoulder of the bottle was readable.. The project for Reina Water constituted a good example of using design for a creative solution in glass packaging.

Important campaigns and activities

On March 9, 2012, Anadolu Cam brought online a web platform named “Add Glass to Life” accessible through the “www.hayatacamkat.com” link, in order to share the health, purity, and beauty of glass with consumers. The platform, which is linked to social media such as Facebook, Twitter, and Youtube, shares news on issues including glass packaging, recycling, and environmental consciousness, as well as videos, examples of award-winning glass packages, projects, and useful information. Contests have played a crucial role in the rapid increase in the number of followers of “Add Glass to Life” in social media and particularly on Facebook.

On July 17, 2012, Anadolu Cam started an advertising campaign aimed at showing the beneficial effects of mineral wa-

ANADOLU CAM CONSOLIDATED HIGHLIGHTS*

(in million TL)	2012	2011	2010
Sales Revenue	1,475	1,285	1,132
International Sales	677	595	495
Gross Profit	342	354	295
Operating Profit	118	158	128
Parent Company Profit	72	134	102
EBITDA	297	316	263
Net Financial Debt	864	741	412
Equity	1,110	1,047	899
Total Assets	2,402	2,299	1,744
Investments	310	356	102
Number of Employees	5.145	5.508	5.208

* Includes Anadolu Cam, JSC Mina, Ruscam, Anadolu Cam Invest B.V, AC Glass Invest B.V, Ruscam Holding, Ruscam Kirishi, Ruscam Kuban, Ruscam Sibir, Brewery Pivdenna, Balsand B.V, Pokrov Glass Plant, Anadolu Cam Yenişehir, Anadolu Cam Eskişehir, Omco Istanbul, 000 Balkum, Form Mat.

ANADOLU CAM HAD A SUCCESSFUL YEAR IN TERMS OF DESIGN, RECEIVING A TOTAL OF 18 DESIGN AWARDS IN 2012.



cal and foreign visitors were entertained, emphasized how glass packaging contributed to life in the areas of design, production, and marketing by offering freshness, health, beauty, healing, and enjoyment.

ENVIRONMENT FRIENDLY ACTIVITIES

Making glass packaging lighter

Efforts to decrease the weight of glass packaging through the use of less material continued throughout 2012 and an improvement of 10% was achieved in comparison to the previous year. Thanks to these attempts, a total amount of 13,288 tons of glass was saved. A total of 92 moulds have been made lighter during the past three years within the scope of mould improvement efforts aimed at making the same product with lighter glass. Further plans include making 30 moulds lighter during the next two years. This is intended to save at least 15,000 tons of glass during 2013.

“Glass and Glass Again” project

The Glass Packaging Group started the “Glass and Glass Again” project as part of its support for glass recycling. This project aims at raising awareness of how the recycling of glass contributes to nature by saving raw material and energy, and at leading the creation of an infrastructure for waste collection. In this respect, trained teachers educated a total of 55,000 primary school students in an interactive way over the course of 2012 and the students were awarded promotion sets at the end of the training.

In addition, the Group cooperated with a total of 13 district municipalities in

ter and increasing daily mineral water consumption. The campaign banners, which aimed at reaching an audience embracing a natural life-style and paying attention to the healthy and balanced diet of both themselves and their families, were put on display through July 17-23 and August 1-7. Meanwhile, the campaign’s radio spots were broadcasted on 11 radio stations and advertisements reached the targeted audience through prestigious monthly magazines during the period of August-December.

The “QR Bingo” contest organized on the Facebook page of “Add Glass to Life” as part of the advertising cam-

paigned was the first prize contest to turn an advertising campaign into an interactive game in Turkey.

Participants who used their smart phones to scan the “QR (square) codes” on the banners of the advertising campaign and on web banners placed with Turkey’s leading portals obtained passwords, which they then used to enter the “QR Bingo” game on the Facebook page of “Add Glass to Life”, and sought to complete the series of campaign icons to win a variety of awards. In 2012, Anadolu Cam used the “Add Glass to Life” theme at the 18th International Packaging Industry Fair. The company’s booth, where numerous lo-

AWARD-WINNING DESIGNS OF 2012

Packaging Star and Crescents 2012

Competence Awards

- Sirma Water Bottles
- Ofea Spray Olive Oil Bottles
- Doğanay Vinegar Bottles
- Doğanay Turnip Juice Bottles
- Doğanay Lemonade Bottles
- Sirma Schorle Bottles
- Svarovsky Vodka Bottles

- Balderesi Honey Jars
- Tamek Jam Jars
- Promotion Bottle Design

Silver and Bronze Awards

- Ofea Spray Olive Oil Bottles (Silver Award)
- Doğanay Vinegar Bottles (Silver Award)
- Sirma Water Bottles (Bronze Award)
- Tamek Jam Jars (Bronze Award)

WorldStar 2012

- Sirma Water Bottles
- Ofea Spray Olive Oil Bottles

Design Turkey 2012

- Sirma Water Bottles (Outstanding Design Award)
- Doğanay Vinegar Bottles (Good Design Award)



Istanbul, Ankara, Izmir, and Edirne during the course of the year. Within the framework of this cooperation, system improvement support was given to municipalities having glass packaging waste collection infrastructure. The Group also gave support to municipalities without glass packaging waste collection, in terms of building a waste collection infrastructure.

In 2012, selected district municipalities in Istanbul, Ankara, and Izmir were donated 2,000 collection boxes of 400 liters capacity each. The Beyoğlu municipality, which has a high glass packaging consumption due to the concentration of onsite consumption points, was donated one glass collection vehicle. A glass bottle collection campaign named “You Give Us Glass Bottles, We Give You Tickets” was organized by the Zeytin-

burnu municipality and sponsored by Anadolu Cam from March 26 to May 27, 2012. Approximately 1,000 people were reached through the campaign, aiming to raise social consciousness about recycling by encouraging kids and parents to throw glass packaging waste into glass collection boxes.

Anadolu Cam participated in the Çankaya municipality’s 2nd Recycling Festival organized on June 3. More than 7,000 students attended the festival. The “Glass and Glass Again” project will become more widespread in other cities in future years.

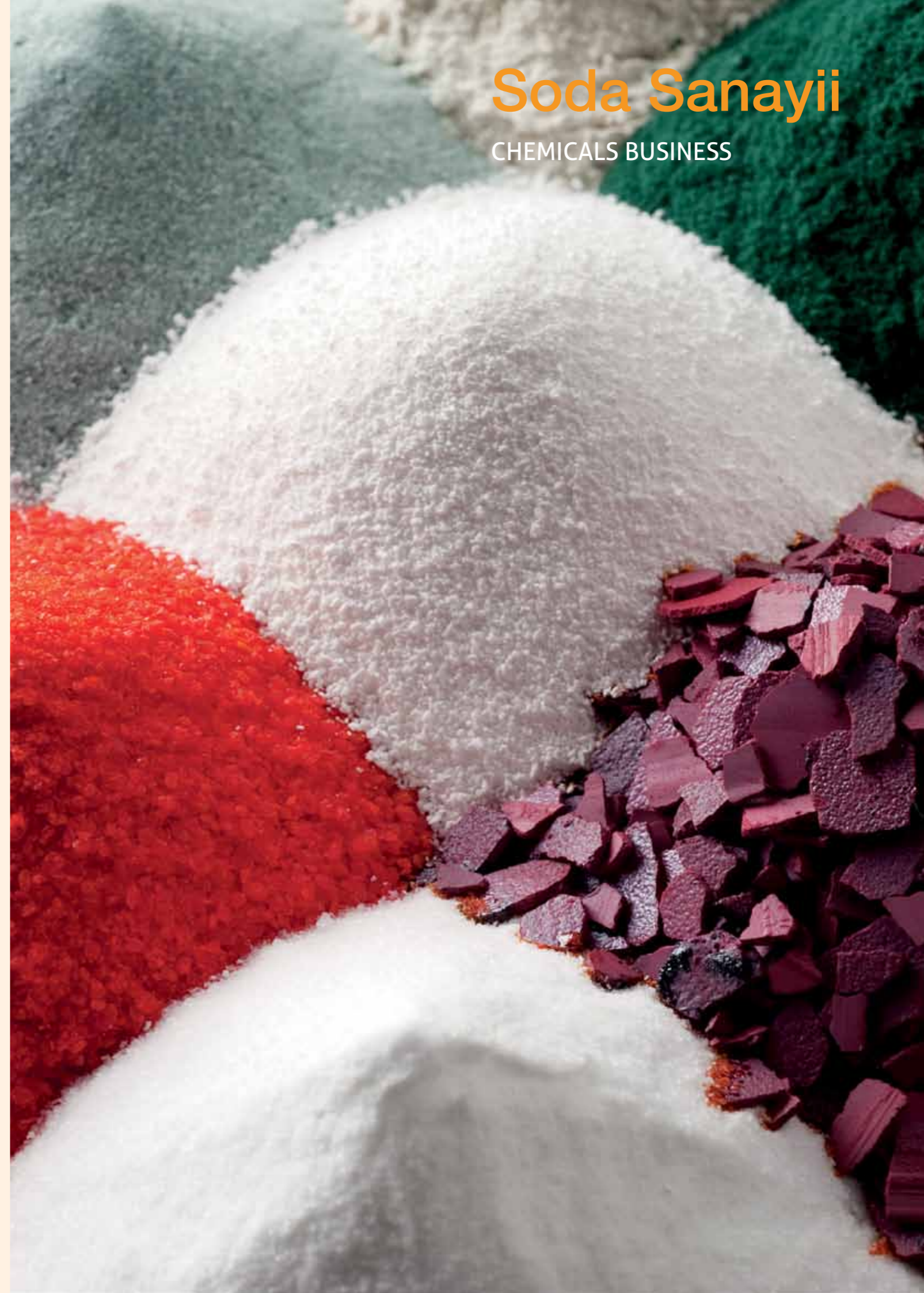
Improvements in quality of cullet

Anadolu Cam continues to work on the use of an increasing quantity of better quality cullet, so as to diminish costs by requiring less raw materials and energy.

The optical separator purchased in order to monitor the final control of cullet at the Bursa-Yenişehir Plant has been active since October. The quality of purchased cullet in terms of the “Specification for Furnace-Ready Cullet” is now more efficiently controlled through this line with a capacity of 10 tons/hour. The machine has boosted the efficiency of controls and remarkably improved the quality of the cullet used in furnaces. 106,400 tons of cullet have been supplied since New Year, surpassing our targeted 100,000 tons for 2012.

respectful

Şişecam Group produces in compliance with the principles of efficiency and sustainability by using environment-friendly technologies.



IN 2012, SODA SANAYİİ INCREASED THE NUMBER OF COUNTRIES TO WHICH IT EXPORTS ALONG WITH THE NUMBER OF ITS CUSTOMERS, WHILE EXPANDING ITS PENETRATION IN THE TARGET MARKETS.

Soda Sanayii

Europe's

4th

World's

10th

biggest soda producer

World's

1st

sodium dichromate and basic chromium sulphate producer

World's

3rd

largest chromic acid producer

Production of

3.6 million tons of steam

1.6 billion kWh of electricity

at the Mersin Cogeneration power plant in 2012

Production facilities in

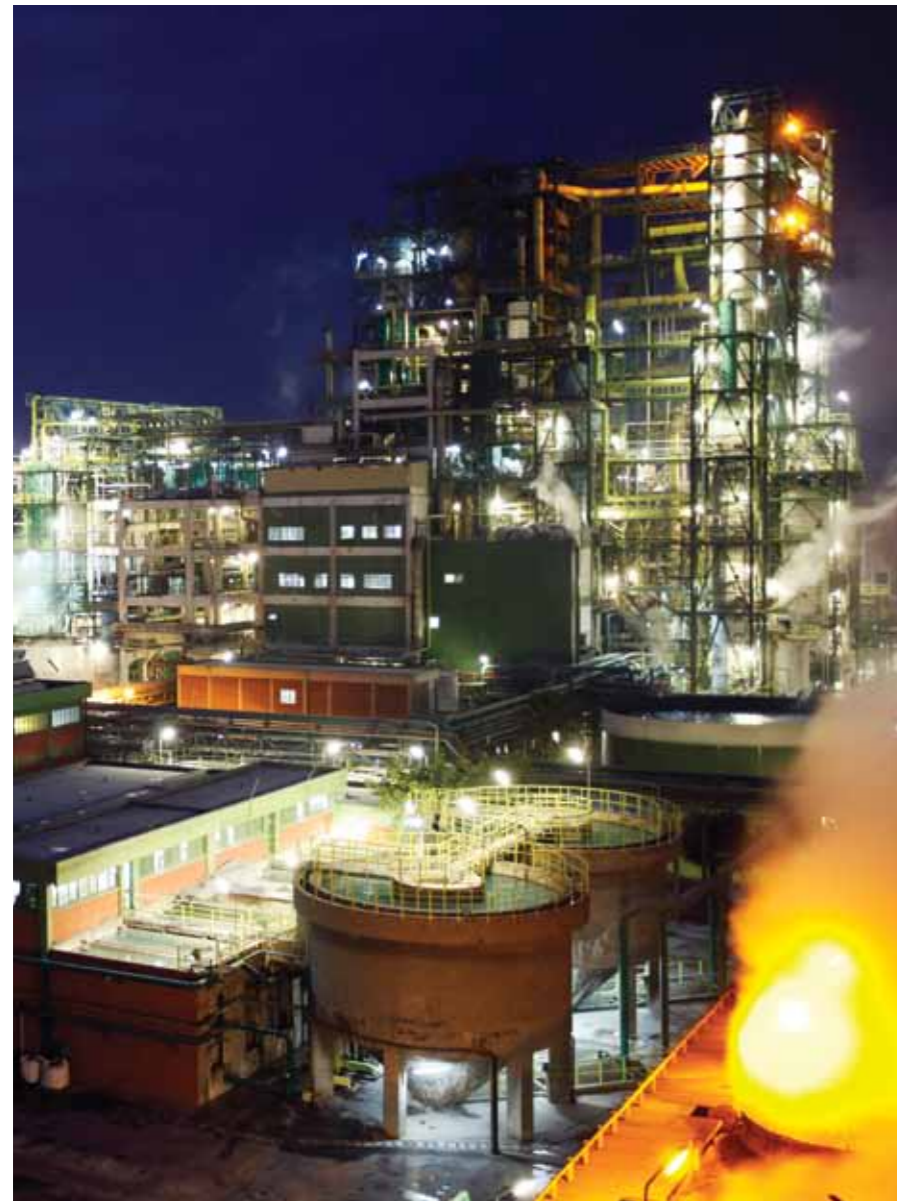
4

countries

exports to

86

countries



A GENERAL OVERVIEW OF 2012

Sectors operating under the rubric of the Chemicals Group were affected by the consequences of stagnation in Europe and economic recession across the world, as in almost all the other sectors. The soda market witnessed an improvement in 2011 and continued to grow in 2012. However, this recovery lost part of its momentum in some regions due to the ongoing financial instability in Europe, together with the political uncertainties confronting the Middle East. While soda demand is growing faster than the global average in India, Russia, Latin America, Africa, and the Middle East, it remains below the global average in Europe, China, and North America. Despite these regional differences, the global soda sector grew by 2% in 2012.

An analysis of demand in soda markets in 2012 indicates that demand retained its boom in developing countries in the flat glass sector and that consumer trends in the glass-packaging sector affected demand in a positive way. While demand for soda faces a decline in the



detergent sector due to liquid detergent use in Europe, a rise in demand continues in developing countries such as those in the Middle East, China, and India, with high population concentrations.

The glass sector, one of the main users of soda, witnessed an increase in demand in relative terms in the domestic market in 2012. This increase primarily stemmed from production growth in the glass packaging sector. On the other hand, the textile sector, which uses soda products as auxiliary raw materials, did not witness any growth as a result of the financial recession in the European Union countries. The fact that domestic producers in the detergent sector improved their exports due to the rising demand in neighboring markets, primarily through border trade, has had a positive impact on national soda consumption.

Meanwhile during the first half of 2012, chromium compounds showed a horizontal course in economic terms in the industries using chromium chemicals as input and in related sectors throughout the world. Demand for chromium chemi-

cals remained steady until the end of the third quarter of the year. However, the leather and metal plating sectors, to which the Group is providing input, were affected negatively, particularly due to the recession in the automotive and construction industries in Europe in the last quarter of the year.

The fiberglass sector, another sector in which the Chemicals Group is active, continues to grow despite the economic woes in Europe, the Group's main export market. However, the fiberglass sector in developing countries, including Turkey, is witnessing a more rapid growth. The world fiberglass market grows annually at an average rate of 5%. It is expected that demand for fiberglass is going to increase further with the improvements in wind energy and the automotive sector.

CHEMICALS GROUP IN 2012

In general, the Chemicals Group continues to grow with its investments in the existing sectors. Despite the recession in the European markets, the Chemicals

Group improved its sales revenues via its market diversification and its penetration of the targeted markets, performing successfully in international sales. The Group's yearly turnover reached TL1,633,000 in 2012 and increased at a rate of 11.4% compared to the previous year. Meanwhile, the Group's international sales reached TL772 million with an increase of 13%. The Group obtained 47% of its revenues from international sales.

Soda Products

Soda Business had a successful year in 2012, surpassing its targets in sales revenues and profitability. An increase of 15% was achieved in total sales revenues from soda products in comparison to the previous year.

In 2012, our Group increased the number of countries to which it exports along with the number of customers. Furthermore, it expanded its market penetration in accordance with its strategy of increasing its market share in the targeted regions. Meanwhile, the Şişecam Soda Lukovac Plant in Bosnia, which successfully

IMPROVING EXISTING PROCESSES AND TECHNOLOGIES, REDUCING COSTS, ENHANCING PRODUCTIVITY, RAISING THE QUALITY OF PRODUCTS AND WORKING ON PRODUCT DEVELOPMENT CONSTITUTE THE FOCAL POINTS OF OUR R&D ACTIVITIES IN FIBERGLASS.

CHEMICALS BUSINESS COMBINED HIGHLIGHTS*

(in million TL)	2012	2011	2010
Sales Revenue	1,633	1,466	1,187
International Sales	772	683	521
Gross Profit	289	324	202
Operating Profit	129	183	77
Net Profit for the Period	126	185	106
EBITDA	233	277	162
Net Financial Debt	20	60	90
Equity	1,291	1,185	1,058
Total Assets	1,834	1,860	1,554
Investments	107	160	95
Number of Employees	3.017	3.190	3.322

*Includes Soda Sanayii, Cam Elyaf, Camiř Madencilik, Madencilik Sanayii ve Tic. A.ř., Camiř Egypt Mining, Camiř Elektrik, and Vijenac.

SODA SANAYII CONSOLIDATED HIGHLIGHTS*

(in million TL)	2012	2011	2010
Sales Revenue	1,182	872	660
International Sales	680	590	448
Gross Profit	243	250	153
Operating Profit	140	170	85
Parent Company Profit	131	185	69
EBITDA	209	224	132
Net Financial Debt	44	42	56
Equity	998	798	615
Total Assets	1,428	1,225	945
Investments	91	119	63
Number of Employees	1.706	1.769	1.854

*Includes Soda Sanayii, řiřecam Bulgaria Ltd., Oxyvit Kimya, řiřecam Soda Lukavac, Dost Gaz Depdlama, Asmař, Cromital, and Sintan.



for 2013, amid increasing input prices and a fiercely competitive environment.

Chromium Compounds

Throughout the world there was horizontal progress in economic terms in the industries using chromium chemicals as input and related sectors during the first half of 2012. The demand for chromium chemicals maintained its existing level without much fluctuation until the end of the third quarter of the year. However, the recession in Europe in the last quarter of the year, and particularly in the automotive and construction sectors, negatively affected the leather and metal plating sectors for which we have been providing input. Despite these adverse effects, we achieved a successful performance in Chromium Chemicals Business in 2012, surpassing our sales revenues and profitability targets. Chromium Chemicals Business obtained 81% of its sales revenues from international markets, as in the previous year. The number of export countries and customers increased in terms of sales from all our facilities as of 2012. Meanwhile, there have also been improvements in our market shares in export countries.

One of the world's leading facilities in terms of product quality, production technology, and environmental standards, Kromsan Chromium Chemicals Plant became the world's biggest sodium dichromate, the biggest basic chromium sulphate, and third biggest chromic acid producer, due to its investments started in 2011 and completed in 2012.

Our group became one of the key players in Europe in chrome chemicals production and sales after our Cromital SpA firm in Italy became completely part of Soda Sanayii A.ř. at the end of 2011. Cromital SpA not only controls a crucial portion of the basic chromium sulphate market in Italy, but is also central to meeting the liquid product demands of the European market in other chrome chemicals.

Attempts to register our existing products in compliance with the REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Statute adopted by the European Union in 2012 continue, since it is expected that the importance of Chrome III products in the metal plating industry will grow, as will the demand for them, particularly in the European markets.

The Group participated in All China Leather Fair (Shanghai-China), Shoes & Leather Exhibition (Guangzhou-China), and FIMEC Leather Fair (Novo Ham-

burgo-Brazil) in the area of chromium chemicals in 2012.

Projects aimed at expanding the market by geographic diffusion and expanding capacities are planned in the chromium chemicals sector in accordance with our growth vision. Furthermore, we aim to raise our sales revenues by using the capacities generated at the existing facilities at the optimum level possible. We have diversified our export markets in past years. We will give priority especially to developing countries, thereby strengthening the group's existence in these markets. We will continue our customer-focused approach in all markets and sales facilities.

Research-Development (R&D) Activities

Research and development activities in the Soda and Chromium Chemicals Business focus on constantly improving existing processes with environment-friendly low-cost technologies, diversifying

product variety with new high value-added products, boosting productivity, reducing costs, and strengthening competitive capacity together with the capability of improving products and processes.

In 2012 work continued on product development of refined sodium bicarbonate, which is used in various processes.

Meanwhile, we continue to work on new tanning products and new trivalent chrome products in the realm of the Chromium Chemicals Business. We completed the establishment of a Laboratory for Surface Treatment technologies and continued our projects on increasing chrome recycling during the course of the year. We will also continue working on these projects in 2013.

Cam Elyaf (Fiberglass)

Cam Elyaf Sanayii A.ř., another member of the Chemicals Group, produces and sells fiberglass products, which

continues to improve its market diversification and increasing sales channels, has become a regional power.

The production capacity at the Mersin and Bosnia facilities and the Solvay Sodi facility with which we have a production partnership in Bulgaria reached approximately 2,000,000 tons. Soda Sanayii, Europe's 4th and the world's 10th biggest producer, realizes 63% of its sales from these three facilities directed to the international market.

Investments for a capacity growth of 70,000 tons/year were started in 2011 in the Mersin Soda Plant, and upon completion, the capacity of the plant was raised to 1,250,000 tons/year. Our

modernization investments at these facilities continue so as to constantly strengthen management performance, reduce energy costs, and increase efficiency, with the objective of increasing competitiveness.

Activities aimed at geographical diffusion and expansion with new capacities are planned in line with our growth target in the soda sector for 2013. Projects are being prepared with the aim of increasing the percentage of value added products in our product portfolio. As the Group opens to new markets, increasing its share in priority markets is also among our objectives. Projects aimed at effective cost management and raising energy efficiency will also be focal points



HAVING REALIZED 3.3 MILLION TONS OF PRODUCTION AND SALES IN 2012, CAMIŞ MADENCİLİK AIMS TO INCREASE ITS SALES VOLUME BY DEVELOPING NEW CAPACITIES WITHIN THE FRAMEWORK OF ITS GROWTH STRATEGIES.



fiber factories belonging to the Şişecam Group. In addition, CamiŖ Madencilik expands its product range in line with the Group's medium- to long-term strategies. CamiŖ Madencilik accomplished sales of 3,300,000 tons in 2012, with over 650 employees, almost 60 mine sites, and 14 raw material processing and concentration plants in different parts of Turkey, along with its production plants in Egypt and Bosnia subsidiaries.

After working on new products and process changes in 2012, sodium silicate sand was produced in Yalıköy, borosilicate sand in Trakya Grinding Facilities, and solar-glass grade feldspar in Aydın, Çine. CamiŖ Madencilik is going to continue raw material provision within the framework of Şişecam Group's growth strategies with the investments targeted for 2013. In addition, CamiŖ Madencilik aims at raising its sales outside the Group with the new capacities that will be established.

Energy Production

CamiŖ Elektrik Üretim A.Ŗ., one of the first private companies in the electricity sector in Turkey, continues its energy production activities at the Trakya Power Plant in Lüleburgaz, with a capacity of 32 MW. Mersin Cogeneration Plant, which was previously one of the assets of CamiŖ Elektrik Üretim A.Ŗ., became incorporated into Soda Sanayi A.Ŗ. through partial division on March 31, 2012.

Mersin Cogeneration Plant produced 3,600,000 tons of steam and 1,600,000,000 kWh of electricity in 2012. Mersin Cogeneration Plant con-

constitute the essential inputs for of the composite industry. The company, which commenced operations in 1976, produces MATs, multi-end rovings, direct rovings and chopped strands used in construction, automotive, transportation, marine, industrial products, consumer goods, and wind energy sectors.

We reached our targets with regard to the total sales of Cam Elyaf (Fiberglass) in 2012. Despite the cautious growth in the European markets, the share of sales in the domestic market increased due to greater activity. Parallel to this, the share of international sales in total sales declined to 43%.

Automation projects aimed at reducing costs and increasing productivity contin-

ued at Cam Elyaf in 2012. Meanwhile, improving existing processes and technologies, reducing costs, increasing productivity, improving product quality, and developing new products constituted the focal points of R&D projects.

In 2012, the Company participated in the JEC fair, the largest composites industry organization held in Paris every year. In addition, the Company also attended the China Composites (China) and Composite Europe (Germany) fairs, and the domestic Environment and Energy Fair - ICCI, in 2012.

CamiŖ Madencilik

Operating within the Chemicals Group, CamiŖ Madencilik A.Ŗ. meets the raw material needs of the glass and glass



tinues its activities as one of the most important and reliable suppliers of the region within the scope of its electricity production license issued by the Energy Market Regulatory Authority (EMRA).

Oxyvit

Oxyvit, which started its activities in 1999, produces Vitamin K3 and its derivatives used in the feed industry, as well as Sodium Metabisulphite. With a market share of approximately 15% in the global Vitamin K3 market, Oxyvit completed 2012 successfully by surpassing its sales targets. The sector annually grows an average of 2%.

The Company exports 70% of its sodium metabisulphite, which constitutes another area of activity. In 2012, Europe still had the biggest share among the regions to which the company exported, as was the case in previous years. On the other hand, Africa has become our

fastest growing market following our attempts at increasing market diversification. Activities directed towards target markets in Africa and South America were continued during the course of the year. The Company aims to make use of opportunities to expand into the Far East and America in 2013.

Oxyvit participating in the sector's leading fairs on a regular basis, established new contacts at the IPE Atlanta and EuroTier/Germany fairs in 2012.

AsmaŖ

A manufacturer of heavy industry machinery and equipment, AsmaŖ has a position of regional significance with its accumulation of knowledge, expert technical personnel, and its vision of quality in the sector. AsmaŖ provides services to domestic and foreign markets, and builds complete facilities, undertakes projects and technological enterpris-

es, and manufactures machinery and equipment with widespread industrial use. Iron and steel, cement, chemistry, energy, transportation equipment, and the defense industry are among the main sectors served by AsmaŖ.

AsmaŖ undertook the equipment manufacturing part of the business development projects and investments of the Şişecam Group companies in Turkey, Russia, Bulgaria, and Bosnia-Herzegovina in 2012. AsmaŖ expanded not only its group sales, but also its customer portfolio abroad. For example, AsmaŖ manufactured technological machinery for various projects in Turkey, Germany, Italy, Peru, China, and the United States, oriented towards hydroelectric power plants and the iron and steel sector.

ŞİŞECAM GROUP ALLOCATED 1% OF ITS SALES REVENUES TO RTD ACTIVITIES IN 2012.

RESEARCH & TECHNOLOGICAL DEVELOPMENT

Research Technology Development (RTD) for the future

The Şişecam Group employs the most advanced technologies in the production of glass, glass products and chemicals. Research and Technological Development activities at the Şişecam Group started in the 1970s in an effort to position the company in the international race by developing technologies and products for existing and emerging markets. Since then, the Şişecam Group has played a leading role in the glass sector and become a respected actor in the future of glass related sectors, due in large part to the power of its research and technological development activities.

The Şişecam Group aims to be a leading, dynamic global company with creative solutions and global branding. Thus RTD activities at Şişecam are given an increasing priority on a year to year basis to improve the scope of efforts at the national and international level. Şişecam is following a path that will take her beyond her current position through research and technological development in innovative products and technologies.

Energy Efficiency and Cost Reduction

The melting process that constitutes the core of glass production plays a vital role in energy efficiency and environmental issues. Thus in an attempt to reduce the cost of the melting process while complying to environmental emission limits, Şişecam has undertaken RTD activities

in great depth and at the international level, such as; mathematical modeling, assessment and implementation of new burning technologies together with alternative energy resources, the development of methods to prevent pollution at its source. In 2012, RTD activities related to developing glass compositions to decrease the batch costs, enhancing production efficiency by reducing glass defects, and shortening of the color change times from glass to glass were also carried out for cost reduction exercises.

New functions and more added value with new coatings on basic glass products

Glass products are becoming an increasingly important material for securing a sustainable future and an improved healthier, comfortable and environmentally friendly lifestyle. The usage of glass products in the packaging industry is increasing in recent years due to improved social awareness across society. Parallel to this development, the quests for innovation and distinctiveness in decorative applications on bottles has been increased in order to meet the demands of developing consumer tastes. Works on the application of new coating materials that are developed at the Research Center such as bottles for conserving products such as highly alcoholic beverages and special flavored olive oils have continued in 2012 and have met with successful results.

Coatings on flat glass are the key for energy efficiency in the architectural world and for success of ever-developing display industries. RTD at Şişecam is also addressing issues related to these fields to meet market demand. Usage of energy-efficient materials in the construction sector, which is one of the driving forces of the Turkish economy, has steadily increased. In this regard, works aimed at developing glasses that provide optimum solutions to heating, cooling, and lighting costs for every different climate zones, and the different technologies necessary for the production of these glasses, have been considered as highly prioritized, with three new products being added to the Tentesol® and Tentesol-T® series in 2012, whose sub-glass and coating technologies were also previously developed by Şişecam.

Activities regarding adding new aesthetic features to products with varying colors and compositions in order to achieve competitive advantage

Recently there has also been a growing demand in the furniture sector for transparency in architecture and decoration. A project for developing and producing extra-clear float glass for this need was conducted and the right composition, color, and production conditions were evaluated together with the furnace model analyses for the requested product. As a result of these studies, TRC Helio Extra Clear® was introduced into the market.

Work on improving color and colorants for the production of different colored domestic glassware and glass packaging continued in 2012. As a result of these studies, RTD work was completed for eight new colors and production was started.

Renewable Energy & Glass

Glass is a major component in converting solar energy into practical energy forms. Glass is used in crystalline photovoltaic modules and in solar-thermal panels as a protective and supporting layer. In thin film modules glass also serves as the substrate or superstrate. In a recent evaluation, the relative cost fraction of glass is about 10% in crystalline modules and almost 25% in thin film modules. Suitable technological developments will be required in production and coatings processes for improved optical, mechanical and chemical properties of PV glasses. In 2012 four Şişecam RTD projects in this field were awarded by the Scientific and Technological Research Council of Turkey (TÜBİTAK) within the scope of "Improving Surfaces that Increase Productivity in the Transformation of Solar Energy into Electricity and/or Thermal Energy" call, opened under the 1511 coded "Priority Areas Research Technology Development and Innovative Projects" Supporting Program.

Innovation Management and New Projects/Collaborations

The "Research and Development and Innovation Management Project" at Şişecam started in 2011 was successfully completed in 2012.

The Group focused on project support programs such as those of The Scientific and Technological Research Council of Turkey (TÜBİTAK), Industry Theses (SAN-TEZ), and the European Union's 7th framework program. The application for the project of improving the endurance of glassware dishwashers was accepted into TÜBİTAK's 1501 coded support program, along with TÜBİTAK's 1511 projects. The "CRAFTEM" project for decreasing NOx and conserving energy at glass melting furnaces, where Şişecam is a partner for the European Union's 7th Framework Program, was also deemed worthy of support.

The evaluation of potential work, and development of preliminary projects that can be carried out by University-Industry cooperation exchanges occur with support from different researchers from universities and research institutes namely; Middle East Technical University (METU), Istanbul Technical University (ITU), Yıldız Technical University (YTU), Akdeniz (Mediterranean) University, Harran University, Süleyman Demirel University, Sabancı University, Koç University and the TÜBİTAK UME and UEKAE Institutes.

An application was made and accepted to the San-Tez support program of the Ministry of Science, Industry, and Technology in cooperation with Akdeniz University for the development of UV protective coating for bottles in order to prevent the degradation of the contained fluids.

Work on international platforms in the area of basic research has been con-

tinued and Şişecam has participated in three different projects, led by various glass institutes which are at the head of glass technology and which are supported by leading producers. The results of these projects were presented at international congresses and symposiums.

The fact that the number of patents applied/granted is considered a performance criterion is another crucial indicator of how much Şişecam values RTD. A procedure in order to evaluate and make transactions, and manage the Patent and Utility Model rights of companies affiliated within the Group, at home and abroad has been prepared. A patent for the developed extra clear float glass with low iron content was filed. Patent searches for possible patent applications have also been conducted for various projects.

The Şişecam Group spent a total of TL 43 million for RTD in 2012.

The New Research and Technological Development Center

An architectural project contest was organized in 2012 for the new Glass Research and Technological Development Center. The construction of the selected project has started in March 2013, and will be completed by the first quarter of 2014., the RTD activities will continue with the new infrastructure on an increasing scale adding more value to the Şişecam Group.

HUMAN RESOURCES

Blue Compass Project

The Blue Compass project, started under the coordination of the Vice Presidency of Strategic Planning in the autumn of 2011, aims at revising Şişecam Group's corporate structure and strategic map within the framework of its objectives set out for its Vision of 2020. It was decided to renew the Group's vision-mission definitions and values in 2012 parallel to the project, expected to last approximately three years. Within this framework, "Şişecam Group Mission and Corporate Values Project" started under the supervision of the Human Resources Group Presidency and is aimed at renewing the Group's definition of corporate values and its mission that underpins Şişecam; it will be a road map for all employees in the process of putting into practice the global vision in accordance with daily needs.

This project was carried out by taking into consideration the views and suggestions of a wide range of employees to form an objective sense of the company, while determining the Group's mission and corporate values. This is the most distinctive aspect of the project that sets it apart from similar projects undertaken so far. A Values Survey was conducted within the Group and a workshop was organized with the participation of the Group's General Manager and 60 senior executives in order to determine the mission statement that will form the core of the Group's vision and strategies in light of the ideas gathered from the survey. A workshop entitled "Our Values from Past to Future" was conducted with the participation of 300 white and blue collar employees representing all of the job families and workplaces in order to update Şişecam's set of values on November 26-27, 2012. Afterwards, the results of the project were evaluated and Şişecam Group's mission and corporate values were finalized with

the incorporation of the views of the executive board.

A "Şişecam Constitution" was prepared in line with the determined vision, mission, and values. This constitution will be a guiding document that will show all Şişecam employees what they should be doing in order to keep these values alive, along with the behaviors that will promote or undermine these values. We will continue our communication efforts that will facilitate the communication of this new vision, mission, and values, and enable them to be internalized at every stage.

New Human Resources Vision

In 2012, the Şişecam Group not only redefined its mission and values with the Blue Compass project but also simultaneously revised the vision of the Human Resources Group Presidency. The revision is as follows:

Becoming a solution partner that extends innovative corporate culture, and gains and retains labor force creating value on a global scale for the sustainable success of the Şişecam Group.

Recruitment Management

It is extremely important that the right candidates, sharing Şişecam values, are recruited at the right time for the right tasks in order to create sustainable competitive advantage. Recruitment Management undertook the following actions within this framework in 2012:

- SAP Recruitment Module was put into practice following introductory presentations;
- A Recruitment Guide was prepared that will govern the recruitment activities in the Group;
- 31 Human Resources employees who take active roles in the recruitment

process participated in "Competence-Based Interview Methods Training";

- The first steps were taken that will support the "Internal Trainer" process concerning the issues that will be included in the scope of recruitment.

We completed the tasks related to updating the English Placement Test in 2012. Reasons for personnel leaving Şişecam were analyzed in a comparative way using data from the past five years. The scope of the agreements made with human resources sites was evolved into an integrated work system with the objective of expanding the quality and diversity of the candidate pool. We ensured participation in career and employment days in order to attract the right candidates to Şişecam. We held 1,219 competence-based interviews in 2012 and 142 of these interviewees were hired.

Evaluation and Salary System Management

The Group carried out a study with the objective of adjusting the total annual wage packages of the white collar employees to match the current market, within the framework of reorganizing our salary management system. Following this study, the personnel salaries were revised in accordance with market values, taking into consideration seniority. Compensations included in the total salary package were reorganized in such a way that they will be distributed based on grade and with standardized amounts for all white collar employees within the Group. Meanwhile, salaries for expat personnel were also reorganized in accordance with the grade system balance within the Group.

Performance and Career Management

The Group put into practice the Performance Management System for all its domestic organizations in 2012 and the first

application of this system was completed in February 2012. The Group completed the design of a "Blue Collar Employees Performance Evaluation System" that will apply to the hourly paid personnel working at its domestic organizations, within the framework of the project co-administered with the Group Industrial Relations Directorate.

In a similar vein, the conceptual design of the Career Management System using the results produced by Performance Management System and the career matrix created for the whole Group as its basis was completed.

Our Group continues the applications of the Evaluation Center carried out for the first time within the scope of the Promotion Procedure for Blue Collar Employees to Headworker/Technician Positions. Innovation Center applications were put into practice with the objective of evaluating our employees applying for managerial positions during the second half of 2012.

The "Şişecam Group Mission and Corporate Values" project was completed in 2012 and the dissemination step of the project will take place in 2013 with the participation of all the Group's employees working in Turkey.

The "Şişecam Group Expat Management System Procedure" was published in 2012, and new applications emerged after the implementation of the procedure was put into effect.

Training Management

Training activities, which have a long history at Şişecam, have been implemented in the form of the Competency and Position-Based Şişecam Master Training Plan

during the past two years as part of the reorganization of the Human Resources systems. Change Management and Performance Management were provided within the scope of administrative competency training for executives in 2012. Meanwhile, Customer Focus and Team Building Training was provided as part of corporate competencies for the same year. In addition, a considerable number of employees participated in the professional competency training sessions such as Business Law, Efficient Sales Techniques, and Supply Chain Management for Storekeepers.

The Group's seven managers and top executives participated in the Advanced Management (AMP) and General Management (GMP) programs of Harvard Business School in 2012 and this participation was one of the most crucial activities put into practice within the framework of the 2012 training programs. The Şişecam Leadership Academy for managers and top executives; the Şişecam Internal Trainer Certificate Program that contributes to the intellectual accumulation of Şişecam; the Russian Foreign Language Course for those working at İş Kule 3; Şişecam Sales Academy and advanced level UFRS for mid-level sales managers are other examples of long-term training.

The Group's organizations completed vocational training within the scope of the "Difficult and Dangerous Work Regulation" that was initiated during the previous year for white and blue collar employees and different activities were put into practice in the form of on-the-job training. Training for 156,401 man-hours was provided for 23,511 personnel in the organization, where individuals attended more than once. The fact that training periods

have shortened in this area compared to the previous year stems to a large extent from the fact that such vocational training held within the scope of "Difficult and Dangerous Work Regulation" had already been completed.

The Group's Training Management provided a total of 273 training sessions of 52,265 man-hours for 4,169 white collar employees in 2012. The number of training sessions given by Training Management along with the number of participants more than doubled compared to those of the previous term. In conclusion, the total training activities held by our Group in 2012 involved the participation of 28,130 people and reached 208,666 man-hours.

Recognition, Appreciation and Awarding System

The Recognition, Appreciation, and Awarding System was put into practice in March 2012 and awarding activities started with the collection of projects and studies that had been applied for in 2011. Primarily, winners of Progress Stars and Stars Making a Difference awards were determined following the evaluation of the applications belonging to the groups' affiliated personnel by the Award Committees in April and May. Afterwards, category champions were presented to the Group Award Committee for the Group Award. The Committee determined those deemed worthy of the Group Award by evaluating both the groups' category champions and Group workplaces in the Şişecam Stars' categories of "Environment and Energy Approach", "Occupational Health and Safety Approach", and "Training Approach". Group Awards and Community Awards were given to their recipients at the "Şişecam Day" award ceremony in June 2012.

INDUSTRIAL RELATIONS GROUP DIRECTORATE IS COMMITTED TO MAINTAIN A SAFE AND HEALTHY WORK ENVIRONMENT AT ŞİŞECAM GROUP, AN ORGANIZATION OF 18.000 EMPLOYEES.

INDUSTRIAL RELATIONS

INDUSTRIAL RELATIONS

The Şişecam Group handles industrial relations with seven trade unions in four separate business lines; these relations are coordinated by the Industrial Relations Group Directorate.

Our vision in Industrial Relations:

- To expand competitiveness and increase efficiency by maintaining healthy and well-balanced industrial relations within the frame of Group policies,
- To sustain work peace at workplaces; to work closely with trade unions to create a relationship based on mutual trust and healthy communications,
- To increase the efficiency of occupational health and safety at workplaces, based on our "People First" philosophy.

Collective Bargaining Agreements

The Group signed seven collective agreements in Turkey, with the following breakdown: one group-wide agreement involving nine plants, two agreements at plants and four agreements represented by workplaces. Two collective agreements are in place abroad: one in Bulgaria for four plants and one in Russia at the Posuda Plant. The terms of these agreements vary between one and three years, and those expiring were successfully renegotiated in late 2011 and early 2012 supporting Group interests and in an atmosphere of mutual harmony.

To serve that end, the following agreements were concluded in 2012:

- On March 31, 2012, the 15th Term Collective Agreement for Denizli Cam

A.Ş. with Çimse-İş Trade Union covering the period of January 1, 2012 to December 31, 2013,

- On July 4, 2012, the Collective Agreement for Soda Sanayii A.Ş. and Chromium Plants with Petrol-İş Trade Union covering the period of January 1, 2012 to December 31, 2013,
- On August 17, 2012, the 24th Term Collective Agreement for 9 workplaces of Şişecam Group with Kristal-İş Trade Union covering the period of January 1, 2012 to December 31, 2013,
- On October 22, 2012, the Workplace Collective Agreement for Paşabahçe Eskişehir Cam Sanayii A.Ş. with Kristal-İş Trade Union for the period April 1, 2012 to December 31, 2013.

Collective Labor Agreements that expired for the group's workplaces operating abroad were renewed after the characteristics of the countries in which these companies were operating, along with the interests of the Group, were taken into consideration. To that end, the following agreements were concluded in 2012:

- On June 21, 2012, the Collective Agreement for Trakya Glass Bulgaria EAD with Podkrepa Trade Union covering the period of July 1, 2012 to June 30, 2013,
- On July 23, 2012, the Collective Agreement for Posuda Ltd. with Proofkom Trade Union covering the period of January 1, 2012 to December 31, 2012.

The second term Collective Agreement that was in force at Trakya Yenişehir Cam Sanayii A.Ş. expired on December 31,

2012. The third term Collective Agreement Negotiations began with Kristal-İş Trade Union on January 18, 2013. Negotiations are still ongoing.

Statute and works on coordination

Meetings were coordinated by the Industrial Relations Group Directorate in 2012 to update concerned units in detail on latest amendments to regulations concerning occupational health and safety. Developments in industrial relations and practical problems are addressed at coordination meetings, and uniformity of practices throughout the Group is established.

Human resources executives attended the informative meetings and seminars held in 2012 concerning the Law No. 6331 on Occupational Health and Safety issued on June 30, 2012, and the Law No. 6356 on Trade Unions and Collective Agreements issued on November 7, 2012.

ŞİŞECAM GROUP MONITORS OCCUPATIONAL HEALTH AND SAFETY IN COMPLIANCE WITH NATIONAL AND INTERNATIONAL STANDARDS IN ALL WORKPLACES AND CONSTANTLY IMPROVES WORKPLACE ENVIRONMENT AND CONDITIONS BY CLOSELY FOLLOWING TECHNOLOGICAL CHANGES AND DEVELOPMENTS.

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY POLICY

Şişecam Group attaches great importance to the right to live and work in a humane environment. As a clear indicator of this, Şişecam Group believes that all activities can be carried out in a healthy and safe work environment and that this will contribute to the emergence of a steady society and labor force in spiritual and physical terms. Furthermore, Şişecam Group believes that all these developments will be a guarantee of the future. Şişecam internalizes and implements legal regulations, standards, and modern management systems on occupational health and safety as a direct consequence of this belief, which is a core and indispensable component of its administrative mentality. Besides, Şişecam Group constantly aims to improve workplace environment and conditions and to inform the people and institutions with whom it is engaged by closely following technological changes and developments. By these means, Şişecam Group aims to contribute to the formation and establishment of a conscious "health and safety culture" first among its personnel and then in all segments of society.

OCCUPATIONAL HEALTH AND SAFETY

Throughout 2012, Şişecam Group continued to coordinate, monitor, measure, and analyze the Occupational Health and Safety practices at all its industrial workplaces. The detailed reports following the observation, measurement, and analysis activities were presented to the related businesses so as to eliminate the negative conditions detected in these workplaces. In this way, assistance was given to employees, the crucial actors in the production process, to work in a healthy and safe workplace environment. Moreover, these activities also contributed to reducing the risks that employees were exposed to, in compliance with the terms of the regulations.

Occupational Health and Safety Applications

Occupational Health and Safety checks were carried out in 18 industrial workplaces (26 businesses including mines and processing plants) working under the

body of Türkiye Şişe ve Cam Fabrikaları A.Ş. in 2012 so as to achieve national and international standards in this area.

- Day and night measurements were taken in compliance with IFC international measurement standards at all workplaces belonging to Flat Glass Group (Trakya Cam Trakya, Trakya Cam Otocam, Trakya Cam Mersin, and Trakya Yenişehir Cam Plant).
- Measurements and observations were carried out in Anadolu Cam Mersin, Anadolu Cam Yenişehir, and Omco Makine Kalıp Plant, and the results were reported.
- Noise, illumination, dust exposure, thermal comfort, and harmful gases measurements were taken in Eskişehir Glass Packaging, Tuzla Packaging, Paşabahçe Tuzla Warehouses, Paşabahçe Eskişehir, and Paşabahçe Kırklareli Plant part of the Glassware Group.

- Workplace observations were also carried out to detect risks that could lead to workplace accidents and occupational illnesses, and the results detected following these observations were reported. Meanwhile, Occupational Health and Safety measurements and observations were undertaken in Trakya-Öğütme, Yalıköy, Kurucaşile, Mersin (OSB, Ovacık, Feke, Yavca, TR3 Kum Hazırlama, Erçel Facilities), Aydın Çine Maden Facilities, Oxyvit Kimya Plant, Cam Elyaf Plant, and Camiş Elektrik Trakya Power Plant divisions of the Chemicals Group.

The necessary details and expert evaluations were sent to businesses concerning accidents occurring in our workplaces. All the factors leading to work accidents were examined, leading to biannual and annual Work Accidents Assessment Reports for 2012. Finally, these reports were distributed to the related units.

OCCUPATIONAL HEALTH AND SAFETY

Awards were given at the Society Recognition Appreciation Awards and Şişecam Day Award Ceremonies held on the basis of the 2011 Work Accidents Assessment Reports published in 2012.

Statistical information regarding periodic health controls in our workplaces are continuously examined, and the inquiry undertaken in 2012 was a direct result of this. Information coming from our workplaces was examined meticulously and the results shared with our businesses.

Occupational Health and Safety Training and Coordination Meetings

Our Group participated in the Global Occupational Health and Safety Network Workshop organized in Italy in 2012. Occupational Health and Safety engineers working at our Directorate attended OHSAS 18001 Lead Auditor Certificate Training and were deemed worthy of receiving a certificate.

A total of six Occupational Health and Safety Coordination Meetings were organized, coordinated by the Industrial Relations Directorate with the participation of all Occupational Health and Safety experts and authorities. Common issues that concern all the workplaces of our group were discussed and assessed at these meetings. Meanwhile, project activities were planned and technical visits to workplaces were organized.

Occupational Health and Safety Coordination Meeting, April 5-6, 2012

Information was published with the objective of creating a central purchasing

system of Personal Protective Equipment, a branch of the Central Purchasing Project, on the first day of the meeting held at Trakya Cam Lüleburgaz Social Facilities. Personal Protective Equipment used in all factories and workplaces was assessed during the meeting and brands suitable for Personal Protective Equipment were determined.

The data included in the 2011 Work Accidents Annual Report was discussed on the second day of the meeting and it was decided that a commission would be formed that would help reduce work accidents. In addition, it was decided that the Work Accident Declaration Form would be revised so as to improve the following and assessment system for work accidents.

Technical visits were organized to Paşabahçe Kırklareli Plant and Trakya Glass Autoglass Plant on the first and second days of the meeting respectively, and best practice OHS were shared.

Occupational Health and Safety Coordination Meeting, June 27-28 2012

Developments in regard to the decisions taken at the meeting held on April 5-6, 2012 were shared on the first day of the meeting at Şişecam Headquarters. Furthermore, technical information regarding fire safety activities at the workplaces was shared and a situation assessment of the existing workplaces was made.

On the second day of the meeting, a technical visit was organized to an oil refinery in the high-risk group regarding

fire, and information was received concerning fire safety.

Occupational Health and Safety Coordination Meeting, December 6-7 2012

The Work Accidents' Assessment Report and the information gathered from this report were shared on the first day of the meeting at Şişecam Central Office. The project that Occupational Health and Safety Corrective and Preventive Action Forms would be completed through SAP in a way that would encompass all group companies beginning from 2013 was discussed. IT application authorities also participated in this meeting and model applications conducted in the groups within the framework of this project were discussed. A preliminary briefing was provided on the study of the Assessment of Fire Safety and Fire Burden that will be conducted in 2013 by a Technical Safety Consultant.

Training and briefings were given on Personal Protective Equipment by technical experts from a leading firm on the second day of the meeting.

Other Activities

A Work Accidents Assessment Commission was formed within the framework of the "Root Cause Analysis to Reduce Work Accidents", which was one of the performance targets of our Directorate in 2012.

Work Accidents Assessment Commission meetings were held on July 23, August 31, November 9, and November 30, 2012. During these meetings, work accidents

caused as a result of "Interference to Working Machines" in the Şişecam Group during 2011 were assessed one by one. During the course of these meetings held by Commission members, similar types of machines operating in Group plants (conveyor belts, routers, drills, power lathes, and grinders) were assessed. Observations were made regarding the kinds of measures that should be taken in order to prevent the repetition of the work accidents analyzed by the Commission. Afterwards, a Commission Report was prepared in order to prevent the occurrence of work accidents resulting from "Interference to Working Machines". The report, which includes suggestions and case studies, was sent to the Human Resources Group Presidency.

An Occupational Health Engineer working for our Directorate participated as a member in the commission established for the "Clothing Procedure Given to White Collar Personnel".

ENVIRONMENT

ALL MANUFACTURING COMPANIES OF THE ŞİŞECAM GROUP HAVE ISO 14001 CERTIFICATES. ŞİŞECAM GROUP IS AMONG THE MOST PRODUCTIVE EU COMPANIES IN EFFICIENT USE OF ENERGY AS IT CONTINUES TO INCREASE ITS ACTIVITIES IN THE PRODUCTION PROCESS, CONTROL OF ENVIRONMENTAL IMPACT AND MANAGEMENT OF SUSTAINABLE ENERGY IN 2012.

ŞİŞECAM ENVIRONMENT POLICY

As an organisation strongly aware of its responsibility towards the protection of environment, Şişecam believes in the need to maintain the world as a livable place for coming generations. This approach is considered as the cornerstone of Şişecam's strategic management and is integrated into every phase of its work processes. Our aim is to carry out all environmental protection activities at Şişecam within the framework of the Environmental Management System, by taking into account the sustainability principles and continuously improving the system with the support of all our stakeholders.

In the production process, the Group companies, which take Şişecam Environmental Policy as a basis and aim for the protection and constant improvement of environmental values, continued to work on enhancing their environmental performance in 2012.

For this purpose, the use of production techniques causing the minimum environmental damage was prioritized. Meanwhile, the efficient use of energy, the evaluation of alternative fuels and raw materials, the conservation of natural sources, waste recovery and prevention of pollution at its source, were also carefully assessed.

Environmental Management System

To minimize the environmental impacts of production processes and to manage them with a systematic approach, the Şişecam Group implements the ISO 14001 Environmental Management System, not only in its domestic production

facilities, but also in production facilities in Russia and Bulgaria. Accordingly, all production companies have the ISO 14001 certificate.

Studies for the efficient use of energy, raw materials and natural resources and to increase the rate of recycling opportunities and to control the environmental aspects and environmental impacts were continued via studies carried out within the scope of Environmental Management System studies. In addition to planned internal audits, surveillance audits administered by certification organizations during the year were also successfully completed. Training programs and social activities were frequently organized in order to raise the awareness of environmental protection.

Carbon Disclosure Project

Şişecam is concerned by global climate change and consequently is a volunteer

member of the Carbon Disclosure Project, accepted as the world's most comprehensive environmental initiative.

This project explains company strategies, risk/benefit analysis and emission information related to energy, carbon emissions, and climate change, on the basis of willingness and transparency. The project information presented to investors and stakeholders was taken one step further by including non-glass manufacturing facilities and factories in Bulgaria as well, besides glass manufacturing facilities in Turkey.

Şişecam was assessed as being among the organizations with the highest level of understanding and management of climate change related issues, according to the 2012 Transparency Rating conducted by CDP and Ernst & Young Turkey that ranked companies on transparency.

Support for TÜBİTAK-MAM Project

The cooperation request for the "The cooperation request for the "Technology Need Assessment in Industry within the Scope of Climate Change and Greenhouse Gas Reduction Potential Determination" project of TÜBİTAK-MAM, on behalf of the Ministry of Science, Industry and Technology, was welcomed. Meanwhile, the project was supported to help the use of accurate information related to the glass sector. Within this scope, the glass manufacturing process was introduced to the project team and detailed information

was provided relating to the energy consumption of manufacturing facilities. The project, from which crucial results guiding our country's environmental policy are expected, is to be completed at the end of 2013.

Energy Efficiency Works

Since glass manufacturing, one of the main activities of the Şişecam Group, is an energy-intensive industry, the utilization of the most up-to-date technology is of great importance for the purpose of efficient energy use. As a direct result of the energy efficiency policies adopted, Şişecam was placed among the most efficient organizations in the European Union in this sector. In addition to private development projects, carried out in production facilities to strengthen this position, the Şişecam Group aims to maintain continuity with the help of projects for determination of the situation of the sector and to increase energy efficiency.

A study named "Şişecam Sustainable Energy Management Project" began within the framework of the 2012 work plan in order to develop sustainable energy and carbon management system at the corporate level, spread throughout the Group. In this context, feasibility studies of efficiency-enhancing projects continued by conducting energy surveys, including the Group's domestic facilities, with the help of an independent auditor company with a service license from the Ministry of Energy and Natural Resources.

Environment and Energy Approach Awards

In 2012, Şişecam Group's Domestic Production Facilities were assessed within the context of energy and water use, recovery/recycling rates, waste/emission reduction performances, and carbon dioxide emissions. Based on this assessment, a plant from each production group was awarded as part of a Recognition, Appreciation and Award System/ Environment and Energy Approach Award.

Compliance with Environmental Legislation

The guiding principle of Şişecam Group is full compliance with the environmental regulations of the countries the Group operates in. Şişecam Group continued to obtain the necessary permissions and meet its obligations in this operational year.

Within the framework of Turkey's EU bid, Şişecam Group closely followed the continuously renewed environmental regulations and proactively shared its views concerning the aspects related to the Group's production facilities through official institutions and associations of which it is a member. Şişecam Group played an active role in shaping the statute with its activities in the environment committees of the national and international Non-Governmental Organizations (NGOs) of which it is a member.

All recyclable wastes from various processes were returned to the production process by means of recycling plants, while other wastes were disposed in li-

censed plants. The group continued to recycle packaging materials introduced into the market domestically at a rate determined by the regulation and related training and awareness-raising activities as well, in cooperation with the authorized organizations. Şişecam Group was able to recycle around 1,500 tons of plastic packaging material, 41 tons of composite packaging material, and 8,000 tons of paper-cardboard packaging material in 2012.

INFORMATION AND COMMUNICATION TECHNOLOGIES

INFORMATION TECHNOLOGIES VICE PRESIDENCY PUTS INTO PRACTICE PROJECTS AND STUDIES COMPATIBLE WITH WORK STRATEGIES BY BEING A SOLUTION PARTNER IN THE PROCESS OF THE PROFITABLE AND RAPID GROWTH OF ŞİŞECAM GROUP COMPANIES.

Currently, work processes are more complicated than in the past, work volumes and production quantities have increased, communication is continuous, while competition has increased due to globalization. Consequently, information and communication technologies are now more important than in the past.

Şişecam Group established the Information Technologies Vice Presidency in 2010 with the objectives of following the rapid development in information technologies and benefiting from the opportunities offered by these technological advances. Regarding this, the Şişecam Group formed an organization that will enable the central administration of strategies, implementations, and management of all Group activities under a common IT infrastructure. The Information Technologies Vice Presidency aims to meet the demands of the Şişecam Group in the area of IT and communication systems with innovative, sustainable, economic, and integrated solutions with a view to rapid growth and competitive global strategies by increasing the rate of return on investments on information and communication technologies, providing clients and suppliers a convenient work environment, and working on value-adding projects.

The unit aims to achieve the following targets in 2012: founding a high-quality and efficient system in compliance with the Group's vision, strategy, and plans; establishing management information systems that will support top management's decision-making and control processes by creating systems interacting

with one another in line with the Group's needs; improving communication opportunities among employees and facilitating access to information; achieving the administration of organization and work processes in an integrated and central structure through applications such as Enterprise-Resource Management, Budget Planning, and Group Human Resources.

Some of the projects and studies undertaken by Information Technologies Vice Presidency in 2012 are presented below:

Şişecam Center Enterprise Resource Planning, Treasury and Risk Management Project

An integrated application was created in order to meet the Enterprise Resource Planning needs of Şişecam central units where application coherence was maintained with Group companies, logistical (such as Procurement) and financial processes were optimized, and loan tracking was carried out in the name of all group companies with the loan tracking system.

Besides, Supplier Relationship Management System was deployed to accelerate procurement order and process cycle.

Budget Planning Project of Glass Packaging Group, Anadolu Cam and other Affiliated Companies

SAP-BPC (Business Planning) system was implemented to enable the monitoring of the budget planning and control processes of Anadolu Cam and Ruscam in the direction of the sector and com-

pany targets. The system also provides flexible and parametric simulation options and serves the decision support process with budget de facto comparison opportunities.

Enterprise Resource Planning Project of Glassware Group, Denizli Glass and "000" Posuda Plants

Transition to an environment determined as the Şişecam standard in the area of Enterprise Resource Planning project was completed with the objective of achieving the integrated working of logistical and financial processes within Glassware Group and attaining the monitoring of work processes throughout the operations end to end.

Enterprise Resource Planning Project of Glass Packaging Group, Ukraine - Merefca Plant

A transition to an environment determined as the Şişecam standard in the area of Enterprise Resource Planning project was completed with the objectives of achieving the integrated implementation of Glass Packaging Group Ruscam companies with Merefca and attaining the monitoring of work processes from start to finish throughout the operations end to end.

Creation of Group Management Information System -Business Intelligence Platform

Business Intelligence Platforms for The Group Management Information System that aims at storing and consolidating the Group companies' income, expenses, sales, production, and stock data information under a single data

warehouse, bringing it into use through a portal environment was completed by empowering business/management users with anytime, anywhere access to key insights of the operations and sharing business insights.

Technological Transformation Project

The Technological Transformation Project, which aims at enhancing the Şişecam Group's information and communication technologies infrastructure along with their implementations and services, upgrading to contemporary standards, transferring into an integrated and manageable structure, using high-end technology and standards to offer a collaborative and easy-to-manage environment and bringing solutions related to user efficiency to the organization, was implemented for Turkey Operations of Group in 2011. The project was rolled out and completed for our organizations abroad during 2012.

Enterprise Content Management System Installation Project

Enterprise Content Management integrates set of technologies of processes, tools, methods, and strategies used for defining, managing, conserving, protecting, and bringing into use within the framework of authorization content and documents related to corporate processes. The project that provides to manage information throughout its lifecycle and improve business productivity, all while mitigating the risk and controlling the costs of growing volumes of content and aiming environment appropriate for these objectives was completed at Şişecam.

Improving the Capabilities of Video Conference and Voice Communication

The environment that will enable employees to engage in voice and image communication among themselves and their business partners via their personal computers and conference rooms was established and made available for use, offering cost effectiveness and productivity throughout the organization.

The Şişecam Group is going to continue projects and efforts aimed at increasing the return rate of investments in the area of information and communication technologies, putting into practice efficient and flexible structures that will meet the needs and expectations of customers and assure productivity growth, and creating value-added solutions for work units in 2013.

ŞİŞECAM GROUP FOCUSES ITS SOCIAL RESPONSIBILITY INITIATIVES MAINLY ON ARTS AND CULTURE, EDUCATION, ENVIRONMENT, AND SPORTS.

CORPORATE SOCIAL RESPONSIBILITY

CONTRIBUTION TO CULTURAL VALUES

Antique Glass Works Collection

The Şişecam Group meticulously gathered a collection composed of 527 antique glass objects, with the objective of preserving cultural values. This collection, which is registered with the Istanbul Archeology Museum, is preserved and displayed at a special hall in Şişecam's central building.

The Glass Hall of the Bodrum Underwater Archeology Museum was opened for visits for the whole world under the sponsorship of Şişecam in 1985 and is currently curated by Şişecam.

"History / Culture / Glass" Collections

Limited artistic glass collections are created through meticulous cultural R&D activities carried out under the supervision of experts. A total of 382 artistic products have been created and presented to the international public under the name of "History / Culture / Glass Exhibitions" held every year since 2003.

The presentation of art works belonging to different periods and civilizations in the Ottoman Collection, Islam Glass Collection, Nightingale's Eye Collection, Mosaic Collection, Beykoz Collection, Anatolian Civilizations Collection, Blue-White in Glass Collection, Artistic Inscription on Glass Collection, Patience and Reconciliation Collection, Alliance of Civilizations Collection, The Mystery of 7 Collection, Aşure Collection, İstanbul Collection, and Talking Money and Coins Collection, establishes a crucial bridge between the past and the present.

Contribution to Education and Training

Şişecam, which provides high quality on-the-job training to its personnel, is a preferred Group regarding its facilities in

this area. The Şişecam Group distributes Education Incentive Scholarships (\$1 million/year) to its employees whose children are pursuing education. Moreover, the Şişecam Group offers theoretical and practical internship opportunities to a total of 1,200 high school and university students every year.

The Group meets the bus service and nutritional needs of students at an elementary school that provides education to a total of 88 students (2011-2012) with six classrooms at the Housing Area of the Trakya Plant.

The hand glassware production plant in Denizli offers three-year apprenticeships as per the Vocational Training Law. This year, 147 students are receiving theoretical and practical apprenticeship training at this school.

Traditional painting contests with the theme of "Nature and Environment" have been organized among elementary school students in Mersin every year since 2002. Award-winning paintings along with those receiving honorable mention are displayed over the course of the year. Kazanlı Abdülkadir Perşembe Foundation's Technical and Industrial Vocational High School, located in Mersin's Kazanlı area, publishes a school magazine named Turtle during the second term of the school year, with the sponsorship of Soda Sanayii A.Ş. Generally, children from low-income families receive training in this high school neighboring the coastline of the plant. This project enables students with limited financial opportunities seeking to pursue education to gain self-confidence.

Şişecam Group started work on building a Şişecam Vocational High School as a first step to providing youth with occupations

and preparing them for life in the Mersin area; transition to its implementation phase is planned to take place soon.

The protocol on the construction of an Industrial Vocational High School building in Mersin-Tarsus Organized Industrial Zone, within the scope of the "Improving Vocational Training Project" administered by Mersin Governorship was signed on August 24, 2012. Şişecam is going to undertake the construction of this building so as to provide education to more students.

CONTRIBUTION TO ENVIRONMENTAL VALUES

Protecting the Population of Kazanlı Sea Turtles Project

It is widely known that endangered sea turtles have been using the beaches of towns in the Mersin province for hundreds of years to lay eggs. The "Kazanlı Project" enables raising the awareness of the local community on this subject while also ensuring that endangered sea turtles and their nesting areas are protected. The project also aims at providing regional assets to offer social contributions and advantages to socio-cultural and socio-economic life with ecotourism in the upcoming years.

Local young volunteers have so far offered the greatest contribution to the Kazanlı project. Meanwhile, meetings are also being organized in order to promote the participation of new volunteers in the project along with existing ones. The project, which was started by Soda Sanayii A.Ş. in 2007, was deemed worthy of a prize in the Environment Management and Corporate Social Responsibility Category of ISO Environment Awards in 2012.

"Glass Again Glass" Project

Anadolu Cam's "Glass and Glass Again" project was conducted in cooperation with

ÇEVKO Foundation and municipalities for elementary schools. This project was put into practice with the objective of informing the next generation about environmental awareness and glass recycling, and teaching them that glass is the best packaging method both in environmental and health terms. The project was started in İstanbul in 2011 and reached around 65,000 students by the end of 2012. As part of the project, teachers with pedagogical training give presentations about the reasons behind preferring glass as packaging material and its recycling opportunities to elementary school children. Children were also given bags, t-shirts with the project's themes, CDs of a movie on recycling, and certificates for special training participation. This project, which is projected to become more widespread in other cities in coming years, aims at guiding people to dispose of their glass packaging waste separately from other waste by providing glass packaging containers and thereby raising consumer awareness.

Forestation

Between 5 to 10 acres of land have been left for forestation inside the borders of Şişecam's facilities. In addition to these areas, Şişecam Memorial Forests introduce local people to environmental awareness and contribute to reduced global air pollution.

Camiş Madencilik A.Ş. acquired around 368 acres of Şişecam Memorial Forests due to the forestation activities started in 2000 in the Yalıköy region where the company has its furnaces and other facilities.

Meanwhile, Soda Sanayii A.Ş.'s forestation activities that started in the Mersin region in 2006 have become a tradition and are organized every year with the aim of reforesting new areas. Besides, Soda Sanayii A.Ş. participated as the main sponsor of National Forestation Mobilization in 2011.

Denizli Cam Sanayii ve Ticaret A.Ş. started planting activities in Cankurtaran region. Currently, Denizli Cam Sanayii ve Ticaret A.Ş. has a small forest with a variety of trees in an area of 3 acres.

CONTRIBUTION TO SPORTS

Çayırova Sports Club was founded under the name of Çayırova Sailing Sports Club Association in 1982 with the support of Şişecam. Çayırova Sports Club commenced its activities at Çayırova Social Facilities with the objective of educating youth on the opportunities of the sea, guiding them to be engaged in sports, helping them to improve their physical and moral capabilities with sports, and ensuring that individuals of all ages interested in amateur sports play sports as part of a social responsibility project. Çayırova Sports Club was given the status of federation club by the General Directorate of Youth and Sports in 1984.

Çayırova Sports Club serves young athletes and athletic candidates in the sports fields of sailing, rowing, and canoeing with its cadre of nearly 100 athletes and managers.

Çayırova Sports Club participates in the "Social Responsibility Projects" with the objective of enabling the disabled to learn and engage in the sports by rowing together with their volunteer trainers and fellow university students. One in every three athletes in this branch of sports is a member of Çayırova Sports Club. Legal and technical regulations in these branches have just been put into effect. There is a concerted effort within the scope of the project to increase the number of disabled rowers and trainers along with the number of clubs supporting the project and the youth sensitive about the issue.

The canoeing branch started its activities in 2009, and today the club trains national

athletes in three branches, namely sailing, rowing, and canoeing. Meanwhile, these athletes were placed prominently in several different competitions, usually as winners.

The sports club also started participating in contests in the branch of Windsurfing in 2010. The club sponsored Mersin Training Home Sports Club in the project of creating books, documentaries, and museums that would cover the 86 years project of Mersin Training Home Sports Club with the objective of supporting sports.

Our club in 2012:

Rowing

Our club participated in the National Team camps and Balkan championship, thereby contributing to the success. Furthermore, our club demonstrated the success of participating in Senior World Championship Contests for the first time.

Our athletes played an active role in the 2020 Olympics Advertising Catalog Shootings organized by the National Olympics Committee. They appeared on the cover of SkyLife Magazine's March issue.

Sailing

One of our athletes in the category of Optimist and another athlete in the category of Laser 4.7 were chosen as the best athletes of the Kocaeli region. Another athlete of ours ranked as the second athlete of the region in the category of Laser 4.7. Meanwhile, our female athletes became Turkish Champions in the category of Pirat.

Canoeing

Our athletes aim at participating in World Cups, Mediterranean Games, European and World Championships and placing high in 2013.

OPERATING IN AN INTENSIVELY COMPETITIVE ENVIRONMENT BOTH IN TURKEY AND ABROAD, ŞİŞECAM HAS ADOPTED EFFECTIVE RISK MANAGEMENT AND INTERNAL AUDIT PROCESSES TO PROVIDE ITS STAKEHOLDERS WITH AN ADEQUATE LEVEL OF RISK ASSURANCE.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

Corporate structure

During the global crisis that began in the financial markets and had a profound impact on the real sector, it was confirmed once again how fragile corporate structures are, and it became clear that risks must be managed proactively and that risk-based audit practices are crucial. Companies that had already built and developed these functions suffered comparatively less from the environment of uncertainty, and were able to focus on opportunities that might arise from the crisis. Having built its risk management and internal audit functions during the period prior to the crisis, Şişecam Group was able to sail through these dire straits thanks to its strong corporate and financial structure.

Şişecam Group's risk management and internal audit activities are part of the parent company structure. These activities are reported to the Board of the parent company, and are carried out in coordination with Business Presidencies. Resolutions adopted in the regular and scheduled meetings of the "Risk Committee", the "Audit Committee", and the "Corporate Governance Committee" are reported to the Board of Directors as indicated in the regulations.

Accompanying the efforts of establishing a good governance structure, providing adequate assurance to the stakeholders, protecting the tangible and intangible assets of the Group, minimizing losses resulting from uncertainties, and maximizing benefit from possible opportuni-

ties the communication between internal audit and risk management functions is kept at the highest possible level, with the aim of supporting the decision-making process and increasing management efficiency.

Risk management at Şişecam Group

Risk management activities in Şişecam Group are performed in a holistic and proactive manner based on the principles of enterprise risk management. Interaction between risks as well as characteristics of the countries in which the Group is active are also taken into account as part of the process. Thanks to this approach, geographical spread and diversity of risks are turned into a considerable advantage, risks that emerge in specific countries and/or businesses are integrated into risk processes before they occur in other countries or businesses, the interaction of risks are monitored to aid decision support processes, and resources are used effectively and efficiently.

Risk catalogues for all businesses in the Group are periodically updated with the contribution of Group employees, and risks are ranked according to importance. Strategies to be implemented regarding the risks analyzed are determined in accordance with the risk appetite of the Board of Directors, and necessary measures are taken. These efforts are not limited to financial and strategic risks but also address operational risks such as production, sales, health and safety, emergency management, and information technologies.

Internal audit at Şişecam Group

Internal audit function at Şişecam Group goes back many years. The aim of internal audit is to assist Group companies to achieve a healthy development and to attain uniformity in practices, to ensure that all activities are performed in conformity with internal and external regulations, and to implement corrective measures in a timely manner. Audits are carried out on a continuing basis throughout the Group both in Turkey and abroad.

Internal audits are performed in accordance with periodical audit programs approved by the Board of Directors. Results obtained from risk management activities are also incorporated into audit programs, thus making use of "risk-based audit" practices.

TÜRKİYE ŞİŞE VE CAM FABRİKALARI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



INDEPENDENT AUDITOR'S REPORT

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

1. We have audited the accompanying consolidated financial statements of Türkiye Şişe ve Cam Fabrikaları A.Ş., its subsidiaries and its joint-ventures (collectively referred to as the "Group") which comprise the consolidated balance sheet as of 31 December 2012 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Group management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards issued by the Capital Markets Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Şişe ve Cam Fabrikaları A.Ş. as of 31 December 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

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

Haluk Yalçın, SMMM
Partner

Istanbul, 6 March 2013

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of **PricewaterhouseCoopers Turkey**
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Consolidated Balance Sheets at 31 December 2012 and 2011

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

ASSETS	Notes	31 December 2012	31 December 2011
Current Assets		3.461.000.196	3.807.320.382
Cash and cash equivalents	6	1.164.323.277	1.599.923.097
Financial assets	7	-	-
Trade receivables	10,37	971.557.120	993.499.817
- Due from related parties	37	3.996.175	2.005.242
- Other trade receivables	10	967.560.945	991.494.575
Other receivables	11,37	32.007.600	39.901.813
- Due from related parties	37	13.760.445	22.234.551
- Other receivables	11	18.247.155	17.667.262
Derivative financial instruments	12	-	-
Inventories	13	1.100.524.358	990.917.788
Other current assets	15,26	192.587.841	183.077.867
Non-current Assets		5.261.924.466	4.447.455.664
Trade receivables	10	-	-
Other receivables	11	8.502.140	2.209.796
Financial assets	7	82.657.939	114.961.893
Associates	16	203.074.615	146.012.364
Investment properties	17	426.298.791	208.591.216
Property, plant and equipment	8,18	4.170.794.288	3.758.959.021
- Financial leasing	8,18	7.780.185	-
- Other tangible assets	18	4.163.014.103	3.758.959.021
Intangible assets	19	49.185.687	41.837.632
Goodwill	20	23.094.005	8.950.786
Deferred tax assets	35	94.581.344	66.999.834
Other non-current assets	26	203.735.657	98.933.122

TOTAL ASSETS		8.722.924.662	8.254.776.046
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The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Balance Sheets at 31 December 2012 and 2011

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

LIABILITIES	Notes	31 December 2012	31 December 2011
Current Liabilities		1.904.873.689	1.366.410.423
Financial liabilities	8	1.199.567.957	720.337.080
Trade payables	10,37	507.155.761	411.884.442
- Due to related parties	37	9.262.324	9.090.408
- Other trade payables	10	497.893.437	402.794.034
Other payables	11,37	71.961.078	75.921.393
- Due to related parties	37	17.647.146	13.684.633
- Other payables	11	54.313.932	62.236.760
Current income tax liabilities	35	20.599.113	34.404.999
Provisions	22	14.716.036	18.152.071
Provisions for employee benefits	24	9.748.605	8.837.936
Other current liabilities	15,26	81.125.139	96.872.502
Non-current Liabilities		1.212.110.581	1.732.044.732
Financial liabilities	8	932.777.329	1.475.434.528
Trade payables	10	-	5.522.563
Other payables	11	1.011.750	1.092.178
Provisions for employee benefits	24	236.342.087	193.357.430
Deferred tax liabilities	35	40.091.209	55.833.628
Other non-current liabilities	26	1.888.206	804.405
EQUITY	27	5.605.940.392	5.156.320.891
Shareholders' Equity	27	4.635.745.595	4.202.103.782
Paid-in capital		1.500.000.000	1.300.000.000
Adjustments to share capital		241.425.784	241.425.784
Treasury shares (-)		(58.966.447)	-
Share premium		527.051	527.051
Revaluation funds		365.730.662	181.492.199
Currency translation differences		102.775.159	120.457.445
Restricted reserves		48.895.020	42.815.953
Retained earnings		2.141.283.569	1.683.880.239
Net profit for the year		294.074.797	631.505.111
Non-controlling Interests	27	970.194.797	954.217.109

TOTAL LIABILITIES AND EQUITY		8.722.924.662	8.254.776.046
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The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Income for the Years Ended 31 December 2012 and 2011

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

	Notes	1 January - 31 December 2012	1 January - 31 December 2011
Revenue	28	5.342.091.704	4.978.682.815
Cost of sales (-)	28	(3.918.205.368)	(3.340.442.549)
Gross Profit		1.423.886.336	1.638.240.266
Marketing, selling and distribution expenses (-)	29,30	(473.030.501)	(436.859.479)
General administrative expenses (-)	29,30	(502.211.358)	(410.011.738)
Research and development expenses (-)	29,30	(28.238.959)	(34.842.208)
Other operating income	31	61.149.361	91.881.888
Other operating expenses (-)	31	(51.502.653)	(70.344.537)
Operating Profit		430.052.226	778.064.192
Income from associates	16	17.823.933	6.911.085
Financial income	32	845.809.231	1.227.974.701
Financial expenses (-)	33	(930.954.038)	(1.146.045.133)
Profit before tax		362.731.352	866.904.845
Tax expense	35	(43.868.096)	(126.340.937)
- Taxes on income	35	(97.248.973)	(187.180.339)
- Deferred tax income	35	53.380.877	60.839.402
Profit for the year		318.863.256	740.563.908
Attributable to:			
- Non-controlling interest	27	24.788.459	109.058.797
- Equity holders of the parent	27	294.074.797	631.505.111
Earnings per share	36	0,1960	0,4210

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

Consolidated Statements of Income for the Years Ended 31 December 2012 and 2011

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

Comprehensive Statement of Income	Notes	1 January - 31 December 2012	1 January - 31 December 2011
Profit for the Year		318.863.256	740.563.908
Other Comprehensive Income			
Currency translation differences	27	(24.430.542)	111.065.310
Fair value loss on financial assets	7	(33.231)	(51.552)
Revaluation differences on non-current assets	17	201.975.404	200.114.617
Tax loss on other comprehensive income	35	(10.097.109)	(10.003.153)
Other Comprehensive Income after Tax		167.414.522	301.125.222
Total Comprehensive Income / (Loss)		486.277.778	1.041.689.130
Attributable to			
- Non-controlling interest		25.646.804	131.272.679
- Equity holders of the parent		460.630.974	910.416.451
Earnings per share	36	0,3071	0,6069

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

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

	Adjustments		Currency			Equity		Total			
	Paid-in Capital	to Share Capital	Treasury Shares (-)	Share Premium	Revaluation Funds	Translation Differences	Restricted Reserves				
Balance at 1 January 2011	1.144.000.000	241.425.784	-	527.051	135.001	22.903.303	39.733.497	411.786.142	3.338.143.601	808.639.127	4.146.782.728
Non-cash capital increase	156.000.000	-	-	-	-	-	(156.000.000)	-	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	34.457.594	34.457.594
Transfers to reserves	-	-	-	-	-	-	3.082.456	(411.786.142)	-	-	-
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(696.270)	7.082.830	6.386.560
Dividends paid	-	-	-	-	-	-	(45.760.000)	-	(45.760.000)	(27.235.121)	(72.995.121)
Total comprehensive income for the year	-	-	-	181.357.198	97.554.142	-	-	631.505.111	910.416.451	131.272.679	1.041.689.130
Balance at 31 December 2011	1.300.000.000	241.425.784	-	527.051	181.492.199	120.457.445	42.815.953	1.683.880.239	4.202.103.782	954.217.109	5.156.320.891
Balance at 1 January 2012	1.300.000.000	241.425.784	-	527.051	181.492.199	120.457.445	42.815.953	1.683.880.239	4.202.103.782	954.217.109	5.156.320.891
Non-cash capital increase	146.804.583	-	(5.771.030)	-	-	-	-	(141.033.553)	-	43.971.910	43.971.910
Capital increase	-	-	-	-	-	-	-	-	-	47.563.341	47.563.341
Transfers to reserves	-	-	-	-	-	-	6.079.067	(631.505.111)	-	-	-
Merger by partial disposal	53.195.417	-	(63.195.417)	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	(639.611)	(639.611)
Transactions with non-controlling interests	-	-	-	-	-	-	-	25.010.839	25.010.839	(51.566.521)	(26.555.682)
Dividends paid	-	-	-	-	-	-	-	(62.000.000)	(62.000.000)	(48.998.235)	(100.998.235)
Total comprehensive income for the year	-	-	-	184.238.463	(17.682.286)	-	-	294.074.797	480.630.974	25.646.804	486.277.778
Balance at 31 December 2012	1.500.000.000	241.425.784	(58.966.447)	527.051	365.730.662	102.775.159	48.895.020	2.141.283.569	4.635.745.595	970.194.797	5.605.940.392

Note 27 sets out disclosures for the changes in the equity.

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	1 January - 31 December 2012	1 January - 31 December 2011
Net profit for the year	27	318.863.256	740.563.908
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities			
- Depreciation on property, plant and equipment	18	507.866.696	481.743.960
- Amortization of intangible assets	19	11.104.068	7.146.583
- Profit/ (loss) on disposal of property, plant and equipment	31	(4.349.463)	(26.208.884)
- Unrealized exchange gain on cash and cash equivalent	32,33	69.953.542	(285.092.293)
- Unrealized exchange loss/(gain) on financial liabilities	32,33	(61.225.202)	215.595.377
- Provision for employee benefits	24	76.682.980	45.631.606
- Change in allowance for doubtful receivables	10,11	3.423.319	4.226.902
- Change in inventory write-down	13	4.889.347	4.458.286
- Change in other provisions	22,24	(2.525.366)	1.478.779
- Change in other income accruals	26	(538.420)	(15.370.392)
- Fair value (gain)/ loss on derivative financial instruments	12	(2.380.254)	-
- Loss on disposal of financial assets	33	4.740.825	-
- Interest income	32	(61.699.285)	(65.728.418)
- Interest expense	33	126.851.944	102.181.622
- Impairment losses of financial assets	7	-	209.382
- Fair value gain on step acquisition	3,31	-	(4.529.170)
- Negative goodwill on acquisition of subsidiary	3,31	-	(3.869.162)
- Dividend income	32	(38.150)	(63.551)
- Share of profit from associates	16	(17.823.933)	(6.911.085)
- Current income tax accrual	35	43.868.096	126.340.937
Operating cash flows provided before changes in working capital		1.017.664.000	1.321.804.387
- Trade receivables	3,10	23.261.933	(256.486.856)
- Inventories	3,13	(113.850.001)	(234.974.102)
- Due from related parties	3,37	6.483.905	10.877.568
- Other receivables and current assets	6,11,26	2.543.766	(14.569.530)
- Trade payables	3,10	88.425.484	133.568.320
- Due to related parties	37	4.134.429	1.795.218
- Other payables and expense accruals	3,7,11,15,26	(37.235.305)	30.855.258
Cash flows from operating activities		991.428.211	992.870.263
- Interest paid	33	(111.973.325)	(91.195.187)
- Current income tax paid	26,35	(126.506.481)	(196.498.628)
- Employment termination benefits paid	24	(33.645.047)	(24.150.998)
Net cash generated from operating activities		719.303.358	681.025.450

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

Consolidated Cash Flow Statements for the Years Ended 31 December 2012 and 2011

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

CASH FLOWS FROM INVESTING ACTIVITIES	Notes	1 January - 31 December 2012	1 January - 31 December 2011
- Proceeds from sale of held-to-maturity financial assets	7	-	33.268.005
- Capital increase in financial assets	7,16	(19.182.399)	(9.664.569)
- Proceeds from financial assets	7,33	4.667.000	-
- Proceeds from derivative financial investments	12	2.380.254	-
- Dividends received from associates	16	3.560.473	14.209.886
- Acquisition of subsidiary and joint venture (net of cash acquired)	3	(5.325.211)	(6.715.672)
- Purchases of property, plant and equipment	18	(993.233.714)	(812.456.178)
- Acquisitions of intangible assets	19	(18.767.640)	(17.703.531)
- Proceeds from sale of property, plant and equipment	18,31	48.892.054	103.555.859
- Proceeds from sales of intangible assets	19	249.977	4.020.563
- Dividend income from related parties	32,37	14	-
- Interest received	6,32	62.777.550	60.720.838
- Advances given for property, plant and equipment and prepaid expenses	3,26	(104.757.843)	(59.652.247)
- Currency translation differences	8,18,19	(15.586.376)	(55.011.475)
Net cash used in investing activities		(1.034.325.861)	(745.428.521)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Proceeds from financial liabilities	8	974.373.215	769.155.474
- Repayments of financial liabilities	8	(982.391.334)	(818.379.666)
- Dividends paid	27	(57.026.325)	(72.995.121)
- Acquisition/ disposal of interest in a subsidiary from non-controlling interest	27	(26.555.682)	6.386.560
- Capital increases attributable to non-controlling interests	27	47.563.341	34.457.594
Net cash used in financing activities		(44.036.785)	(81.375.159)
Foreign exchange gain/ (loss) on cash and cash equivalents	32,33	(69.953.542)	285.092.293
Net (decrease)/ increase in cash and cash equivalents	6	(429.012.830)	139.314.063
Cash and cash equivalents at the beginning of the year	6	1.591.637.765	1.452.323.702
Cash and cash equivalents at the end of the year	6	1.162.624.935	1.591.637.765

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

Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

1. Group's Organization and Nature of Operations

Türkiye Şişe ve Cam Fabrikaları A.Ş. Group (the "Group") consists of a holding company, Türkiye Şişe ve Cam Fabrikaları A.Ş. (the "Company"), 51 subsidiaries, 4 joint ventures and 3 associates.

The Group consists of five operating segments including companies operating in flat glass, glassware, glass packaging, chemicals, and others that provide export, import and insurance agency services. The Group's main area of activity is glass production and it deals with complementary industrial and commercial operations for glass production. Additionally, the Group participates in management of various industrial and commercial companies.

The Group was established 77 years ago by Türkiye İş Bankası A.Ş. ("İş Bankası") in Turkey, being one of the largest Turkish private commercial banks. The shares of the Company have been publicly traded on the Istanbul Stock Exchange ("ISE") since 1986. As 31 December 2012, İş Bankası holds 65,47% (2011: 68,15%) of the shares and retains the control of the Group.

The Head Office and the Shareholder Structure of the Company

The shareholder structure of the Company together with the disclosure of ultimate shareholders is presented in Note 27.

The Company is registered in Turkey and the contact information is as shown below:

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

Trade Register Information of the Company

Registered at: İstanbul Ticaret Sicil Memurluğu
Registry no: 21599

Details of the number of the personnel are as follows:

	31 December 2012	31 December 2011
Personnel paid by the month	5.679	5.793
Personnel paid by the hour	12.159	12.272
Total	17.838	18.065

Consolidated subsidiaries, joint ventures and associates

The subsidiaries, joint ventures and the associates of the Group, their country of incorporation, nature of business and their business segments are as follows:

Flat Glass Group

Subsidiaries	Nature of business	Country of registration
Trakya Cam Sanayii A.Ş. ⁽¹⁾	Production and sales of flat glass, auto glass and processed glass	Turkey
Trakya Yenişehir Cam Sanayii A.Ş.	Production and sales of flat glass, coated glass, laminated glass, and patterned glass	Turkey
Çayırova Cam Sanayii A.Ş.	Commercial activity	Turkey
Trakya Polatlı Cam Sanayii A.Ş.	Production and sales of flat glass	Turkey
Trakya Glass Bulgaria EAD	Automatic production and sales of flat glass, glassware, automotive glass, white goods, and mirror	Bulgaria
Trakya Glass Logistics EAD	Logistics services	Bulgaria
Trakya Cam Investment B.V.	Finance and investment company	Netherlands
TRSG Autoglass Holding B.V. ⁽²⁾	Finance and investment company	Netherlands
Trakya Investment B.V.	Finance and investment company	Netherlands
TRSG Glass Holding B.V.	Finance and investment company	Netherlands
Trakya Glass Kuban OOO	Production and sales of flat glass	Russia
Trakya Glass Rus ZAO	Production and sales of flat glass	Russia
Automotive Glass Alliance Rus ZAO ⁽²⁾	Production and sales of automotive glass	Russia
Glass Corp S.A. ⁽⁴⁾	Production and sales of automotive glass	Romania

Associate	Nature of business	Country of registration
Saint Gobain Glass Egypt S.A.E. ⁽⁶⁾	Production and sales of flat glass	Egypt

Glassware Group

Subsidiaries	Nature of business	Country of registration
Paşabahçe Cam Sanayii ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	Automatic production and sales of glassware	Turkey
Paşabahçe Mağazaları A.Ş.	Retail sales of glassware	Turkey
Camiş Ambalaj Sanayii A.Ş.	Production and sales of paper packaging	Turkey
Denizli Cam Sanayii ve Tic. A.Ş. ⁽¹⁾	Production and sales of soda and hand-made crystal ware	Turkey
Paşabahçe Investment B.V.	Finance and investment company	Netherlands
OOO Posuda	Automatic production and sales of glassware	Russia

Glass Packaging Group

Subsidiaries	Nature of business	Country of registration
Anadolu Cam Sanayii A.Ş. ⁽¹⁾	Production and sales of glass packaging	Turkey
Anadolu Cam Yenişehir Sanayi A.Ş.	Production and sales of glass packaging	Turkey
Anadolu Cam Eskişehir Sanayi A.Ş. ⁽²⁾	Production and sales of glass packaging	Turkey
Anadolu Cam Investment B.V.	Finance and investment company	Netherlands
AC Glass Invest B.V.	Finance and investment company	Netherlands
Balsand B.V.	Finance and investment company	Netherlands
JSC Mina	Production and sales of glass packaging	Georgia
OOO Ruscam	Production and sales of glass packaging	Russia
OOO Ruscam Holding ⁽³⁾	Production and sales of glass packaging	Russia
OOO Ruscam Kuban	Production and sales of glass packaging	Russia
OAO Ruscam Pokrovsky	Production and sales of glass packaging	Russia
OOO Ruscam Kirishi	Production and sales of glass packaging	Russia
OOO Ruscam Sibir	Production and sales of glass packaging	Russia
CJSC Brewery Pivdenna	Production and sales of glass packaging	Ukraine
Merefa Glass Company Ltd.	Production and sales of glass packaging	Ukraine

Joint Ventures	Nature of business	Country of registration
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	Production and sales of moulds	Turkey
OOO Balkum	Sand mining and sales	Russia

Associate	Nature of business	Country of registration
OAO FormMat	Sales of produced sand	Russia

Chemicals Group

Subsidiaries	Nature of business	Country of registration
Soda Sanayii A.Ş. ⁽¹⁾	Production and sales of soda ash and chromium chemicals	Turkey
Cam Elyaf Sanayii A.Ş.	Production and sales of glass fiber	Turkey
Camiş Elektrik Üretim A.Ş.	Production and sales of electricity	Turkey
Camiş Madencilik A.Ş.	Production and sales of raw materials in glass	Turkey
Madencilik Sanayii ve Tic. A.Ş.	Production and sales of raw materials in glass	Turkey
Asmaş Ağır Sanayi Makinaları A.Ş.	Manufacturing of heavy industrial machinery	Turkey
Dost Gaz Depolama A.Ş.	Storage and sales of natural gas	Turkey
Şişecam Bulgaria Ltd.	Soda sales	Bulgaria
Cromital S.p.A	Chromium and chromium subproducts	Italy
Camiş Egypt Mining Ltd. Co.	Sand mining and sales	Egypt
Şişecam Soda Lukavac D.O.O.	Production and sales of soda	Bosnia Herzegovina
Camiş Rus ZAO	Production and sales of raw materials in glass	Russia

Joint Ventures	Nature of business	Country of registration
Oxyvit Kimya Sanayii ve Tic. A.Ş.	Vitamin-K manufacturer	Turkey
Rudnik Krechnjaka Vijenac D.O.O.	Production and sales of lime stone	Bosnia Herzegovina

Associate	Nature of business	Country of registration
Solvay Şişecam Holding AG	Finance and investment company	Austria

Others

Subsidiaries	Nature of business	Country of registration
Camiş Limited	Foreign purchasing services	United Kingdom
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	Insurance agency	Turkey
Şişecam Dış Ticaret A.Ş.	Exportation of group products	Turkey

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

(2) These companies were founded within year 2012.

(3) OOO Ruscam Ufa's company name has been changed to OOO Ruscam Holding.

(4) Detailed information regarding the acquisition of this company has been included in Note 3.

(5) On 4 October 2012, the Group obtained significant influence over the company by purchase of additional shares and the ownership interest of the group has increased to 20%. Therefore, it has been reclassified as an associate and accounted for by the equity accounting from that date on.

The table below sets out all consolidated companies and shows the proportion of ownership interest and the effective interest of the Company in these subsidiaries:

Subsidiaries	31 December 2012		31 December 2011	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Trakya Cam Sanayii A.Ş.	69,79	69,79	69,79	69,79
Trakya Yenişehir Cam Sanayii A.Ş.	100,00	74,33	100,00	74,33
Çayırova Cam Sanayii A.Ş.	100,00	91,50	100,00	91,50
Trakya Polatlı Cam Sanayii A.Ş.	100,00	74,33	100,00	74,33
Trakya Glass Bulgaria EAD	100,00	77,49	100,00	77,48
Trakya Glass Logistics EAD	100,00	77,49	100,00	77,48
Trakya Cam Investment B.V.	100,00	77,49	100,00	77,48
TRSG Autoglass Holding B.V.	70,00	48,85	-	-
Trakya Investment B.V.	100,00	69,79	100,00	69,79
TRSG Glass Holding B.V.	70,00	48,85	70,00	48,85
Trakya Glass Kuban OOO	100,00	69,79	100,00	69,79
Trakya Glass Rus ZAO	100,00	48,85	100,00	48,85
Automotive Glass Alliance Rus ZAO	100,00	48,85	-	-
Glass Corp S.A.	90,00	62,81	-	-
Paşabahçe Cam Sanayii ve Tic. A.Ş.	99,41	95,45	99,41	95,42
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	100,00	96,85	100,00	96,83
Paşabahçe Mağazaları A.Ş.	100,00	89,11	100,00	89,08
Camiş Ambalaj Sanayii A.Ş.	100,00	100,00	100,00	100,00
Denizli Cam Sanayii ve Tic. A.Ş.	51,00	47,80	51,00	47,69
Paşabahçe Investment B.V.	100,00	95,45	100,00	95,42
OOO Posuda	100,00	95,45	100,00	95,42
Anadolu Cam Sanayii A.Ş.	79,12	79,12	79,12	79,12
Anadolu Cam Yenişehir Sanayi A.Ş.	100,00	82,27	100,00	82,27
Anadolu Cam Eskişehir Sanayi A.Ş.	100,00	82,26	-	-
Anadolu Cam Investment B.V.	75,92	60,07	51,85	41,03
AC Glass Invest B.V. (*)	100,00	40,35	100,00	40,35
Balsand B.V.	51,00	40,35	51,00	40,35
JSC Mina	99,86	79,01	99,86	79,01
OOO Ruscam	99,72	59,91	99,72	40,91
OOO Ruscam Holding	100,00	40,35	100,00	40,35
OOO Ruscam Kuban	100,00	40,35	100,00	40,35
OAO Ruscam Pokrovsky	100,00	40,35	100,00	40,35
OOO Ruscam Kirishi	100,00	40,35	100,00	40,35
OOO Ruscam Sibir	100,00	40,35	100,00	40,35
CJSC Brewery Pivdenna	100,00	40,35	100,00	40,35
Merefa Glass Company Ltd.	100,00	40,35	100,00	40,35
Soda Sanayii A.Ş.	89,70	82,70	85,05	82,07
Cam Elyaf Sanayii A.Ş.	99,01	91,05	99,01	91,04
Camiş Elektrik Üretim A.Ş.	100,00	84,09	100,00	84,09
Camiş Madencilik A.Ş.	100,00	100,00	100,00	100,00
Madencilik Sanayii ve Tic. A.Ş.	100,00	99,06	100,00	99,06
Asmaş Ağır Sanayi Makinaları A.Ş.	99,98	85,28	99,98	84,74
Dost Gaz Depolama A.Ş.	100,00	85,31	100,00	84,77
Şişecam Bulgaria Ltd.	100,00	82,70	100,00	82,07
Cromital S.p.A	100,00	82,70	100,00	82,07
Camiş Egypt Mining Ltd. Co.	99,70	99,70	99,70	99,70
Şişecam Soda Lukavac D.O.O.	89,30	73,85	88,37	72,53
Camiş Rus ZAO	100,00	100,00	100,00	100,00
Camiş Limited	100,00	98,64	100,00	98,63
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	100,00	99,97	100,00	99,97
Şişecam Dış Ticaret A.Ş.	100,00	99,99	100,00	99,99

(*) The non-controlling interests that are subject to put option are distributed within the Group.

Joint Ventures

Company name	31 December 2012		31 December 2011	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Omco İstanbul Kalıp Sanayii ve Tic. A.Ş.	50,00	39,57	50,00	39,57
OOO Balkum	50,00	20,18	50,00	20,18
Oxyvit Kimya Sanayii ve Tic. A.Ş.	50,00	42,30	50,00	42,02
Rudnik Krečnjaka Vijenac D.O.O.	50,00	50,00	50,00	50,00

Associates

Company name	31 December 2012		31 December 2011	
	Direct and indirect ownership (%)	Effective ownership (%)	Direct and indirect ownership (%)	Effective ownership (%)
Saint Gobain Glass Egypt S.A.E.	20,00	13,96	14,87	10,38
OAO FormMat	48,46	19,55	48,46	19,55
Solvay Şişecam Holding AG	25,00	20,68	25,00	20,52

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Preparation of Financial Statements and Accounting Standards

The Company and its Turkish subsidiaries maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislations and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the Capital Markets Board ("CMB"). The foreign subsidiaries 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 reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

The CMB regulates the principles and procedures of preparation, presentation and announcement of financial statements prepared by entities through the Communiqué No: XI-29, "Principles of Financial Reporting in Capital Markets" (the "Communiqué"). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, "The Financial Reporting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the Public Oversight Accounting and Auditing Standards Authority ("POAASA") announces the differences between IAS/IFRS as adopted by the European Union and those issued by the International Accounting Standards Board ("IASB"), Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the POAASA will continue to be in line with standards issued by the IASB.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by POAASA as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No:29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards") which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats required at the announcements of CMB dated 14 April 2008, 9 January 2009 and 25 October 2010. As per CMB's Communiqué Serial XI, No:29 and its announcements clarifying this communiqué, enterprises are obliged to present the hedging rate of their total foreign exchange liability and export and import amounts in the notes to the financial statements.

Presentation and Functional Currency

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

Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the CMB's resolution 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, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Comparatives and restatement of prior periods' financial statements

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

As of 31 December 2012, some reclassifications in the statement of cash flows were made with the purpose of compliance with IAS 1 "Presentation of Financial Statements" and IAS 7 "Statement of Cash Flows", "Exchange gain/ loss on cash and cash equivalent" amounting to TRY 285.092.293 was separately disclosed in net cash flow reconciliation and "acquisition/ disposal of interest in a subsidiary from non-controlling interest" amounting to TRY 6.386.560 was reclassified under net cash used in financing activities in order to provide comparability in 2011.

Financial statements of foreign subsidiaries

Financial statements of subsidiaries, associates and joint ventures operating in foreign countries are prepared in accordance with the legislation of the country in which they operate and assets and liabilities in financial statements prepared according to the Group's accounting policies are translated into TRY from the foreign exchange rate at the balance sheet date whereas 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 shareholders' equity.

Foreign currencies and exchange rates of the countries where a significant portion of the Group's foreign operations are performed are summarized below:

Currency	31 December 2012		31 December 2011	
	Period End	Period Average	Period End	Period Average
US Dollars	1,78260	1,79219	1,88890	1,67075
Euros	2,35170	2,30433	2,44380	2,32437
Bulgarian Lev	1,20241	1,17819	1,24950	1,18843
Egyptian Pounds	0,28047	0,29654	0,31294	0,28270
Russian Rubles	0,05808	0,05724	0,05815	0,05635
Georgian Lari	1,07599	1,08535	1,13087	0,99093
Ukrainian Hryvnia	0,22302	0,22427	0,23641	0,20969
Convertible Mark	1,20241	1,17819	1,24950	1,18843
New Romanian Leu	0,52599	0,51296	0,56086	0,54372

Consolidation Principles

The consolidated financial statements include the accounts of the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş., its subsidiaries (collectively referred to as the "Group") on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

Subsidiaries

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

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

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Note 1 sets out all subsidiaries included in the scope of consolidation and shows their ownership and effective interests (%) as of 31 December 2012 and 2011.

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

The result of operations of Subsidiaries and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

The balance sheets and statements of income of the Subsidiaries are consolidated on a 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. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date. When the losses applicable to the non-controlling portion exceed the non-controlling interest in the equity of the subsidiary, the excess loss and the further losses applicable to the non-controlling are charged against the non-controlling interest (Note 2.5).

Subsidiaries, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2012, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7).

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 held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of 31 December 2012.

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 resulting from the assets controlled jointly are accounted for on an accrual basis. Gains from the usage or sales of jointly-controlled assets are recorded as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably.

The accounting policy of goodwill resulting from the acquisition of the joint-venture is the same as the accounting policy of goodwill resulting from the acquisition transaction of the subsidiary (Note 2.5).

Unrealized profits and losses resulting from the transactions between the Group and the Group's joint-ventures are eliminated to the extent of the Group's interest in the Joint Ventures.

Associates

Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised. The 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 cessation 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 an interest that is below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured, are carried in the financial statements at their fair value.

2.2 Significant changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The accounting policies used in the preparation of these consolidated financial statements for the year ended 31 December 2012 are consistent with those used in the preparation of financial statements for the years ended 31 December 2011.

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. The accounting estimates used in the preparation of these consolidated financial statements for the year ended 31 December 2012 are consistent with those used in the preparation of financial statements for the year ended 31 December 2011.

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

2.4 Amendments in International Financial Reporting Standards ("IFRS")

The Group has applied new standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 1 January 2012 and are relevant to the Group's operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2012 and in interim periods subsequent to 1 January 2012.

a. Standards, amendments and IFRICs applicable to 31 December 2012 year ends

- IFRS 7 (amendment), "Financial instruments: Disclosures on transfers of assets", is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- IFRS 1 (amendment), "First-time adoption of IFRS", is effective for annual periods beginning on or after 1 July 2011. The amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

- IAS 12 (amendment), "Income taxes" on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value.

b. New IFRS standards, amendments and IFRICs effective after 1 January 2013:

- IAS 19 (amendment), "Employee benefits", is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted. Based on the aforementioned standard, approximately an actuarial loss of TRY 16.000.000 would be reversed from the income statement and accounted for under other comprehensive income for the year ended 31 December 2012.

- IAS 1 (amendment), "Presentation of financial statements", regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. Early adoption is permitted.

- IFRS 10, "Consolidated financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

- IFRS 11, "Joint arrangements", is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Based on the aforementioned standard, the consolidated financial statement is expected to be effected by approximately 1% in terms revenue and 2% in terms of total assets.

- IFRS 12, "Disclosures of interests in other entities", is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2013. The amendment also provides additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS 12 is applied.

- IFRS 13, "Fair value measurement", is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

- IAS 27 (revised), "Separate financial statements", is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised), "Associates and joint ventures", is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

- IFRS 7 (amendment), "Financial instruments: Disclosures", on offsetting financial assets and financial liabilities, is effective for annual periods beginning on or after 1 January 2013. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.

- IAS 32 (amendment), "Financial instruments": Presentation on offsetting financial assets and financial liabilities", is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, "Financial instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- IFRS 1 (amendment), "First time adoption", on government loans, is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.

- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

- IFRS 9, "Financial instruments: Classification and Measurement", is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.

- IFRS 10, (amendment) "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.

- IFRIC 20, "Stripping costs in the production phase of a surface mine".

The Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations except for the ones the impacts of which were disclosed 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 of consideration received or receivable incurred or to be incurred. Net sales represent the invoiced value of trading goods and services given, less sales discounts and returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as financial income (Notes 28 and 32).

Sales of Goods

The Group's sales consist of flat glass, glass ware, glass fiber and glass packaging that covers all the major areas of glass production, as well as soda and chrome. Revenue obtained from the sales of the goods is accounted for when the conditions below are met:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the Group, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Services Provided

Contract revenue and costs related to 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 to the project is highly probable. Contract revenue is measured at the fair value of the consideration received or receivable. Projects are fixed price contracts and revenue is recognized in accordance with the percentage of completion method. The portion of the total contract revenue corresponding to the completion rate is recognized as contract revenue in the relevant period.

Logistics, import, export and insurance intermediary services are performed by service companies for the Group.

Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Dividend income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared.

Inventories

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. Inventories consist of raw material, semi finished goods, finished goods, commercial goods and other stocks (Note 13).

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value.

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Expected useful life, residual value and amortization method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively (Note 18).

Leased assets are subject to similar amortization procedures, as with the other tangible assets on the shorter of the related leasing period and economic life of the asset.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful life
Buildings	10–50 years
Land improvements	8–50 years
Machinery and equipment	3–15 years
Motor vehicles	3–15 years
Furniture and fixtures	2–15 years
Other tangible assets	4–10 years

Property, plant and equipment are reviewed for impairment losses. 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 the 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 of 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 statements of income during the financial period in which they were incurred.

Gain or losses on disposal of property, plant and equipment are included in the related operating income or expense line item and are determined as the difference between the carrying value and amounts received.

Intangible assetsIntangible 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 year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 5 years based on their economic lives (Note 19).

Computer software

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

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years) (Note 19).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately (Note 19).

Mining assets

Development costs incurred to evaluate and develop new ore bodies, or to define mineralization in existing ore bodies, or to establish or expand productive capacity or to maintain production are capitalized. Mine development costs are capitalized to the extent they provide probable access to mine bearing reefs, have future economic benefits and they are attributable to an area of interest or those that can be reasonably allocated to the area of interest. Development costs include sinking shafts, construction of underground galleries, roads and tunnels. Where revenue from mine sales is recognized in the statements of comprehensive income, costs incurred during commissioning period which are directly attributable to developing the operating capability of the mine, are capitalized and only the costs that represent costs of producing mine are recognized in the statement of comprehensive income. In cases where it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and recorded as expense to the statement of comprehensive income.

Depreciation starts when the asset is in a location and condition necessary for it to be capable of operating in the manner intended by the management. Development costs incurred during the production phase are capitalized and depreciated to the extent that they have future economic benefits. The development cost is allocated at initial recognition to its significant components and each component is depreciated separately by units of production method, considering the attributable area of interest. The major overhauls that extend the future economic benefits throughout the life of mine are capitalized as future benefits will flow to the Company. Other than major overhauls, repairs are expensed as incurred. Depreciation and amortization of development costs are calculated principally by the units of production method based on estimated proven and probable reserves of attributable area of interests. In accordance with the unit of production method, the depreciation charge of development costs are calculated by dividing the number of tons of ore extracted during the period by the remaining proven and probable mine reserves in terms of tons for attributable area of interest. To the extent that these costs benefit the entire ore body or area of interest, they are amortized over the estimated life of the ore body or area of interest. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits in the attributable area of interest.

Mineral and surface rights are recorded at acquisition cost and amortized principally by the units of production method based on estimated proven and probable reserves. In accordance with the unit of production method, the amortization charge of mineral and surface rights are calculated by dividing the amount of ore extracted during the period to the remaining proven and probable mine reserves in terms of ton (Note 19).

Development costs

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis in five years. Expense of current period amortisation and depreciation are recognised with cost of goods sold and operational expenses (Note 28 and 30).

Investment Properties

Land and buildings those are held for long term rental yields or value increase or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are accounted for using the fair value model at the financial statements.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply IAS 16 "Property, Plant and Equipment" up to the date of change in use. The entity treats any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value as a revaluation in accordance with IAS 16 and revaluation differences are accounted for under equity.

Fair value of investment property has been calculated at the end of each year by the independent valuation firms that have related CMB licenses and required professional experience (Note 17).

In subsequent periods, profit or loss due to the revaluation of fair value of investment property are accounted for under current period's profit or loss.

Derivative Financial Instruments

Derivative financial instruments are initially recognized in the consolidated balance sheet at cost and subsequently are re-measured at their fair value. The derivative financial instruments of the Group mainly consist of foreign exchange forward contracts. Although these derivative financial instruments provide effective economic hedges according to the Group risk management position, they do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivative financial instruments held for trading in the consolidated financial statements.

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognised immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognised impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Leases

a) The Group as the lessee:

Financial Leasing

Leasing of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leasing. Finance leased are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Financial costs of leasing are distributed over the lease period with a fixed interest rate. The property, plant and equipment acquired under financial leases are depreciated over the useful lives of the assets. If there is a decrease in the value of the property, plant and equipment under financial leasing, the Group provides impairment. The foreign exchange and interest expenses related with financial leasing have been recorded in the income statement. Lease payments have been deducted from leasing debts.

a) The Group as the lessee:

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

b) The Group as the lessor:

Operating leases

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings (Note 8 and 33).

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

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

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalised. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) 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

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

Financial assets

Classification

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The Group's receivables are classified as "trade and other receivables" in the balance sheet (Note 10 and 11).

Available-for-sale financial assets

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

Held to maturity financial assets

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

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets. 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 are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income. Dividends on available-for sale equity instruments are recognised in the statement of income as part of financial income when the Group's right to receive payments is established.

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

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

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short

duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months are classified under short-term financial investments (Note7).

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

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

Equity instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis (Note 8).

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

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

Business combinations and Goodwill

A business combination is the bringing together of separate entities or business into one reporting entity. Business combinations are accounted for using the purchase method in the scope of IFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

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

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. For disposals to non-

controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

Foreign Currency Transactions

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

The Group adjusts the amounts recognised in its financial statements to reflect adjusting events occurring after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

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 the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 22).

Onerous contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group.

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities (Note 15).

Segment reporting

The Group has five business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; flat glass, glass-ware, glass packaging, chemicals, and other included export-import and insurance services. These segments are managed separately because they are affected by the economical conditions and geographical positions in terms of risks and returns. When evaluating the segments' performance, Group Management is utilising the financial statements prepared in accordance with IFRS (Note 5).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under “Other” do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

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

Government grants

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

Government grants related to costs are accounted as income on a consistent basis over the related periods with the costs.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statements of income on a straight-line basis over the expected lives of the related assets.

Current and deferred income tax

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

The current year tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilised.

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

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

Employee Benefits

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees. According to Turkish Labour Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognised in the consolidated statements of income (Note 24).

Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change

in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

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

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

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

Treasury Shares

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued and is shown as treasury shares in the consolidated balance sheet. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to the company's equity holders.

Dividends

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

Construction Contracts

Contract costs are recognised as expenses in the period in which they are incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within other assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses) under other liabilities.

2.6 Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/ (loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

As a result of the evaluations, a deferred income tax asset amounting to TRY 67.470.342 (31 December 2011: TRY 48.914.209) results from temporary differences as of 31 December 2012 that are arising from the tax allowances and can be used as long as the tax allowances continue (Note 35).

The Group receives corporate tax allowances (in accordance with Corporate Tax Law No. 5520, article 32/A). As of 31 December 2012, the amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 70.124.496 (2011: TRY 39.865.574) (Note 35).

The Group has classified Çayirova property located in Gebze, Kocaeli, as investment property due to the termination operational use as of 31 December 2012. The fair value of the property is determined as TRY 217.707.575, as of 31 December 2012. Revaluation gains amounting to TRY

The Group has classified Beykoz property located in İncirköy, Beykoz, İstanbul as investment property due to the termination of operational use as of 30 June 2011. The fair value of the property is determined as TRY 208.591.216 as of 30 June 2011. Revaluation gains amounting to TRY 200.114.617 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity by considering the deferred tax effect amounted to TRY 10.005.731. As of 31 December 2012, there is no a significant change in the fair value of investment property considering the updated revaluation report dated February 2013 (Note 17).

One of the Group's unquoted available for sale financial asset, the fair value of Avea İletişim Hizmetleri A.Ş. ("Avea") that the Group has an ownership at a rate by 1.48% via a direct ownership by 0.35% and indirect ownership by 1.14% by its shares of Trakya Yatırım Holding A.Ş. is based on a valuation report issued on 13 June 2010 by an independent and international valuation firm, which has the required professional knowledge and experience in telecommunication sector. The fair value of available for sale financial asset was determined based on the available telecommunication sector information by the valuation methods of discounted cash flow, comparative sector multipliers and benchmark studies. The discount rate and sector multiplier used in the discounted cash flow analysis are 12.4% and 7.0% respectively.

The fair value of the available for sale asset was subsequently analyzed by considering available subscriber number of Avea, its market share, and sector-specific discounted cash flow analysis including sector comparisons for 2010, 2011 and 2012 and no significant fair value change was identified as a result of those analyses.

2.7 Convenience translation into English of 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.

3. Business Combinations

Business combinations in the year 2012:

The Group acquired 90% of shares of Glass Corp. S.A., for a purchase consideration of Euro 3.098.613 on 11 July 2012. Euro 2.050.840 of the total amount was paid in cash whereas the remaining amount of Euro 1.047.773 was accounted for in current payables related to acquisitions. Goodwill arising from the acquisition through which the Group aimed to gain a large share of market in Romania and supporting its target of growing in emerging markets, is represented below. The goodwill calculation is based on the temporary amounts and will be finalized 12 months after the acquisition date. If necessary, revision on the calculation will be reflected in the financial statements as of the acquisition date.

	Fair Value	Group's Share
Current Assets	1.216.947	1.095.252
Cash and cash equivalents	1.023	921
Trade receivables	651.193	586.074
<i>Due from related parties</i>	732	659
<i>Other trade receivables</i>	650.461	585.415
Other receivables	785	706
Inventories	563.946	507.551
Non-current Assets	6.409.545	5.768.591
Tangible assets	6.364.853	5.728.368
Other non-current assets	44.692	40.223
Total Assets	7.626.492	6.863.843
Current Liabilities	4.609.021	4.148.119
Financial liabilities	179.529	161.576
Trade liabilities	2.082.953	1.874.658
Other liabilities	2.310	2.079
Other current liabilities	2.344.229	2.109.806
Non-current Liabilities	9.413.582	8.472.224
Financial liabilities	9.063.508	8.157.157
Other liabilities	350.074	315.067
Total Liabilities	14.022.603	12.620.343
Total Net Assets	(6.396.111)	(5.756.500)
Total cash paid		4.530.425
Current payables related with the acquisition		2.314.592
Total purchase consideration		6.845.017
Goodwill		12.601.517
Currency translation differences		971.829
Goodwill as of 31.12.2012		13.573.346
Net cash paid for acquisition of subsidiary		4.530.426
Cash and cash equivalents acquired		(1.023)
Net cash outflow		4.529.403

Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

Glass Corp. SA contributed TRY 2.463.176 in revenues after the acquisition, as included in the consolidated statement of income. In the same period, the profit attributable to equity holders is TRY 2.404.238. Had Glass Corp S.A. been included in the consolidation as of 1 January 2012 an additional net revenue of TRY 3.847.207 and a decrease in the consolidated statement of income by TRY 994.433 would have been recognized.

Business combinations achieved in stages in the year 2011:

The Group acquired 50% shares of Cromital S.p.A, with a purchase consideration of EUR 2.442.800 on 20 December 2011. The total consideration is amounting to EUR 2.774.087,95 with an additional consideration amounting to EUR 351.287,95 that was paid on 21 June 2012 for the same 50% of shares. Therefore, the goodwill arising from the acquisition is revised accordingly and it is represented below:

	Fair Value	Group's Share
Current Assets	26.899.078	26.899.078
Cash and cash equivalents	6.890.282	6.890.282
Trade receivables	15.590.704	15.590.704
Other receivables	38.455	38.455
Inventories	3.525.927	3.525.927
Other current assets	853.710	853.710
Non-current Assets	5.622.334	5.622.334
Other receivables	5.141	5.141
Tangible assets	4.913.457	4.913.457
Intangible assets	195.862	195.862
Deferred tax assets	409.946	409.946
Other non-current assets	97.928	97.928
Total Assets	32.521.412	32.521.412
Current Liabilities	24.265.789	24.265.789
Financial liabilities	12.981.420	12.981.420
Trade liabilities	2.531.787	2.531.787
Other liabilities	7.967.906	7.967.906
<i>Due to related parties</i>	<i>7.704.477</i>	<i>7.704.477</i>
<i>Other liabilities</i>	<i>263.429</i>	<i>263.429</i>
Provisions	35.132	35.132
Other current liabilities	749.544	749.544
Non-current Liabilities	2.702.878	2.702.878
Financial liabilities	2.029.964	2.029.964
Other liabilities	64.992	64.992
Provision for employee benefits	607.922	607.922
Total Liabilities	26.968.667	26.968.667
Total Net Assets	5.552.745	5.552.745

Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

Cash paid in 2011	5.931.499
The amount paid prior to the acquisition	3.039.460
The fair value difference for the amount paid before the acquisition	1.489.710
The fair value of the amount paid prior to acquisition	4.529.170
Total purchase price as of 31 December 2011	10.460.669
Goodwill	4.907.924
Currency translation differences	(8.821)
Goodwill as of 31 December 2011	4.899.103
Cash paid due to purchase of subsidiary in 2011	5.931.499
Total cash paid	5.931.499
Cash and cash equivalents acquired	(6.890.282)
Net cash inflow in 2011	(958.783)
Goodwill as of 31 December 2011	4.899.103
Additional payment made on 21 June 2012	795.808
Currency translation differences	(154.317)
Goodwill as of 31 December 2012	5.540.594

There is no contribution to revenues and net profit after the acquisition. Had Cromital S.p.A. been included in the consolidation as of 1 January 2011, additional net revenue of TRY 66.001.643 and an increase in the consolidated income statement by TRY 2.315.636 would have been recognized.

Business combinations in the year 2011:

The Group acquired 100% of shares of Merefa Glass Company Ltd., for a purchase consideration of Euro 2.347.000 on 23 February 2011. Negative goodwill arose from this transaction and has been occurred and accounted for in the income statement. The negative goodwill relates mainly to businesses purchased out of administration and reflects the additional cost and management time required to stabilise and then integrate these businesses into the operations of the Group.

	Fair Value	Group's Share
Current Assets	12.268.213	12.268.213
Cash and cash equivalents	38.987	38.987
Trade receivables	3.927.806	3.927.806
Other receivables	1.463.863	1.463.863
Inventories	4.783.878	4.783.878
Other current assets	2.053.679	2.053.679
Non-current Assets	70.808.721	70.808.721
Tangible assets	69.206.473	69.206.473
Intangible assets	5.633	5.633
Deferred tax assets	1.551.457	1.551.457
Other non-current assets	45.158	45.158
Total Assets	83.076.934	83.076.934
Current Liabilities	8.242.539	8.242.539
Financial liabilities	590.602	590.602
Trade liabilities	4.861.530	4.861.530
Other liabilities	2.790.407	2.790.407
Non-current Liabilities	65.854.063	65.854.063
Financial liabilities	65.679.101	65.679.101
Other liabilities	174.962	174.962
Total Liabilities	74.096.602	74.096.602
Total Net Assets	8.980.332	8.980.332
Total cash paid		5.111.170
Negative goodwill (Note 31)		(3.869.162)
Net cash paid for acquisition of subsidiary		5.111.170
Cash and cash equivalents acquired		(38.987)
Net cash outflow		5.072.183

Merefa Glass Company Ltd contributed is TRY 33.832.485 of revenues after its acquisition, as included in the consolidated income statement. In the same period, the consolidated net profit after minority contribution decreased by TRY 5.578.809 in the same period due to this acquisition. Had Merefa Glass Company Ltd. been included in the consolidation as of 1 January 2011, additional net revenue of TRY 11.455.511 and a decrease of income by TRY 2.465.065 would have been recognized.

201.975.404 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity by considering the deferred tax effect amounted to TRY 10.098.770 (Note 17).

4. Joint Ventures

Joint ventures are accounted using proportionate consolidation in the Group's financial statements. Proportionate consolidation is similar to the line by line consolidation. The Group's share of assets, liabilities, income and expenses of Joint Ventures are consolidated in the financial statements by mapping each financial statement line item. The financial informat presented below represents 100% of the Joint Ventures and not the Group's share.

The nature of business, share percentages and summarized financial information of joint ventures accounted under the proportionate consolidation are presented in Note 1.

Summary financial information of the Joint Ventures

	31 December 2012	31 December 2011
Current assets	52.741.065	49.122.150
Non-current assets	56.729.986	56.409.044
Total Assets	109.471.051	105.531.194
Current liabilities	(22.745.095)	(27.587.630)
Non-current liabilities	(7.951.119)	(6.886.404)
Total Liabilities	(30.696.214)	(34.474.034)
Net Assets	78.774.837	71.057.160
	1 January - 31 December 2012	1 January - 31 December 2012
Income	119.573.024	108.217.073
Revenues	127.594.562	118.393.246
Expenses (-)	(107.784.454)	(101.929.263)
Profits from continuing operations	19.810.108	16.463.983
Other comprehensive income	(797.060)	2.243.414
Total comprehensive income	19.013.048	18.707.397
Capital increase	3.607.230	14.119.350
Dividend distribution	14.902.601	5.432.500

The Group has no contingent commitments regarding Joint Ventures.

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

5. Segment Reporting**a) Operational segments**

	1 January – 31 December 2012				Consolidation adjustments			
	Flat glass	Glassware	Glass packaging	Chemicals	Other			Consolidated
Net external revenue	1,241,963.305	1,318,603.088	1,472,779.540	1,298,621.345	10,124.426	-	-	5,342,091.704
Inter group revenue	7,267.121	29,811.649	2,436.152	334,035.196	13,755.148	(387,305.266)		-
Revenue	1,249,230.426	1,348,414.737	1,475,215.692	1,632,656.541	23,879.574	(387,305.266)		5,342,091.704
Total costs	(917,696.196)	(907,443.983)	(1,132,789.956)	(1,344,134.255)	(9,309.108)	393,168.130		(3,918,205.368)
Gross profit/loss	331,534.230	440,970.754	342,425.736	288,522.286	14,570.466	5,862.864		1,423,886.336
Operating expenses	(260,498.563)	(372,614.936)	(231,034.116)	(161,423.067)	(1,509.558)	23,599.422		(1,003,480.818)
Other income	24,665.159	9,149.475	20,820.042	25,435.374	4,155.731	(23,076.420)		61,149.361
Other expenses	(8,621.301)	(8,881.655)	(13,775.281)	(23,354.444)	(156.642)	3,286.670		(51,502.653)
Operating profit	87,079.525	68,623.638	118,436.381	129,180.149	17,059.997	9,672.536		430,052.226
Share in profit/(loss) of the associates	1,549.115	-	124,768	16,150.050	-	-		17,823.933
Financial income	184,155.769	415,664.135	159,168.060	73,375.066	87,330.252	(73,884.051)		845,809.231
Financial expenses	(177,317.610)	(418,330.957)	(211,363.122)	(85,933.493)	(83,744.766)	45,735.910		(930,954.038)
Profit before tax from continuing operations	95,466.799	65,956.816	66,366.087	132,771.772	20,645.483	(18,475.605)		362,731.352
Income tax expense for the period	(9,996.987)	(6,236.529)	(16,293.020)	(6,966.595)	(2,768.175)	(1,606.790)		(43,868.096)
Profit for the period	85,469.812	59,720.287	50,073.067	125,805.177	17,877.308	(20,082.395)		318,863.256
Capital expenditures	365,627.481	207,818.581	310,642.795	106,716.719	21,820.583	-		1,012,626.159
Depreciation and amortization charges	(126,864.261)	(100,906.160)	(179,429.727)	(103,541.432)	(8,229.184)	-		(518,970.764)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	213,943.786	169,529.798	297,866.108	232,721.581	25,289.181	9,672.536		949,022.990

Balance sheet (31 December 2012)

Total assets	2,461,173,870	1,788,290,019	2,248,057,706	1,834,470,682	2,866,269,282	(2,475,336,897)		8,722,924,662
- Associates	49,354,382	-	11,353,323	142,366,910	-	-		203,074,615
Total liabilities	602,431,858	654,721,068	1,288,160,163	543,380,674	702,394,920	(674,104,413)		3,116,984,270

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5. Segment Reporting**a) Operational segments**

	1 January – 31 December 2011				Consolidation adjustments			
	Flat glass	Glassware	Glass packaging	Chemicals	Other			Consolidated
Net external revenue	1,247,887,526	1,287,501,390	1,284,617,583	1,148,413,709	10,262,607	-		4,978,682,815
Inter group revenue	7,669,537	27,221,726	3,096,071	317,454,912	13,437,732	(368,879,978)		-
Revenue	1,255,557,063	1,314,723,116	1,287,713,654	1,465,868,621	23,700,339	(368,879,978)		4,978,682,815
Total costs	(809,560,575)	(810,088,671)	(931,156,816)	(1,141,578,406)	(7,777,118)	359,719,037		(3,340,442,549)
Gross profit/loss	445,996,488	504,634,445	356,556,838	324,290,215	15,923,221	(9,160,941)		1,638,240,266
Operating expenses	(224,616,612)	(336,896,758)	(200,247,698)	(136,307,808)	(3,118,169)	19,473,620		(881,713,425)
Other income	14,071,534	27,203,798	25,686,163	32,119,233	3,505,422	(10,704,262)		91,881,888
Other expenses	(5,330,665)	(8,483,334)	(22,435,869)	(37,181,102)	(358,248)	3,444,681		(70,344,537)
Operating profit /loss	230,120,745	186,458,151	159,559,434	182,920,538	15,952,226	3,053,098		778,064,192
Share in profit/(loss) of the associates	-	-	58,492	6,852,593	-	-		6,911,085
Financial income	204,433,455	601,312,628	171,712,609	149,270,731	135,443,800	(34,198,522)		1,227,974,701
Financial expenses	(148,258,495)	(601,887,337)	(188,348,943)	(127,059,513)	(110,768,880)	30,278,035		(1,146,045,133)
Profit before tax from continuing operations	286,295,705	185,883,442	142,981,592	211,984,349	40,627,146	(867,389)		866,904,845
Income tax expense for the period	(48,828,850)	(25,604,852)	(21,143,426)	(26,740,795)	(5,334,592)	1,311,578		(126,340,937)
Profit for the period	237,466,855	160,278,590	121,838,166	185,243,554	35,292,554	444,189		740,563,908
Capital expenditures	95,789,595	190,331,615	355,971,370	159,981,567	28,085,562	-		830,159,709
Depreciation and amortization charges of tangible and intangible assets	(129,630,384)	(101,816,777)	(158,410,880)	(94,360,956)	(4,671,546)	-		(488,890,543)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	359,751,129	288,274,928	317,970,314	277,281,494	20,623,772	3,053,098		1,266,954,735

Balance sheet (31 December 2011)

Total assets	2,306,244,314	1,912,899,590	2,182,692,713	1,859,844,841	2,655,383,057	(2,662,288,469)		8,254,776,046
- Associates	-	-	11,240,255	134,772,109	-	-		146,012,364
Total liabilities	532,034,035	584,784,808	1,246,986,951	674,904,123	691,573,789	(631,828,551)		3,098,455,155

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

5. Segment Reporting

b) Geographical segments

	Russia, Ukraine and Georgia			Consolidation adjustments		
	Turkey	Europe	Other	Total	Consolidation adjustments	Consolidated
1 January – 31 December 2012						
Net sales	4.110.302.295	493.614.262	-	5.342.091.704	-	5.342.091.704
International intercompany sales	101.095.514	33.069.182	10.260.010	153.653.962	(153.653.962)	-
Total net sales (*)	4.211.397.809	526.683.444	10.260.010	5.495.745.666	(153.653.962)	5.342.091.704
Capital expenditures	594.398.381	218.176.091	264	1.012.626.159	-	1.012.626.159
Depreciation and amortization charges	(339.373.767)	(57.672.568)	(159.639)	(518.970.764)	-	(518.970.764)
Balance sheet (31 December 2012)						
Total assets	7.069.976.252	1.412.288.298	1.769.766	10.207.607.018	(1.484.682.356)	8.722.924.662
- Associates	142.366.970	60.707.705	-	203.074.675	-	203.074.675
Total assets	1.601.336.765	1.154.798.308	507.065	3.376.835.449	(259.851.179)	3.116.984.270
1 January – 31 December 2011						
Net sales	3.907.887.219	409.790.720	-	4.978.682.815	-	4.978.682.815
International intercompany sales	67.352.010	37.480.232	10.979.609	125.463.973	(125.463.973)	-
Total net sales (*)	3.975.239.229	447.270.952	10.979.609	5.104.146.788	(125.463.973)	4.978.682.815
Capital expenditures	540.480.865	65.989.098	1.729	830.159.709	-	830.159.709
Depreciation and amortization charges	(332.522.234)	(54.537.693)	(207.235)	(488.890.543)	-	(488.890.543)
Balance sheet (31 December 2011)						
Total assets	6.692.637.089	1.326.983.062	2.739.643	9.393.339.998	(1.138.563.952)	8.254.776.046
- Associates	134.772.109	11.240.255	-	146.012.364	-	146.012.364
Total liabilities	1.926.224.443	1.091.265.257	1.018.572	3.412.457.943	(314.002.788)	3.098.455.155

(*) Net sales according to the geographical regions are represented based on the countries where the companies are operating.

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Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

6. Cash and Cash Equivalents

	31 December 2012	31 December 2011
Cash on hand	444.488	535.312
Cash at banks	1.163.558.745	1.599.087.863
- demand deposits	87.760.650	111.867.025
- time deposits (with maturities of three months or less)	1.075.798.095	1.487.220.838
Mutual funds	5.847	11.372
Other liquid assets	314.197	288.550
	1.164.323.277	1.599.923.097

Time deposits

Currency	Interest rate (%)	Maturity	31 December 2012	31 December 2011
EUR	0,41 – 3,30	January - February 2013	240.890.362	419.713.504
USD	0,41 – 3,55	January 2013	826.357.161	1.035.934.569
TRY	6,00 – 8,75	January 2013	7.323.818	23.623.416
Others (TRY equivalents)			1.226.754	7.949.349
			1.075.798.095	1.487.220.838

Cash and cash equivalents as of 31 December 2012 and 2011 presented in the consolidated statement of cash flows are as follows:

	31 December 2012	31 December 2011
Cash and cash equivalents	1.164.323.277	1.599.923.097
Less: Interest accrual	(1.698.342)	(5.230.582)
Less: Blocked deposits	-	(3.054.750)
	1.162.624.935	1.591.637.765

TRY 3.054.750 of time deposits is blocked as guarantee, as of 31 December 2011, for the borrowings used by the Group and this amount has been offset against the cash and cash equivalents in the prior year's statements of cash flow.

7. Financial Assets

a) Short-term Financial Assets

None.

b) Long-term Financial Assets

Available for sale financial assets	31 December 2012	31 December 2011
Financial investments not traded in an active market	81.694.826	114.003.685
Unconsolidated subsidiaries	663.451	663.451
Financial investments carried at market price	299.662	294.757
	82.657.939	114.961.893

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

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

	31 December 2012	31 December 2011
1 January	114.961.893	101.837.411
Transfers to associates (Note 16)	(50.417.968)	-
Cash capital increase	19.182.399	9.664.569
Compensation fund allowance	9.407.825	-
Discharge	(9.407.825)	-
Currency translation differences	(1.073.290)	3.657.296
Non-cash capital increase	38.136	63.551
Change in fair value	(33.231)	(51.552)
Provision for impairment	-	(209.382)
	82.657.939	114.961.893

Financial assets carried at market price	Share (%)	31 December 2012	Share (%)	31 December 2011
İş Finansal Kiralama A.Ş.	<1	299.662	<1	294.757

Financial assets not traded in an active	Share (%)	31 December 2012	Share (%)	31 December 2011
Trakya Yatırım Holding A.Ş. (1)	34,65	51.656.972	34,65	51.656.972
Avea İletişim Hizmetleri A.Ş.	<1	29.836.265	<1	29.836.265
Saint Gobain Glass Egypt S.A.E (2)	-	-	14,87	32.308.859
Nemtaş Nemrut Liman İşletmeleri A.Ş.	<1	188.233	<1	188.233
Other	-	13.356	-	13.356
		81.694.826		114.003.685

(1) Trakya Yatırım Holding A.Ş. is under the control of Türkiye İş Bankası A.Ş. and the Group does not have any significant influence or control power over this financial asset because the following criteria are not met:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the investor and the investee;
- interchange of managerial personnel or providing technical information required for the enterprise.

(2) With an additional share purchase on 4 October 2012, the Group gained significant influence over this financial asset. Accordingly the Group began to account for this investment using the equity method (Note 16).

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

Unconsolidated subsidiaries	Share (%)	31 December 2012	Share (%)	31 December 2011
Sintan Kimya San. ve Tic. A.Ş. (*)	-	-	59,00	7.665.962
Paşabahçe Mağazaları B.V.	100,00	1.451.583	100,00	1.451.583
Şişecam Shanghai Trade Co. Ltd.	100,00	655.449	100,00	655.449
Paşabahçe Yatırım ve Pazarlama A.Ş.	100,00	500.000	100,00	500.000
Mepa Merkezi Pazarlama A.Ş.	99,71	212.083	99,71	212.083
Paşabahçe Glass GmbH	100,00	68.699	100,00	68.699
Topkapı Yatırım Holding A.Ş.	80,00	51.796	80,00	51.796
Paşabahçe Spain SL	100,00	42.792	100,00	42.792
Paşabahçe USA Inc.	100,00	164	100,00	164
Provision for impairment (-)		(2.319.115)		(9.985.077)
		663.451		663.451

Paşabahçe Mağazaları B.V., Paşabahçe Glass GmbH, Paşabahçe Spain SL, Paşabahçe USA Inc., are subsidiaries incorporated internationally, engaging in the production, marketing and sale operations. The financial statements of these companies and the financial statements of Paşabahçe Yatırım ve Pazarlama A.Ş. and Topkapı Yatırım Holding A.Ş. are not included in consolidation due to their immateriality.

Impairment is allocated to all shares of Mepa Merkezi Pazarlama A.Ş., Paşabahçe Mağazaları B.V. and Şişecam Shanghai Trade Co. Ltd. in the accompanying consolidated financial statements.

(*) Sale of Sintan Kimya San. ve Tic. A.Ş. was completed on 19 April 2012.

8. Financial Liabilities

Current financial liabilities	31 December 2012	31 December 2011
Short term borrowings	372.069.714	321.365.173
Current portion of long term borrowings and interests	825.387.625	398.971.907
Financial leases	2.208.111	-
Deferred financial lease liabilities costs (-)	(97.493)	-
Total current financial liabilities	1.199.567.957	720.337.080
Non-current financial liabilities	31 December 2012	31 December 2011
Long term borrowings	924.598.371	1.475.434.528
Financial leases	8.232.921	-
Deferred financial lease liabilities costs (-)	(53.963)	-
Total non-current financial liabilities	932.777.329	1.475.434.528
Total financial liabilities	2.132.345.286	2.195.771.608

As of balance sheet date, risk of changes in interest rates on loans and contractual repricing dates of the Group as follows:

Repricing periods for loans	31 December 2012	31 December 2011
6 months and shorter	1.341.702.499	2.155.064.768
6 – 12 months	650.720.631	36.658.697
1 – 5 years	129.632.580	4.048.143
	2.122.055.710	2.195.771.608

The financial leases amounting to TRY 10.289.576 is paid up in equal monthly installments (2011: None).

The impact of discounting is not significant due to given interest rates for short-term loans and their carrying values approximate their fair values. The fair values are determined using the weighted average effective annual interest rates. The long-term financial liabilities are generally subject to repricing within three and six month periods and a large amount of those liabilities consists of foreign currency denominated loans. Therefore, it is expected that the carrying value of the financial liabilities that are calculated by effective interest rate method approximate to their fair values.

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

31 December 2012

Currency	Maturity	Interest (%) (*)	Short Term	Long Term
US dollars	2013 – 2019	Libor + 1,50–4,50	326.376.386	122.447.159
Euro	2013 – 2019	Euribor + 0,25–6,00	418.157.736	519.421.837
Russian rubles	2013 – 2017	8,25–10,70	376.519.820	198.421.132
Ukranian Hryvnia	2013 – 2021	17,00–36,00	29.770.475	74.183.446
TRY and other	2013 – 2016		48.743.540	18.303.755
			1.199.567.957	932.777.329

(*) The weighted average interest rate for EUR is Euribor + 2,57% for USD is Libor + 2,31% for RUR is Mosprime+2,23%, for UAH is 20,68% and for TRY is 7,38%. (Average effective annual interest rate for EUR is 3,22%, for USD is 2,86%,and for UAH is 20,68%,for RUR is 9,51% and for TRY is 7,38%).

31 December 2011

Currency	Maturity	Interest (%) (*)	Short Term	Long Term
US dollars	2012–2016	Libor+1,20–3,50	136.296.215	463.062.752
Euro	2012–2018	Euribor+0,25–6,00	312.026.300	692.289.527
Russian rubles	2012–2016	6,00–9,80	257.809.797	241.444.867
Ukranian Hryvnia	2012–2021	10,00–31,00	14.097.437	78.637.382
TRY and other	2012–2013	-	107.331	-
			720.337.080	1.475.434.528

(*) The weighted average interest rate for EUR is Euribor + 2,48% for USD is Libor + 2,20% for RUR is Mosprime+2,21% and for UAH is 16,43%. (Average effective annual interest rate for EUR is 4,15%, for USD is 2,89%,and for UAH is 16,43%,for RUR is 7,79%).

The redemption schedule of the financial liabilities is as follows:

	31 December 2012	31 December 2011
Within 1 year	1.199.567.957	720.337.080
Within 1- 2 years	342.281.834	824.992.504
Within 2- 3 years	268.266.639	320.322.674
Within 3- 4 years	157.972.376	172.953.287
Within 4- 5 years	60.437.078	95.842.076
5 years and after	103.819.402	61.323.987
	2.132.345.286	2.195.771.608

Collaterals given for financial liabilities	31 December 2012	31 December 2011
Guarantee letters	179.025.351	236.599.441

9. Other Financial Liabilities

None.

10. Trade Receivables and Payables**Trade Receivables**

Current trade receivables	31 December 2012	31 December 2011
Trade receivables	971.082.984	994.649.388
Notes receivables	22.188.293	23.399.827
Due from related parties (Note 37)	3.996.175	2.005.242
Other trade receivables	10.817	82.075
Allowance for doubtful receivables	(25.721.149)	(26.636.715)
	971.557.120	993.499.817

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

The average sales term for basic glasses is 90 days (2011: 115 days) and 1,5% overdue interest rate is applied for the payments made after the due date (2011: 1,5%).

The average sales term for auto glass and processed glass items is 45 days (2011: 45 days).

A portion of foreign sales are made in cash and the remaining portion receivable has average 60 days (2011: 60 days) maturity.

The average sales term for automatic glass items is 75 days (2011:75 days) and a monthly overdue interest rate of 3% is applied for the payments made after the due date (2011: 3%).

Glass packaging products have been sold on cash terms since 1 November 2009. For customers not paying in cash, a monthly interest of 1,25% for payment terms up to 121 days, and a monthly interest rate of 3% is applied for payments exceeding 121 days.

Inter-group sales terms of soda products are cash based. The applied average term of domestic external sales related to soda products is 38 days (2011: 37 days). Monthly 2% overdue interest is applied for the payments made after due dates (2011: 1,5%).

The average sales term for domestic sales of chromium products in foreign currency is 26 days (2011: 28 days). A monthly overdue interest rate of 1% is applied for the payments made after the due date (2011: 1%). Average sales term for export sales is 60 days (2011: average 60 days).

Receivables related to heavy engineering industry sales are collected in accordance with a progress payment plan.

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

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

	31 December 2012	31 December 2011
1 January	(26.636.715)	(21.017.971)
Charge for the period	(3.385.574)	(4.100.045)
Acquisition of subsidiary	(94.337)	(3.453.180)
Currency translation differences	302.318	(720.331)
Collections	4.093.159	2.654.812
	(25.721.149)	(26.636.715)

The Group holds the following collaterals for trade receivables:

	31 December 2012	31 December 2011
Letters of guarantees	263.223.704	333.187.890
Promissory notes and bills	69.526.426	33.189.442
Mortgages	18.951.361	18.800.773
Cash	7.761.358	4.447.232
	359.462.849	389.625.337

As of 31 December 2012, TRY 210.549.918 (31 December 2011: TRY 172.162.973) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2012	31 December 2011
1- 30 days overdue	116.136.380	93.082.371
1-3 months overdue	59.255.237	54.432.527
3-12 months overdue	32.608.935	21.600.349
1- 5 years overdue	2.549.366	3.047.726
Total overdue receivables	210.549.918	172.162.973
The part under guarantee with collateral, etc.	44.841.610	34.713.506

Non-current trade receivables - -

Trade Payables

	31 December 2012	31 December 2011
Current trade payables		
Trade payables	497.655.929	402.617.052
Due from related parties (Note 37)	9.262.324	9.090.408
Other trade payables	237.508	176.982
	507.155.761	411.884.442

	31 December 2012	31 December 2011
Non-current trade payables		
Trade payables	-	5.522.563

11. Other Receivables and Payables

	31 December 2012	31 December 2011
Other current receivable		
Due from related parties (Note 37)	13.760.445	22.234.551
Due from personnel	2.230.048	1.771.077
Deposits and guarantees given	2.644.203	865.934
Other receivables	19.975.035	21.774.611
Allowance for other doubtful receivables (-)	(6.602.131)	(6.744.360)
	32.007.600	39.901.813

The movement of other doubtful receivables is as follows:

	31 December 2012	31 December 2011
1 January	(6.744.360)	(4.640.797)
Acquisition of subsidiary	-	(1.925.155)
Currency translation differences	139.224	(946.246)
Charge for the period	(37.745)	(126.857)
Collections	40.750	894.695
31 December	(6.602.131)	(6.744.360)

	31 December 2012	31 December 2011
Other non-current receivables		
Deposits and guarantees given	2.333.911	2.209.796
Investment for power transmission line (*)	6.168.229	-
	8.502.140	2.209.796

(*) As of 31 December 2012 the whole amount is composed of the investment in connecting a subsidiary, Soda San. A.Ş. Mersin Plant, to the transmission network, and as per the relevant agreement this amount will be offset from the "System Utilisation Fee" to be received from TEİAŞ in the upcoming periods.

	31 December 2012	31 December 2011
Other current payables		
Due to related parties (Note 37)	17.647.146	13.684.633
Order advances received	19.176.513	35.834.352
Due to personnel	17.372.803	14.516.989
Deposits and guarantees received	7.518.168	4.119.815
Other advances received	1.977.830	1.150.651
Other payables	8.268.618	6.614.953
	71.961.078	75.921.393

	31 December 2012	31 December 2011
Other non-current payables		
Deposits and guarantees taken	243.190	327.417
Other payables	768.560	764.761
	1.011.750	1.092.178

12. Derivative Financial Instruments

The Group signed an agreement with its banks to manage its exchange rate risk. According to the agreement, the Group will transact at the pre-agreed rates for Rubles, EUR and USD. Profit and loss arising from derivative instruments are recognized in income statement. The Group has recognized a financial profit of TRY 2.380.254 from derivative transactions. There are no contracts in progress as of 31 December 2012 (2011: None).

13. Inventories

	31 December 2012	31 December 2011
Finished goods	678.316.878	608.116.312
Raw materials	300.465.961	270.828.660
Trade goods	51.666.536	42.365.176
Work in process	35.771.359	31.346.498
Supplies	25.559.086	41.104.857
Other inventories	26.204.803	12.438.641
Provision for impairment of inventory (-)	(17.460.265)	(15.282.356)
	1.100.524.358	990.917.788

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

	31 December 2012	31 December 2011
January 1	(15.282.356)	(14.022.940)
Currency translation differences	81.970	(539.963)
Charge for the period	(4.889.347)	(4.458.286)
Provision released	2.629.468	3.738.833
	(17.460.265)	(15.282.356)

14. Biological Assets

None.

15. Construction Contracts

	31 December 2012	31 December 2011
Contract costs incurred for work performed	35.202.666	66.224.069
Revenue recognized less costs recognized (net)	-	-
Less: Progress payments received (-)	(23.439.888)	(52.540.287)
	11.762.778	13.683.782

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

	31 December 2012	31 December 2011
Receivables from construction contracts (Note 26)	11.762.778	13.683.782
Allowance for projects in loss (Note 26)	-	-
	11.762.778	13.683.782

As of 31 December 2012; the amount of the guarantees given for progress payments are TRY 5.293.477 and the amount of the advance received is TRY 5.867.961 (31 December 2011: TRY 10.473.183 and TRY 4.880.206).

The Group uses the 'percentage of completion' method for the accounting of the production of heavy machinery. Percentage of completion rate is calculated as a percentage of total estimated costs for each contract within the period up to the date of the balance sheet and it is measured according to the contract costs. If this ratio had deviated by 1% from the management estimates, revenue would have increased/decreased by TRY 236.047 (31 December 2011: TRY 236.918).

16. Associates

Net asset values represented in the balance sheet of the associates are as follows:

	31 December 2012	31 December 2011
Saint Gobain Glass Egypt S.A.E	49.354.382	-
Solvay Şişecam Holding AG	142.366.910	134.772.109
OAQ FormMat	11.353.323	11.240.255
	203.074.615	146.012.364

Movements of the associates during the period are as below:

	31 December 2012	31 December 2011
1 January	146.012.364	130.036.386
Transfers from financial assets (Note 7)	50.417.968	-
Profit / (loss) for the period (net)	17.823.933	6.911.085
Dividend income from associates	(3.560.473)	(14.209.886)
Currency translation differences	(7.619.177)	23.274.779
	203.074.615	146.012.364

The summary of the financial statements of associates is as follows:

Saint Gobain Glass Egypt S.A.E

	31 December 2012
Current assets	47.182.897
Non-current asset	374.026.409
Total Assets	421.209.306
Current liabilities	77.853.823
Non-current asset	96.583.572
Total Liabilities	174.437.395
Net Assets (including goodwill)	246.771.911
Group share (%)	
- Direct and indirect ownership ratio (%)	20,00
- Effective ownership ratio (%)	13,96
Group share in net assets (including goodwill)	49.354.382

	1 January-31 December 2012
Revenue	90.153.733
Profit/(Loss) from continuing operations	7.745.578
Other comprehensive income	(7.866.198)
Total comprehensive income	(120.620)
The Group's share in profit/ (loss) from continuing operations	1.549.116

On 4 October 2012, the Group gained significant influence over the financial asset through the acquisition of additional shares from that date on, it has reclassified this asset as an associate and accounted for it using the equity method. The Group's share in the associate's profit covers the period from the date of purchase until the year end.

The Company acquired the related additional shares based on the strategic partnership made with Saint Gobain in Egypt and Russia with the purpose of gaining an expanding market share in the Middle East. The net asset amounting to TRY 49.354.382 including goodwill of the net asset amounting to TRY 246.771.911 including goodwill was accounted for in the financial statements as a result of this acquisition.

Solvay Şişecam Holding AG

	31 December 2012	31 December 2011
Current assets	213.702.071	145.454.018
Non-current asset	523.286.967	580.087.115
Total Assets	736.989.038	725.541.133
Current liabilities	113.556.343	90.577.150
Non-current asset	42.429.270	84.809.475
Total Liabilities	155.985.613	175.386.625
Non-controlling interest	11.535.787	11.066.070
Net asset	569.467.638	539.088.438
Group share (%)		
– Direct and indirect ownership ratio (%)	25,00	25,00
– Effective ownership ratio (%)	20,68	20,52
Group share in net assets	142.366.910	134.772.109
	1 January- 31 December 2012	1 January- 31 December 2011
Revenue	507.636.419	446.365.367
Profit/(Loss) from continuing operations	49.674.778	14.392.971
Dividends paid advance from current period profit	14.925.422	13.017.401
Profit/(Loss) from continuing operations	64.600.200	27.410.372
Other comprehensive income/ (loss)	(19.295.578)	85.364.060
Total comprehensive income/ (loss)	45.304.622	112.774.432
The Group's share in Profit/(loss) from continuing operations	16.150.050	6.852.593
Dividend paid in current year from retained earnings	-	41.800.821

Founded based on Bulgarian Republic laws, Solvay Şişecam Holding AG is a private equity that was founded in Vienna, Austria in order to manage and hold the 97,95% direct and indirect ownership of Solvay Sodi A.D., which was located in Devnya, Bulgaria.

OAO FormMat

	31 December 2012	31 December 2011
Current Assets	900.240	695.183
Non-current Asset	24.394.281	24.418.914
Total Assets	25.294.521	25.114.097
Current Liabilities	1.784.798	1.834.516
Non-current Liabilities	81.487	84.667
Total Liabilities	1.866.285	1.919.183
Net Assets (including goodwill)	23.428.236	23.194.914
Group share (%)		
– Direct and indirect ownership ratio (%)	48,46	48,46
– Effective ownership ratio (%)	19,55	19,55
Group share in net assets (including goodwill)	11.353.323	11.240.255
	1 January- 31 December 2012	1 January- 31 December 2011
Revenue	4.307.596	4.277.078
Profit from continuing operations	257.466	120.702
Other comprehensive income	1.745	203.408
Total comprehensive income	259.211	324.110
The Group's share in Profit/(loss) from continuing operations	124.768	58.492

17. Investment Properties

	31 December 2012	31 December 2011
Cost	56.895.548	17.581.239
Accumulated depreciation (-)	(32.686.778)	(9.104.640)
Net book value	24.208.770	8.476.599
Revaluation reserve	402.090.021	200.114.617
Fair value	426.298.791	208.591.216

The Group has classified Çayirova property located in Gebze, Kocaeli, as investment property due to the termination operational use as of 31 December 2012. The fair value of the property is determined as TRY 217.707.575, as of 31 December 2012. Revaluation gains amounting to TRY 201.975.404 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity by considering the deferred tax effect amounted to TRY 10.098.770.

The fair value of the investment property of Çayirova is determined based on the valuations made by two different valuation firms holding licenses and are authorized by CMB. The valuation firms have the required professional experience and up-to-date information concerning the classification and location of the investment property. The fair value of investment property has been calculated by the arithmetical average of the amounts stated in the valuation reports. The fair value of investment property was determined based on recent market conditions, using the 'Benchmark Method' in the first report whereas it has been determined by using the 'Replacement Cost Method' in the second report. The assumptions that are expected to impact the value of investment property in the Benchmark Method are convenience of transportation facilities, connection to motorways and access roads, the surrounding industrial structuring, the industrial potential of the area and available zoning status and three different benchmarks were evaluated. The assumptions that were used to determine the fair value of the investment property in the replacement cost method were the value of the lands and the value of constructional investments on the lands. The real unit costs that are subject to assessment of constructional investments have been determined by considering the construction methods and their available physical conditions.

The Group has classified Beykoz property located in İncirköy, Beykoz, İstanbul as investment property due to the termination of operational use as of 30 June 2011. The fair value of the property is determined as TRY 208.591.216 as of 30 June 2011. Revaluation gains amounting to TRY 200.114.617 determined as a result of valuation reports of two separate CMB licensed valuation firms, is accounted for under "Revaluation funds" under equity by considering the deferred tax effect amounted to TRY 10.005.731. As of 31 December 2012, there is no a significant change in the fair value of investment property considering the updated revaluation report dated February 2013.

The fair value of the Beykoz property was determined by two different independent firms which have CMB licenses. The valuation firms have the required professional experience and up-to-date knowledge concerning the classification and location of the Beykoz property. The fair value of the property was calculated by arithmetical average of the amounts stated in the valuation reports. In the first report, fair value of the property is determined according to the "Benchmark Method" by considering the current market data. In the second valuation report, fair value of the property is determined according to the "Cash Flow Analysis" by considering room prices determined according to the equivalent comparison method and project cost determined according to the cost analysis as if the property were a hotel. In the cash flow analysis, the rent increase rate and discount rate have been used as 3.0% and 13.0%, respectively. The same independent valuer reported on 19 February 2013 that there is no significant change in the fair value of investment property based on benchmark method as of 31 December 2012.

Türkiye Şişe ve Cam Fabrikaları A.Ş. Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

18. Property, Plant and Equipments

Cost	Land	Land improvements	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
1 January 2012	90.197.681	278.142.124	1.470.787.619	6.229.338.404	53.363.285	263.132.756	371.494.734	330.931.981	9.087.388.584	
Reclassifications	(4.422.388)	7.343.731	(2.921.343)							
Currency translation differences	(1.054.204)	(982.209)	(6.571.341)	(21.821.321)	(1.167.500)	(1.083.727)	(267.420)	528.280	(32.419.442)	
Acquisition of subsidiary	277.371	-	1.060.232	7.048.932	311.515	44.726	11.499	-	8.754.275	
Additions	3.019.946	387.633	15.193.118	58.015.668	5.447.070	20.820.496	31.254.335	859.720.253	993.858.519	
Disposals	(179.044)	(39.760)	(738.319)	(64.922.035)	(16.379.209)	(8.537.677)	(50.481.178)	(16.090.343)	(157.367.565)	
Transfers to investment properties	(3.684.964)	(3.043.811)	(32.585.534)						(39.314.309)	
Transfers from construction in progress	6.444.083	10.740.768	102.125.303	443.124.023	2.377.855	9.101.901	57.085.892	(630.999.825)	-	
31 December 2012	90.598.481	292.548.476	1.546.349.735	6.650.783.671	43.953.016	283.478.475	409.097.862	544.090.346	9.860.900.062	
Accumulated depreciation										
1 January 2012	-	(138.988.599)	(389.832.810)	(4.296.540.810)	(38.817.670)	(210.387.112)	(253.862.562)	-	(5.328.429.563)	
Reclassifications	-	(99.929)	99.929	8.215.772	-	-	(8.215.772)	-	-	
Currency translation differences	-	161.933	1.040.092	9.385.722	709.285	779.180	96.583	-	12.172.795	
Acquisition of subsidiary	-	-	(83.024)	(2.118.480)	(177.230)	-	(10.688)	-	(2.389.422)	
Charge for the period (*)	-	(9.965.815)	(45.246.154)	(364.019.294)	(4.088.882)	(21.407.766)	(63.138.785)	-	(507.866.696)	
Disposals	-	16.074	275.870	56.000.957	9.710.415	6.644.151	40.177.507	-	112.824.974	
Transfers to investment properties	-	1.441.311	22.140.827	-	-	-	-	-	23.582.138	
31 December 2012	-	(147.435.025)	(411.605.270)	(4.589.076.133)	(32.664.082)	(224.371.547)	(284.953.717)	-	(5.690.105.774)	
Net book value as of 31 December 2012	90.598.481	145.113.451	1.134.744.465	2.061.707.538	11.288.934	59.106.928	124.144.145	544.090.346	4.170.794.288	
Net book value as of 31 December 2011	90.197.681	139.153.525	1.080.954.809	1.932.797.594	14.545.615	52.745.644	117.632.172	330.931.981	3.758.959.021	

(*) Allocation of depreciation expense is disclosed in Note 28 and Note 30. At the end of 31 December 2012, the total amount of leased property acquired to plant and equipment amount which is included by machinery and equipment is TRY 10.281.158. TRY 624.805 of purchases is composed of financial leases. Total depreciation of aforementioned leased property is TRY 2.500.973 as of 31 December 2012 (31 December 2011: None).

No mortgage over lands and buildings due to bank borrowings exist (2011: None).

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

Cost	Land improvements	Land	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Other fixed assets	Construction in progress	Total
1 January 2011	79.824.800	233.578.319	1.361.132.537	5.695.085.923	52.018.321	243.306.095	326.054.305	142.101.043	8.133.101.343
Reclassifications	35.188	25.486.108	(4.437.056)	(22.804.140)	295.993	(1.189.700)	116	-	(2.613.491)
Currency translation differences	4.879.987	3.962.261	78.446.889	160.142.621	5.106.381	7.232.347	9.088.707	17.291.193	286.150.386
Acquisition of subsidiary	1.453.953	-	23.527.075	66.064.930	631.937	506.501	348.960	6.602.172	99.135.528
Additions	134.818	904.482	17.052.973	76.936.161	1.921.964	14.328.966	38.256.597	662.920.217	812.456.178
Disposals	(848.706)	(10.122)	(49.211.972)	(69.427.829)	(8.367.568)	(7.803.913)	(54.020.157)	(33.569.854)	(223.260.121)
Transfers to investment properties	(2.919.389)	(2.277.565)	(12.384.285)	-	-	-	-	-	(17.581.239)
Transfers from construction in progress	7.637.030	16.498.641	56.661.458	323.340.738	1.756.257	6.752.460	51.766.206	(464.412.790)	-
31 December 2011	90.197.681	278.142.124	1.470.787.619	6.229.338.404	53.363.285	263.132.756	371.494.734	330.931.981	9.087.388.584

Accumulated depreciation

1 January 2011	-	(105.395.148)	(378.099.007)	(3.917.831.838)	(37.492.978)	(191.239.728)	(243.886.456)	-	(4.873.945.155)
Reclassifications	-	(25.860.425)	8.643.060	13.756.408	(356.704)	1.089.143	5.342.009	-	2.613.491
Currency translation differences	-	(551.708)	(15.662.433)	(76.916.822)	(3.052.105)	(4.667.676)	(4.505.384)	-	(105.356.128)
Acquisition of subsidiary	-	-	(3.336.359)	(20.845.338)	(350.476)	(196.217)	(287.207)	-	(25.015.597)
Charge for the period (*)	-	(8.951.040)	(42.969.339)	(348.744.898)	(5.424.062)	(21.449.003)	(54.205.618)	-	(481.743.960)
Disposals	-	1.884	34.254.466	54.041.678	7.858.655	6.076.369	43.680.094	-	145.913.146
Transfers to investment properties	-	1.767.838	7.336.802	-	-	-	-	-	9.104.640
31 December 2011	-	(138.988.599)	(389.832.810)	(4.296.540.810)	(88.817.670)	(210.387.112)	(253.862.562)	-	(5.328.429.563)
Net book value as of 31 December 2011	90.197.681	139.153.525	1.080.954.809	1.932.797.594	14.545.615	52.745.644	117.632.172	330.931.981	3.758.959.021
Net book value as of 31 December 2010	79.824.800	128.183.171	983.033.530	1.777.254.085	14.525.343	52.066.367	82.167.849	142.101.043	3.259.156.188

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

Türkiye Şişe ve Cam Fabrikaları A.Ş.

Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

19. Intangible Assets

Cost	Rights	Mine fields	Development Expenses	Other	Total
1 January 2012	47.483.301	13.135.203	13.045.210	8.634.765	82.298.479
Currency translation differences	(49.993)	-	-	(102.161)	(152.154)
Acquisition of subsidiary	201	-	-	2.186	2.387
Additions	11.092.194	-	7.385.442	290.004	18.767.640
Disposals	(337.240)	-	-	(69.977)	(407.217)
31 December 2012	58.188.463	13.135.203	20.430.652	8.754.817	100.509.135

Accumulated depreciation

1 January 2012	(29.827.662)	(4.233.389)	(2.407.038)	(3.992.758)	(40.460.847)
Currency translation differences	34.605	-	-	52.009	86.614
Acquisition of subsidiary	(201)	-	-	(2.186)	(2.387)
Charge for the period (*)	(6.557.475)	(819.072)	(3.241.280)	(486.241)	(11.104.068)
Disposals	87.263	-	-	69.977	157.240
31 December 2012	(36.263.470)	(5.052.461)	(5.648.318)	(4.359.199)	(51.323.448)

Net book value as of 31 December 2012	21.924.993	8.082.742	14.782.334	4.395.618	49.185.687
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Net book value as of 31 December 2011	17.655.639	8.901.814	10.638.172	4.642.007	41.837.632
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Cost	Rights	Mine fields	Development Expenses	Other	Total
1 January 2011	41.748.973	13.135.203	6.450.103	7.302.099	68.636.378
Reclassifications	131.332	-	-	(131.332)	-
Currency translation differences	264.851	-	-	334.430	599.281
Acquisition of subsidiary	-	-	-	711.991	711.991
Additions	10.145.797	-	6.595.107	962.627	17.703.531
Disposals	(4.807.652)	-	-	(545.050)	(5.352.702)
31 December 2011	47.483.301	13.135.203	13.045.210	8.634.765	82.298.479

Accumulated depreciation

1 January 2011	(26.423.147)	(3.414.317)	(536.720)	(3.357.098)	(33.731.282)
Reclassifications	(125.008)	-	-	125.008	-
Currency translation differences	(172.580)	-	-	(232.045)	(404.625)
Acquisition of subsidiary	-	-	-	(510.496)	(510.496)
Charge for the period (*)	(4.191.921)	(819.072)	(1.870.318)	(265.272)	(7.146.583)
Disposals	1.084.994	-	-	247.145	1.332.139
31 December 2011	(29.827.662)	(4.233.389)	(2.407.038)	(3.992.758)	(40.460.847)

Net book value as of 31 December 2011	17.655.639	8.901.814	10.638.172	4.642.007	41.837.632
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Net book value as of 31 December 2010	15.325.826	9.720.886	5.913.383	3.945.001	34.905.096
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(*) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

20. Goodwill

	31 December 2012	31 December 2011
1 January	8.950.786	3.416.012
Addition	13.397.325	4.907.924
Currency translation differences	745.894	626.850
	23.094.005	8.950.786

21. Government Grants

Certain expenses regarding industries relating to R&D projects which have been certified by expert organizations are reviewed and evaluated so that a specific proportion of these expenses are considered as grants and can be refunded within the context of the Decision No: 94/6401 made on the government grants for exporting activities in accordance with the Money Credit Coordination Board's Communiqué No: 98/10 on Research and Development Grants published by the Under Secretariat of Foreign Trade based on the decision No: 98/16 made as at 9 September 1998.

Exporting activities and other foreign currency generating operations, within the scope of the standards determined by the Ministry of Finance and Undersecretaries of Foreign Trade, are exempt from stamp tax and fees. Government grants are paid to support participating in international fairs in accordance with the Decision No: 2004/11 of the Money Credit and Coordination Committee issued at 16 December 2004.

22. Provisions, Contingent Assets and Liabilities**Provisions**

Short term provisions	31 December 2012	31 December 2011
Accrued expenses	13.485.286	17.315.412
Other provisions	1.230.750	836.659
	14.716.036	18.152.071

The Group is involved in a lawsuit as a defendant in which USD 21.158.667 (31 December 2011: USD 21.158.667) of compensation is claimed, relating to the construction status of properties transferred during the sale of its subsidiary in 2007. The Group Management has not made any provisions since it believes that an unfavourable outcome is remote.

Including the lawsuit stated above, the total amount of the lawsuits filed and continuing against the Group as of 31 December 2012 is approximately TRY 67.636.152 (31 December 2011: TRY 67.217.377).

The Group is claimant or defendant in several lawsuits resulting from its ordinary activities during the period. As of 31 December 2012, the Group Management assesses that the probability of an outflow of resources due to lawsuits amounting to TRY 67.636.152 is remote based on the opinions from the independent legal and tax attorneys.

Contingent liabilities as of 31 December 2012 are as follows:

	31 December 2012	31 December 2011
Letters of guarantees given	49.184.927	40.765.328
Promissory notes and securities given	31.869.908	28.884.888
Export commitments	4.050.569	15.391.842
Other	22.696.214	24.463.801
	107.801.618	109.505.859

Collaterals, pledges and mortgages "CPM" given by the Company as of 31 December 2012 and 31 December 2011 are as follows:

The CPMs given by the Company	31 December 2012				
	TRY Amounts	USD	EUR	RUR	TRY
A. CPM's given in the name of its own legal personality	1.243.586	-	-	-	1.243.586
B. CPM's given on behalf of the fully consolidated companies	890.913.768	101.959.432	192.082.155	4.189.897.552	14.092.031
C. CPM's given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	613.091.785	145.809.524	150.177.203	-	-
- i. Total amount of CPM's given on behalf of the majority shareholder	613.091.785	145.809.524	150.177.203	-	-
- ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	None	None	None	None	None
- iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	1.505.249.139	247.768.956	342.259.358	4.189.897.552	15.335.617

The CPMs given by the Company	31 December 2011				
	TRY Amounts	USD	EUR	RUR	TRY
A. CPM's given in the name of its own legal personality	1.688.701	100.000	125.000	-	1.194.336
B. CPM's given on behalf of the fully consolidated companies	722.705.302	121.039.467	113.652.940	3.710.000.000	592.298
C. CPM's given on behalf of third parties for ordinary course of business	None	None	None	None	None
D. Total amount of other CPM's given	849.799.278	181.572.876	207.392.697	-	-
- i. Total amount of CPM's given on behalf of the majority shareholder	849.799.278	181.572.876	207.392.697	-	-
- ii. Total amount of CPM's given on behalf of other group companies which are not in scope of B and C	None	None	None	None	None
- iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	None	None	None	None	None
Total	1.574.193.281	302.712.343	321.170.637	3.710.000.000	1.786.634

Percentage of CPM's given by the Company to the Company's equities is 10,94% as of 31 December 2012 (16,48% as of 31 December 2011).

23. Commitments

According to agreements made with Botaş Boru Hatları and Petrol Taşıma A.Ş., the Group has a commitment to purchase 723.701.525 m3 natural gas purchase commitment between 1 January 2013 and 31 December 2013 (31 December 2011: 30.000.000 m3).

24. Employee Benefits**Short Term**

	31 December 2012	31 December 2011
Unused vacation provision	9.748.605	8.837.936

Provision for employee benefits

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees 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 transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 3.129,25 for each period of service as of 31 December 2012 (31 December 2011: TRY 2.731,85). The retirement pay provision ceiling is revised semi-annually, and TRY 3.129,25 which is effective from 1 January 2013, is taken into consideration in the calculation of provision for employment termination benefits (31 December 2011: TRY 2.805,04). Liability of employment termination benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) is accounted in the income statement under the cost of sales and operating expenses.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as of 31 December 2012 and 2011 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 5,00% (31 December 2011: 5,00%) and a discount rate of 8,37% (31 December 2011: 9,60%), the real discount rate is approximately 3.21% (31 December 2011: 4,38%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered.

The movement of the employment termination benefits is as follows:

	31 December 2012	31 December 2011
1 January	193.357.430	171.125.468
Service costs	50.884.742	32.563.131
Interest costs	9.177.353	8.171.964
Actuarial gain / loss	16.620.885	4.896.511
Acquisition of subsidiary and joint venture	-	607.922
Currency translation differences	(53.276)	143.432
Payments made during the year	(33.645.047)	(24.150.998)
	236.342.087	193.357.430

25. Pension Plans

None.

26. Other Assets and Liabilities

Other current assets	31 December 2012	31 December 2011
VAT receivables	59.958.620	41.892.251
Deductible VAT on exports	55.951.399	45.873.418
Order advances given for inventory	37.136.431	40.299.764
Prepaid taxes and funds	15.230.543	10.694.724
Receivables related to construction contracts (Note 15)	11.762.778	13.683.782
Prepaid expenses	8.558.235	8.626.370
Work advances	603.493	962.044
Income accruals	538.420	15.370.392
Other	2.847.922	5.675.122
	192.587.841	183.077.867

Other non-current assets	31 December 2012	31 December 2011
Advances given for tangible and intangible assets	176.671.882	71.588.257
Prepaid expenses	27.063.775	27.344.865
	203.735.657	98.933.122

Other current liabilities	31 December 2012	31 December 2011
Deferred revenue	31.828.063	39.379.106
Taxes and funds payables	26.462.061	24.769.230
Social security premiums payable	16.462.721	26.341.221
Expense accruals	2.233.153	3.098.165
VAT and other payables	1.675.093	2.052.598
Loss provision for construction projects (Note 15)	-	-
Other(*)	2.464.048	1.232.182
	81.125.139	96.872.502

(*) The Group acquired 90% of shares of Glass Corp. S.A., for a purchase consideration of EUR 3.098.613. EUR 2.050.840 of this amount has been paid and the remaining EUR 1.047.773 (equivalent of TRY 2.314.592) is accounted for as a current liability. This amount is included in "other" of other current liabilities.

Other non-current liabilities	31 December 2012	31 December 2011
Deferred revenue	1.888.206	804.405

27. Equity

Equity components "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums", are accounted as legal reserves in accordance with related Article of the Turkish Commercial Code ("TCC") and are presented with in the statutory financial statements. Each equity account should be disclosed separately as 'adjustment to share capital', 'share premiums' and 'restricted reserves'.

a) Capital/ Treasury Shares

The approved and paid-in share capital of the Company consists of 150.000.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each (Kr represents 1/100 of TRY).

	31 December 2012	31 December 2011
Registered capital ceiling (*)	2.000.000.000	2.000.000.000
Approved and paid-in capital	1.500.000.000	1.300.000.000

(*) The registered capital ceiling of the Company was increased to TRY 2.500.000.000 in the shareholders' extraordinary general meeting held on 22 January 2013.

Shareholders	31 December 2012		31 December 2011	
	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş.	982.078.999	65,47	885.963.199	68,15
Efes Holding A.Ş.	55.754.365	3,72	50.297.701	3,87
Anadolu Hayat Emeklilik A.Ş.	720.875	0,05	650.323	0,05
Paşabahçe Cam San. ve Tic. A.Ş.	58.966.447	3,93	-	-
Other (*)	402.479.314	26,83	363.088.777	27,93
Paid-in share capital (**)	1.500.000.000	100,00	1.300.000.000	100,00
Adjustment to share capital	241.425.784		241.425.784	
Treasury shares (-)	(58.966.447)		-	
Total share capital	1.682.459.337		1.541.425.784	

(*) Other includes the publicly traded portion of Türkiye Şişe ve Cam Fabrikaları A.Ş. shares.

(**) Beykoz land was a property owned by Paşabahçe Cam Sanayii ve Ticaret A.Ş. and was transferred to Türkiye Şişe ve Cam Fabrikaları A.Ş. on 29 June 2012. As a result of this transfer, the Company issued new shares amounting to TRY 53.195.417 to Paşabahçe Cam Sanayii ve Ticaret A.Ş. and those shares are accounted for as treasury shares in the consolidated financial statements. Following the non-cash capital increase in the Company, the amount of treasury shares was increased to TRY 58.966.447. There is a non-cash capital increase amounting to TRY 146.804.583 in the Company on 10 July 2012.

Ultimate shareholders of the Company, indirectly, are as follows:

Shareholders	31 December 2012		31 December 2011	
	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	481.826.387	32,12	408.904.793	31,45
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	286.792.440	19,12	248.980.322	19,15
Other (*)	731.381.173	48,76	642.114.885	49,40
Paid in share capital	1.500.000.000	100,00	1.300.000.000	100,00

(*) Other includes various shareholders and the publicly traded portion of İşbank shares.

b) Revaluation Funds

Revaluation funds that are unrelated with income statement is directly transferred to equity as follows:

Revaluation funds	31 December 2012	31 December 2011
Investment property fair value difference	365.676.206	181.406.172
Financial asset revaluation fund	54.456	86.027
	365.730.662	181.492.199

The movement of revaluation funds was presented comprehensively in the period income statement and equity financial statement.

Revaluation fund on financial assets

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

c) Restricted Reserves

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions; however, holding companies are not subject to this application.

Publicly held corporations make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

"Legal Reserves", "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of IFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

Restricted reserves attributable to equity holders of the Parent	31 December 2012	31 December 2011
Legal reserves	48.895.020	42.815.953

d) Retained Earnings

The Group's extraordinary reserves presented in the retained earnings that amount to TRY 2.141.283.569 (31 December 2011: TRY 1.683.880.239) is TRY 113.970.331 (31 December 2011: TRY 197.272.641).

Profit Distribution

Dividends are distributed according to Communiqué Serial: IV, No: 27 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies. In addition to the CMB, 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 XI No: 29 that sufficient reserves exists in the unconsolidated statutory books.

Reserves subject to dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below:

	31 December 2012	31 December 2011
Net profit for the period	240.049.756	121.581.340
Legal reserves	(12.002.488)	(6.079.067)
Distributable net profit for the period	228.047.268	115.502.273
Extraordinary reserves	113.970.331	197.272.641
	342.017.599	312.774.914

e) Non-controlling Interest

Shares attributable to third parties in including the approved and paid-in capital of the consolidated subsidiaries and joint ventures which are not fully owned, are separately accounted for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components.

Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries and joint ventures, which are not fully owned are separately accounted for as non-controlling interests in the distribution of period profit / (loss) section of the consolidated statement of income.

Transactions with non-controlling interests:

Anadolu Cam Sanayii A.Ş., one of the Group's subsidiaries, purchased the 24,075% share of Mosimmobilia Immobilien GmbH, a minority shareholder in Anadolu Cam Investment B.V., resident in Holland, with a total purchase consideration of USD 14.950.000 (TRY 26.555.682), on 21 December 2012.

Soda Sanayii A.Ş., one of the subsidiaries, has purchased Kojenerasyon plant of Camiř Elektrik Üretim A.Ş. by the merger by partial disposal in compliance with related regulations and in return for the acquired assets, the shares nominal value of which is amounting to TRY 114.696.022 was transferred to shareholders of Camiř Elektrik Üretim A.Ş. on 22 June 2012.

The shares amounting to TRY 53.195.417 have been transferred to Pařabahçe Cam Sanayii ve Ticaret AŞ as of 29 March 2012, resulting from transfer of Beykoz property from Pařabahçe Cam Sanayii ve Ticaret A.Ş to Türkiye Şişe ve Cam Fabrikaları A.Ş., according to rulings of related legislation, in exchange for Beykoz properties.

Since out of Gorup shareholders did not participated in capital increase of Şişecam Soda Lukavac D.O.O., the Group's share in the subsidiary rose from 88.37% to 89.30%.

The Group sold 0.33% of Trakya Cam Sanayii A.Ş. shares, for TRY 6.386.560 on the Istanbul Stock Exchange in 2011.

Since shareholders other than Çayırova Cam Sanayii A.Ş. did not participated in capital increase, the Group's share in Cam Elyaf Sanayii A.Ş, one of its subsidiaries, rose from 88.37% to 89.30%.

While transactions mentioned affect effective capital structure of its subsidiaries, effect on total equity is presented below:

	31 December 2012	31 December 2011
Equity attributable to shareholders	25.273.300	(696.270)
Non-controlling interest	(51.828.982)	7.082.830
Amount collected/(paid)	(26.555.682)	6.386.560

28. Sales and Cost of Sales

Sales	1 January- 31 December 2012	1 January- 31 December 2011
Sales	5.692.963.491	5.312.801.397
Other income	2.334.249	3.232.090
Sales discount	(285.463.898)	(244.570.678)
Sales returns	(25.851.477)	(20.557.635)
Other sales discounts	(41.890.661)	(72.222.359)
	5.342.091.704	4.978.682.815
Cost of sales		
Direct materials	(1.758.903.548)	(1.637.774.174)
Direct labor	(311.236.659)	(274.268.662)
Production overheads	(1.121.692.001)	(919.174.950)
Depreciation and amortization	(464.276.954)	(436.746.419)
Change in work-in-progress inventories	4.301.409	(6.114.928)
Change in finished goods inventories	70.037.688	173.667.079
Cost of goods sold	(3.581.770.065)	(3.100.412.054)
Cost of merchandises sold	(291.795.731)	(200.853.296)
Cost of services given (*)	(17.852.207)	(25.729.671)
Other costs	(26.787.365)	(13.447.528)
	(3.918.205.368)	(3.340.442.549)

(*) Depreciation and amortization expenses recognized in the cost of service given during the period between 1 January - 31 December 2012 amounts to TRY 5.225.552 (1 January - 31 December 2011: TRY 2.998.148).

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

	1 January- 31 December 2012	1 January- 31 December 2011
Marketing, selling and distribution expenses	(473.030.501)	(436.859.479)
General administrative expenses	(502.211.358)	(410.011.738)
Research and development expenses	(28.238.959)	(34.842.208)
	(1.003.480.818)	(881.713.425)

30. Operating Expenses by Nature

	1 January- 31 December 2012	1 January- 31 December 2011
Indirect material costs	(17.376.591)	(16.431.022)
Employee benefit expenses	(294.018.464)	(240.973.514)
Outsourced services	(291.661.724)	(249.307.986)
Miscellaneous expenses	(350.955.781)	(325.854.927)
Depreciation and amortization	(49.468.258)	(49.145.976)
	(1.003.480.818)	(881.713.425)

31. Other Operating Income/(Expenses)

	1 January- 31 December 2012	1 January- 31 December 2011
Other operating income		
Profit on sales of tangible assets	15.969.430	37.413.925
Raw materials sales income	5.219.136	12.289.809
Provisions released	4.133.909	3.549.507
Insurance claims	1.540.960	2.634.495
Turquality income (Brand incentive income)	758.482	992.835
Commission income	687.731	781.762
Acquisition of subsidiary (negative goodwill) (Note 3)	-	3.869.162
Fair value difference related with business combination	-	1.489.710
Other	32.839.713	28.860.683
	61.149.361	91.881.888

	1 January- 31 December 2012	1 January- 31 December 2011
Other operating expenses		
Loss on sales of tangible assets	(11.619.967)	(11.205.041)
Raw materials sales expenses	(4.678.869)	(12.510.544)
Provision expenses	(3.423.319)	(10.518.246)
Commission expense	(398.240)	(3.640.866)
Other	(31.382.258)	(32.469.840)
	(51.502.653)	(70.344.537)

32. Financial Income

	1 January- 31 December 2012	1 January- 31 December 2011
Foreign Exchange Income	784.069.309	1.162.182.732
Interest Income	59.245.310	63.778.598
Rediscount Income	2.453.975	1.949.820
Dividend Income	38.150	63.551
Gain on sale of financial assets	2.487	-
	845.809.231	1.227.974.701

33. Financial Expense

	1 January- 31 December 2012	1 January- 31 December 2011
Foreign Exchange Expense	(799.361.269)	(1.043.863.511)
Interest Expense	(125.202.233)	(98.732.328)
Losses from sale of financial assets	(4.740.825)	-
Rediscount Expense	(1.649.711)	(3.449.294)
	(930.954.038)	(1.146.045.133)

34. Assets Held for Sale and Discontinued Operations

None.

35. Tax Assets and Liabilities**Deferred Tax Assets and Liabilities**

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

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2012	31 December 2011
Deferred tax assets	94.581.344	66.999.834
Deferred tax liabilities (-)	(40.091.209)	(55.833.628)
Deferred tax liabilities (net)	54.490.135	11.166.206

	31 December 2012	31 December 2011
Temporary Differences		
Useful life and valuation differences on tangible and intangible assets	601.826.139	604.645.013
Valuation of investment property	402.090.021	200.114.617
Corporate tax allowance	(350.622.479)	(199.327.871)
Carry forward tax losses	(359.861.511)	(254.155.568)
Employment termination benefits	(236.342.087)	(193.357.430)
Provision for impairment of inventory	(18.030.255)	(14.180.155)
Investment allowance utilized during the year	(135.261.243)	(218.353.311)
Other	(14.395.316)	(45.529.541)
	(110.596.731)	(120.144.246)

	31 December 2012	31 December 2011
Deferred Tax Assets and Liabilities		
Useful life and valuation differences on tangible and intangible assets	(119.002.450)	(119.118.565)
Valuation of investment property	(20.104.501)	(10.005.731)
Corporate tax allowance	70.124.496	39.865.574
Carry forward tax losses	67.470.342	48.914.209
Provision for employment termination benefits	47.244.240	38.647.818
Provision for impairment of inventory	3.473.425	2.888.545
Investment allowance utilized during the year	2.264.312	1.352.772
Other	3.020.271	8.621.584
	54.490.135	11.166.206

The expiry dates of carry forward tax losses that are utilized are as follows:

	31 December 2012	31 December 2011
Within 1 year	33.971.658	18.716.360
Within 2 years	60.740.801	16.937.779
Within 3 years	5.038.308	34.939.640
Within 4 years	6.361.539	7.282.151
Within 5 years	23.870.185	5.118.883
Within 6 years	7.757.256	-
Within 7 years	34.459.257	7.766.605
Within 8 years	29.019.954	34.500.788
Within 9 years	99.272.415	78.084.626
Within 10 years	59.370.138	50.808.736
	359.861.511	254.155.568

Carry forward tax losses can be utilized against corporate income taxes for a period of 5 years in Turkey whereas in Russia these losses can be utilized for a period of 10 years however; current year losses cannot be used to offset previous year profits.

The amount of carry forward tax losses that are not subject to deferred tax calculation is TRY 40.968.557 (2011: TRY 34.436.462).

Movements of deferred tax assets and liabilities are as follows:

	31 December 2012	31 December 2011
1 January	11.166.206	(45.792.719)
Charged to the statement of income	53.380.877	60.839.402
Charged to the equity	(10.097.109)	(10.003.153)
Acquisition of subsidiary	-	1.961.403
Currency translation differences	40.161	4.161.273
	54.490.135	11.166.206

Corporate Tax

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non taxable revenues and other discounts (if any previous year losses, if preferred investment allowances and also R&D centre incentive) are deducted.

In Turkey, corporate tax rate applied in 2012 is 20% (2011: 20%)

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2012 are as follows:

Country	Tax rate
Bosnia Herzegovina	10,0
Bulgaria	10,0
Georgia	15,0
Italy	31,4
Egypt	20,0
Romania	16,0
Russia	20,0
Ukraine	21,0

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income (2011: 20 %)

Losses can be carried forward for offset against future taxable income for up to 5 years (Russia: ten years). Losses cannot be carried back for offset against profits from prior periods.

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

Income Withholding Tax

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

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

Investment Allowance

Investment allowances are not applicable after 1 January 2006. If companies' taxable incomes are not sufficient, the amount of unused investment allowance as of 31 December 2005 and the the incentive allowances incurred from 1 January 2006 onwards, can be transferred to the following years in order to be deducted from the taxable revenues of the following years.

Law No.6009 published on 1 August 2010 allows for unused investment allowances to be used in future periods without limitation. A 20% corporate tax is calculated on earnings after deducting investment incentives. The arrangements made with the Law No.6009 came into force in 1 August 2010 to be applied on income for the year 2010.

Corporate Tax Allowance Practice

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2009/15199 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

	31 December 2012	31 December 2011
Current tax provision	97.470.052	187.474.505
Prepaid taxes and funds (-)	(76.870.939)	(153.069.506)
Tax provision in the balance sheet	20.599.113	34.404.999
	1 January- 31 December 2012	1 January- 31 December 2011
Provision for Corporate Tax for current year	(97.470.052)	(187.474.505)
Currency translation differences	221.079	294.166
Deferred tax income	53.380.877	60.839.402
Tax provision in the statement of income	(43.868.096)	(126.340.937)
Reconciliation of provision for tax		
Profit before taxation and non-controlling interest	362.731.352	866.904.845
Effective tax rate	%20	%20
Calculated tax	(72.546.270)	(173.380.969)
Tax reconciliation		
- Consolidation adjustments	(84.376.392)	(31.572.538)
- Non-deductible expenses	(19.161.726)	(13.950.830)
- Carry forward tax losses	(1.447.248)	3.500.598
- Profit share of investments accounted through equity method	(3.254.964)	(1.382.217)
- Dividends and other non-taxable income	103.553.458	53.194.280
- The effect of the foreign companies that have different tax rates	(2.043.979)	2.420.830
- Investment incentives	1.012.345	(531.322)
- Deductible corporate tax	34.457.767	39.865.574
- Currency translation differences	(61.087)	(4.504.343)
Tax provision in the statement of income	(43.868.096)	(126.340.937)

36. Earnings per Share

	1 January- 31 December 2012	1 January- 31 December 2011
Earnings per share		
Average number of shares existing during the period (total value)	1.500.000.000	1.500.000.000
Net profit for the period attributable to equity holders of the parent	294.074.797	631.505.111
Earnings per share	0,1960	0,4210
Total comprehensive income attributable to equity holders of the parent	460.630.974	910.416.451
Earnings per share obtained from total comprehensive income	0,3071	0,6069

37. Related Party Disclosures

T. İş Bankası A.Ş. is the main shareholder of the Group and retains the control of the Group. All significant transactions and balances between the Group and its consolidated subsidiaries are eliminated in consolidation and not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

	31 December 2012	31 December 2011
Deposits		
T. İş Bankası A.Ş.		
- Demand deposit	978.487.819	1.345.857.942
- Time deposits	30.369.489	46.075.687
	1.008.857.308	1.391.933.629
İşbank GmbH		
- Time deposits	5.293.839	5.228.634
	1.014.151.147	1.397.162.263
Borrowings received from related parties (*)	31 December 2012	31 December 2011
T. İş Bankası A.Ş.	246.126.313	265.576.405
İşbank GmbH	7.760.610	8.553.300
T. Sınai ve Kalkınma Bankası A.Ş.	6.661.812	11.720.289
	260.548.735	285.849.994

(*) Having included in page 61 of our consolidated financial report dated 31 December 2011, "Loans Received from Related Parties" Section of Note No. 37, entitled "Related Party Disclosures" have been erroneously reported as TRY 1.265.210.022, 31 December 2011 values have been adjusted and this issue was declared to the public with a special circumstance description dated 31 May 2012.

	31 December 2012	31 December 2011
Trade receivables due from related parties		
Solvay Şişecam Holding AG	1.447.427	-
İş Merkezleri Yönetim ve İşletim A.Ş.	1.297.682	1.042.935
OAO FormMat	410.976	-
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	367.051	324.786
T. İş Bankası A.Ş.	331.267	387.942
Anadolu Anonim Türk Sigorta Şirketi	87.400	12.143
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	31.574	24.083
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	187.556
Other	22.798	25.797
	3.996.175	2.005.242

Other receivables due from related parties	31 December 2012	31 December 2011
Saint Gobain Glass Egypt S.A.E (*)	9.319.138	11.433.779
Paşabahçe Yatırım ve Pazarlama A.Ş.	1.381.529	1.386.810
Şişecam Shangai Trade Co. Ltd.	1.016.528	1.402.999
Arc Paşabahçe Food Service LLC.	1.067.701	-
Rudnik Krečnjaka Vijenac D.O.O.	422.823	1.149.717
Omco İstanbul Kalıp San. ve Tic. A.Ş.	167.092	161.969
Paşabahçe Glass GmbH	150.523	156.418
Paşabahçe USA Inc.	107.955	18.889
OOO Balkum	68.758	71.320
Oxyvit Kimya San. ve Tic. A.Ş.	42.809	678.710
Paşabahçe Mağazaları B.V.	11.940	4.227
Sudel Invest S.A.R.L.	3.649	4.367
Fabrika Cementa Lukavac D.D (FCL)	-	154.104
OAo FormMat	-	359.453
Omco International N.V.	-	31.769
Mepa Merkezi Pazarlama A.Ş.	-	1.333
Sintan Kimya San. ve Tic. A.Ş.	-	5.218.687
	13.760.445	22.234.551

(*) Capital advance given to Saint Gobain Glass Egypt S.A.E.

Trade payables due to related parties	31 December 2012	31 December 2011
Anadolu Anonim Türk Sigorta Şirketi	4.459.494	4.056.149
Solvay Şişecam Holding AG	4.402.981	4.730.684
İş Merkezleri Yönetim ve İşletim A.Ş.	251.520	154.510
Avea İletişim Hizmetleri A.Ş.	67.112	70.643
Kültür Yayınları İş-Türk Ltd. Şti.	3.417	58.071
Other	77.800	20.351
	9.262.324	9.090.408

Other payables due to related parties	31 December 2012	31 December 2011
Omco İstanbul Kalıp San. ve Tic. A.Ş.	9.269.901	6.188.480
Oxyvit Kimya San. ve Tic. A.Ş.	3.388.291	2.379.368
İş Factoring Finansman Hizmetleri A.Ş.	1.018.554	-
OOO Balkum	450.797	315.221
Saint Gobain Glass Egypt S.A.E	446.823	-
Fabrika Cementa Lukavac D.D (FCL)	438.244	1.124.550
Paşabahçe USA Inc.	389.228	77.757
Paşabahçe Glass GmbH	368.146	107.305
Rudnik Krečnjaka Vijenac D.O.O.	266.950	312.175
Paşabahçe Spain SL	113.762	118.976
Denizli Cam San. Vakfı	33.713	38.279
Sudel Invest S.A.R.L (*)	-	1.778.267
Other	1.462.737	1.244.255
	17.647.146	13.684.633

(*) Capital advance given to Balsand B.V.

Transactions with related parties:

Interest income from related parties	1 January - 31 December 2012	1 January - 31 December 2011
T. İş Bankası A.Ş. ve İşbank GmbH	32.473.744	26.468.741
Rudnik Krečnjaka Vijenac D.O.O.	72.878	88.359
Paşabahçe Yatırım ve Pazarlama A.Ş.	53.948	12.574
Oxyvit Kimya San. ve Tic. A.Ş.	40.870	135.596
Sintan Kimya San. ve Tic. A.Ş.	4.182	69.195
Saint Gobain Glass Egypt S.A.E	-	201.151
Paşabahçe Spain SL	-	2.265
Yatırım Finansman Yatırım Ortaklığı A.Ş.	-	199.276
Other	210	6.046
	32.645.832	27.183.203

Interest expenses to related parties	1 January - 31 December 2012	1 January - 31 December 2011
T. İş Bankası A.Ş. ve İşbank GmbH	17.763.962	1.799.751
T. Sınai ve Kalkınma Bankası A.Ş.	479.175	544.579
İş Finansal Kiralama A.Ş.	75.736	-
Oxyvit Kimya San. ve Tic. A.Ş.	38.974	-
Omco İstanbul Kalıp San. ve Tic. A.Ş.	22.722	-
Mepa Merkezi Pazarlama A.Ş.	4.174	-
Fabrika Cementa Lukavac D.D (FCL)	-	139.038
	18.384.743	2.483.368

Dividend Income from related parties	1 January - 31 December 2012	1 January - 31 December 2011
İş Finansal Kiralama A.Ş.	38.136	33.559
Çukurova İnşaat Makineleri San. ve Tic. A.Ş.	14	-
Nemtaş Nemrut Liman İşletmeleri A.Ş.	-	29.992
	38.150	63.551

Other income from related parties	1 January- 31 December 2012	1 January- 31 December 2011
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽¹⁾	12.347.907	10.357.284
Anadolu Anonim Türk Sigorta Şirketi ⁽²⁾	7.657.684	6.747.359
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. ⁽¹⁾	3.260.175	3.005.410
Fabrika Cementa Lukavac D.D (FCL)	2.439.454	2.218.398
Solvay Şişecam Holding AG	1.765.052	1.475.743
Oxyvit Kimya San. ve Tic. A.Ş.	1.490.346	1.580.192
Omco İstanbul Kalıp San. ve Tic. A.Ş.	384.004	458.146
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	262.396	-
Rudnik Krechnjaka Vljenac D.O.O.	188.991	-
T. İş Bankası A.Ş.	125.102	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	111.451	1.695
Saint Gobain Glass Egypt S.A.E	104.054	396.762
Paşabahçe Mağazaları B.V.	28.940	32.324
Avea İletişim Hizmetleri A.Ş.	25.896	53.992
İş Yatırım Menkul Değerler A.Ş.	12.203	-
Milli Reasürans T.A.Ş.	7.236	8.646
Nemtaş Nemrut Liman İşletmeleri A.Ş.	6.059	-
Anadolu Hayat Emeklilik Sigorta A.Ş.	5.842	-
İş Portföy Yönetimi A.Ş.	3.342	-
OOO Balkum	1.213	2.261
İş Factoring Finansman Hizmetleri A.Ş.	436	449
Sintan Kimya San. ve Tic. A.Ş. ⁽³⁾	250	907.979
Other	-	698.657
	30.228.033	27.945.297

(1) Consists of revenues generated from sales of electricity.

(2) TRY 6.914.223 of the total amount consists of insurance agency income that Şişecam Sigorta Aracılık Hizmetleri A.Ş. generated in 2012 (2011: TRY 6.334.995).

(3) Sintan Kimya San. Ve Tic. A.Ş. was sold on 19 April 2012 and the amounts disclosed in other income from related parties covers the period between 1 January and 19 April 2012.

Transactions with related parties: (Continued):

İlişkili taraflarla ilgili diğer giderler	1 January- 31 December 2012	1 January- 31 December 2011
Solvay Şişecam Holding AG ⁽¹⁾	106.878.918	92.540.757
Omco İstanbul Kalıp San. ve Tic. A.Ş. ⁽²⁾	29.715.853	28.241.570
İş Gayrimenkul Yatırım Ortaklığı A.Ş. ⁽³⁾	15.022.863	13.617.465
İş Merkezleri Yönetim ve İşletim A.Ş. ⁽⁴⁾	6.420.899	5.878.611
Anadolu Anonim Türk Sigorta Şirketi ⁽⁵⁾	3.279.474	2.798.634
Rudnik Krechnjaka Vljenac D.O.O. ⁽⁶⁾	3.251.864	167.713
OOO Balkum ⁽⁶⁾	2.950.062	2.563.657
OAO FormMat ⁽⁶⁾	2.527.082	2.536.149
Paşabahçe Glass GmbH	1.434.094	1.086.311
Şişecam Shangai Trade Co. Ltd.	1.335.871	1.076.832
T. İş Bankası A.Ş. ve İşbank GmbH	1.170.827	1.023.073
Fabrika Cementa Lukavac D.D (FCL)	800.805	2.102.882
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güv. Ve Yard. Vakfı	738.263	798.002
Paşabahçe USA Inc.	422.390	358.817
Oxyvit Kimya San. ve Tic. A.Ş.	385.885	259.329
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	242.258	218.912
Paşabahçe Spain SL	149.168	-
Anadolu Hayat Emeklilik Sigorta A.Ş.	124.175	122.924
Kültür Yayınları İş-Türk Ltd. Şti.	106.042	73.519
Camiş Menkul Değerler A.Ş.	28.676	86.149
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İlet. Hiz. A.Ş.	11.742	33.949
Avea İletişim Hizmetleri A.Ş.	7.201	3.705
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	114	-
	177.004.526	155.588.960

1) Amount consists of the purchases of soda from Solvay Sodi AD.

(2) Amount consists of glass mould expenses.

(3) TRY 14.817.858 of the total amount consists of rent expenses for İş Kuleleri (2011: TRY 13.299.230).

(4) Amount comprises from the administrative and management expenses related with İş Kuleleri, where the Group is located.

(5) Amount consists of insurance expenses.

(6) Amount comprises from the expenses related with purchase of glass raw-materials.

Short-term benefits provided to key management	1 January- 31 December 2012	1 January- 31 December 2011
Parent (Holding)	10.876.132	10.592.628
Consolidated entities	19.034.378	15.761.834
	29.910.510	26.354.462

Key management personel is composed of top management, members of board of directors, general manager and general manager assistants and factory directors. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits in 2012 and 2011.

38. Financial Instruments and Financial Risk Management

a) Capital Risk Management

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

The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is the calculated as net debt divided by total equity. Net debt is calculated as total liability (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 31 December 2012 and 31 December 2011 the Group's net debt / total equity ratios are as follows:

	31 December 2012	31 December 2011
Financial liabilities and trade payables	2.639.501.047	2.613.178.613
Less: Cash and cash equivalents	(1.164.323.277)	(1.599.923.097)
Net debt	1.475.177.770	1.013.255.516
Total equity	5.605.940.392	5.156.320.891
Net debt / total equity ratio	%26	%20

The Group's general strategy is in line with prior periods.

b) Financial Risk Factors

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

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

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

b.1) Credit Risk Management

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

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

Credit risks exposed through types of financial instruments	Receivables				Cash and cash equivalents	Financial Derivatives
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposed as of balance sheet date 31.12.2012 (*) (A+B+C+D+E)	3.996.175	967.560.945	13.760.445	26.749.295	1.163.564.592	-
- The part of maximum risk under guarantee with collaterals, etc	-	(359.462.849)	(10.215.866)	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	3.996.175	757.011.027	24.364	26.749.295	1.163.564.592	-
- The part under guarantee with collaterals, etc.	-	(314.621.239)	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	210.549.918	13.736.081	-	-	-
- The part under guarantee with collaterals, etc.	-	(44.841.610)	(10.215.866)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	24.085.425	-	6.602.131	-	-
- Impairment (-)	-	(24.085.425)	-	(6.602.131)	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	1.635.724	-	-	-	-
- Impairment (-)	-	(1.635.724)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

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

Credit risks exposed through types of financial instruments	Receivables				Cash and cash equivalents	Financial Derivatives
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposed as of balance sheet date 31.12.2011 (*) (A+B+C+D+E)	2.005.242	991.494.575	22.234.551	19.877.058	1.599.099.235	-
- The part of maximum risk under guarantee with collaterals, etc	-	(389.625.337)	(4.066.285)	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	2.005.242	819.331.602	1.304.208	19.877.058	1.599.099.235	-
- The part under guarantee with collaterals, etc.	-	(354.911.831)	-	-	-	-
B. B.Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	172.162.973	20.930.343	-	-	-
- The part under guarantee with collaterals, etc.	-	(34.713.506)	(4.066.285)	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	21.916.278	-	6.744.360	-	-
- Impairment (-)	-	(21.916.278)	-	(6.744.360)	-	-
- The part under guarantee with collaterals, etc	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	4.720.437	-	-	-	-
- Impairment (-)	-	(4.720.437)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

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

Guarantees received from the customers are as follows:

	31 December 2012	31 December 2011
Letters of guarantee	263.223.704	333.187.890
Security cheques and bonds	69.526.426	33.189.442
Mortgages	18.951.361	18.800.773
Other	7.761.358	4.447.232
	359.462.849	389.625.337

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

	31 December 2012	31 December 2011
1-30 days overdue	116.136.380	93.082.371
1-3 months overdue	59.255.237	54.432.527
3-12 months overdue	32.608.935	21.600.349
1-5 years overdue	2.549.366	3.047.726
Total overdue receivables	210.549.918	172.162.973
The part secured with guarantee, etc (-)	(44.841.610)	(34.713.506)

b.2) Liquidity Risk Management

The Group manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

Liquidity risk tables

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

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

Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

The following table details the Group's expected maturity for its financial liability. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table:

31 December 2012						
	Carrying value	Total cash outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 yıl years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank loans	2.122.055.710	2.349.707.261	323.074.832	969.435.119	940.503.325	116.693.985
Financial leases	10.289.576	10.441.033	296.310	1.911.802	8.232.921	-
Trade payables	497.893.437	499.205.644	488.540.220	10.665.424	-	-
Due to related parties	26.909.470	26.909.469	26.909.469	-	-	-
Other financial liabilities	55.325.682	54.313.932	53.302.182	-	1.011.750	-
Total liabilities	2.712.473.875	2.940.577.339	892.123.013	982.012.345	949.747.996	116.693.985
31 December 2011						
	Carrying value	Total cash outflows in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 yıl years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank loans	2.195.771.608	2.468.571.469	287.192.965	520.111.139	1.577.176.956	84.090.409
Financial leases	-	-	-	-	-	-
Trade payables	408.316.597	410.586.533	390.962.945	14.074.896	5.548.692	-
Due to related parties	22.775.041	22.775.041	22.775.041	-	-	-
Other financial liabilities	63.328.938	63.328.938	62.236.760	-	1.092.178	-
Total liabilities	2.690.192.184	2.965.261.981	763.167.711	534.186.035	1.583.817.826	84.090.409

b.3) Market risk management

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

b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates.

Notes to the Consolidated Financial Statements for the years ended 31 December 2012 and 2011

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

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

Foreign Currency Position as of 31.12.2012				
	TRY Equivalent	USD	EUR	Other
1. Trade receivables	345.194.106	91.002.009	70.397.772	17.419.485
2a. Monetary financial assets (cash and banks account included)	1.042.811.483	469.725.320	86.736.200	1.501.606
2b. Non monetary financial assets	-	-	-	-
3. Other	6.416.885	1.880.112	1.288.669	34.834
4. Current assets (1+2+3)	1.394.422.474	562.607.441	158.422.641	18.955.925
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other	38.968	20.541	1.000	-
8. Noncurrent assets (5+6+7)	38.968	20.541	1.000	-
9. Total assets (4+8)	1.394.461.442	562.627.982	158.423.641	18.955.925
10. Trade payables	62.136.157	9.606.828	18.127.542	2.380.484
11. Financial liabilities	662.649.012	183.090.085	142.991.294	-
12a. Other monetary liabilities	19.010.894	3.617.425	5.032.485	727.577
12b. Other non monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	743.796.063	196.314.338	166.151.321	3.108.061
14. Trade payables	-	-	-	-
15. Financial liabilities	264.993.446	68.690.205	60.614.146	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	264.993.446	68.690.205	60.614.146	-
18. Total liabilities (13+17)	1.008.789.509	265.004.543	226.765.467	3.108.061
19. Net assets of off balance sheet derivative items (liability) position (19a - 19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	385.671.933	297.623.439	(68.341.826)	15.847.864
21. Net foreign currency asset / (liability) / (position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a))	379.216.080	295.722.786	(69.631.495)	15.813.030
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	1.439.043.985	421.036.329	251.373.047	104.378.361
24. Import	492.854.190	136.446.899	99.406.172	18.977.904

	Foreign Currency Position as of 31.12.2011			
	TRY Equivalent	USD	EUR	Other
1. Trade receivables	323.877.388	90.442.570	57.621.181	12.225.776
2a. Monetary financial assets (cash and banks account included)	1.448.828.724	557.907.824	158.595.029	7.422.103
2b. Non monetary financial assets	-	-	-	-
3. Other	5.092.882	972.181	1.007.286	794.923
4. Current assets (1+2+3)	1.777.798.994	649.322.575	217.223.496	20.442.802
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other	38.800	20.541	-	-
8. Noncurrent assets (5+6+7)	38.800	20.541	-	-
9. Total assets (4+8)	1.777.837.794	649.343.116	217.223.496	20.442.802
10. Trade payables	76.043.032	8.853.950	15.128.342	22.348.164
11. Financial liabilities	360.099.926	72.156.396	91.580.207	-
12a. Other monetary liabilities	20.199.187	2.692.886	4.453.290	4.229.645
12b. Other non monetary liabilities	-	-	-	-
13. Current liabilities (10+11+12)	456.342.145	83.703.232	111.161.839	26.577.809
14. Trade payables	-	-	-	-
15. Financial liabilities	956.989.910	245.149.426	202.114.395	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	956.989.910	245.149.426	202.114.395	-
18. Total liabilities (13+17)	1.413.332.055	328.852.658	313.276.234	26.577.809
19. Net assets of off balance sheet derivative items / (liability) position (19a - 19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	364.505.739	320.490.458	(96.052.738)	(6.135.007)
21. Net foreign currency asset / (liability) / position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	359.374.057	319.497.736	(97.060.024)	(6.929.930)
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	1.470.831.580	454.540.011	270.348.057	83.019.944
24. Import	431.606.694	120.049.118	96.390.512	6.987.416

The Group is mainly exposed to EUR and USD risks. Effects of other currencies are immaterial.

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

Foreign currency sensitivity

	31 December 2012			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1 - USD net assets / liabilities	52.715.544	(52.715.544)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1+2)	52.715.544	(52.715.544)	-	-
Change of EUR against TRY by 10%				
4 - EUR net assets / liabilities	(16.375.239)	16.375.239	146.855.678	(146.855.678)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4+5)	(16.375.239)	16.375.239	146.855.678	(146.855.678)
Change of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	1.581.303	(1.581.303)	30.587.528	(30.587.528)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7+8)	1.581.303	(1.581.303)	30.587.528	(30.587.528)
Total (3+6+9)	37.921.608	(37.921.608)	177.443.206	(177.443.206)

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

	31 December 2011			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%				
1 - USD net assets / liabilities	60.349.927	(60.349.927)	-	-
2 - USD hedged from risks (-)	-	-	-	-
3 - USD net effect (1+2)	60.349.927	(60.349.927)	-	-
Change of EUR against TRY by 10%				
4 - EUR net assets / liabilities	(18.778.694)	18.778.694	133.472.108	(133.472.108)
5 - EUR hedged from risks (-)	-	-	-	-
6 - EUR net effect (4+5)	(18.778.694)	18.778.694	133.472.108	(133.472.108)
Change of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	(692.993)	692.993	23.825.643	(23.825.643)
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7+8)	(692.993)	692.993	23.825.643	(23.825.643)
Total (3+6+9)	40.878.240	(40.878.240)	157.297.751	(157.297.751)

b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of floating interest rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the TRY interest rates were increased / decreased by 1% and foreign currency interest rates were increased / decreased by 0.25% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and non-controlling interest would decrease / increase by TRY 3.663.930 as of 31 December 2012 (31 December 2011: TRY 4.516.929).

Interest rate sensitivity

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

	31 December 2012			
	Floating interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	2.087.870.802	171.177.274	2.259.048.076
Cash and cash equivalents	-	1.075.803.942	88.519.335	1.164.323.277
Financial asset	-	-	-	-
Derivative financial instruments	-	-	-	-
Available for sale financial assets	-	-	82.657.939	82.657.939
Trade receivables	-	967.560.945	-	967.560.945
Due from related parties	-	17.756.620	-	17.756.620
Other receivables	-	26.749.295	-	26.749.295
Financial liabilities	1.750.029.040	951.273.809	11.171.026	2.712.473.875
Bank borrowings	1.750.029.040	360.855.644	11.171.026	2.122.055.710
Financial leases	-	10.289.576	-	10.289.576
Trade payables	-	497.893.437	-	497.893.437
Due to related parties	-	26.909.470	-	26.909.470
Other payables	-	55.325.682	-	55.325.682

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

	31 December 2011			
	Floating interest	Fixed Interest	Non-interest bearing	Total
Financial assets	-	2.522.843.636	227.652.780	2.750.496.416
Cash and cash equivalents	-	1.487.232.210	112.690.887	1.599.923.097
Financial asset	-	-	-	-
Derivative financial instruments	-	-	-	-
Available for sale financial assets	-	-	114.961.893	114.961.893
Trade receivables	-	991.494.575	-	991.494.575
Due from related parties	-	24.239.793	-	24.239.793
Other receivables	-	19.877.058	-	19.877.058
Financial liabilities	1.870.738.898	819.422.517	30.769	2.690.192.184
Bank borrowings	1.870.738.898	325.001.941	30.769	2.195.771.608
Financial leases	-	-	-	-
Trade payables	-	408.316.597	-	408.316.597
Due to related parties	-	22.775.041	-	22.775.041
Other payables	-	63.328.938	-	63.328.938

b.3.3) Other price risks

Equity price sensitivity

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

If the equity shares prices were increased / decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2012 and 31 December 2011 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY 28.186 (2011: TRY 28.002 of increase/decrease). This change is resulted from the fair value change of equity share investments classified as available for sale.

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

39. Financial Instruments (Fair Value and Hedge Accounting Disclosures)

Categories of Financial Instruments

	Assets and liabilities at amortised cost	Loans and receivables	Available for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying Value	Note
31 December 2012						
Financial assets	1.164.317.430	985.317.565	82.657.939	5.847	2.232.298.781	
Cash and cash equivalents	1.164.317.430	-	-	5.847	1.164.323.277	6
Trade receivables	-	967.560.945	-	-	967.560.945	10
Due from related parties	-	17.756.620	-	-	17.756.620	37
Derivative financial investments	-	-	-	-	-	12
Financial investments	-	-	82.657.939	-	82.657.939	7
Financial liabilities	2.657.148.193	-	-	-	2.657.148.193	
Financial liabilities	2.132.345.286	-	-	-	2.132.345.286	8
Trade payables	497.893.437	-	-	-	497.893.437	10
Due to related parties	26.909.470	-	-	-	26.909.470	37
Derivative financial liability	-	-	-	-	-	12

	Assets and liabilities at amortised cost	Loans and receivables	Available for sale financial assets	Financial assets or liabilities fair value through profit or loss	Carrying Value	Note
31 December 2011						
Financial assets	1.599.387.785	1.015.734.368	114.961.893	535.312	2.730.619.358	
Cash and cash equivalents	1.599.387.785	-	-	535.312	1.599.923.097	6
Trade receivables	-	991.494.575	-	-	991.494.575	10
Due from related parties	-	24.239.793	-	-	24.239.793	37
Derivative financial investments	-	-	-	-	-	12
Financial investments	-	-	114.961.893	-	114.961.893	7
Financial liabilities	2.626.863.246	-	-	-	2.626.863.246	
Financial liabilities	2.195.771.608	-	-	-	2.195.771.608	8
Trade payables	408.316.597	-	-	-	408.316.597	10
Due to related parties	22.775.041	-	-	-	22.775.041	37
Derivative Financial liability	-	-	-	-	-	12

Fair Value of Financial Instruments

	31 December 2012			
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale(Note 26)	82.657.939	299.662	-	82.358.277
Derivative financial assets	-	-	-	-
Financial assets held to maturity	-	-	-	-
Total	82.657.939	299.662	-	82.358.277

	31 December 2011			
Financial assets	Total	Category 1	Category 2	Category 3
Financial assets available for sale	114.961.893	294.757	-	114.667.136
Derivative financial assets	-	-	-	-
Financial assets held to maturity	-	-	-	-
Total	114.961.893	294.757	-	114.667.136

The classification of the Group's financial assets and liabilities at fair value is as follows:

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

40. Events after the Balance Sheet Date

• The following decision was taken at the Board of Directors meeting of the Company held on 23 January 2013: Group management is authorised for the initial public offering (domestic and cross-border) of Paşabahçe Cam Sanayii ve Ticaret AŞ, a subsidiary of the Group within the year 2013. The timing and the percentage of the public offering will be determined subsequently in consideration with the market conditions.

• The following decision was taken at the Board of Directors meeting of the Company held on 23 January 2013: Group management is authorised for a cross-border bond offering within 2013. The timing and the amount of the bond offering will be determined subsequently in consideration with the market conditions.

• The following decision was taken at the Board of Directors meeting of the Company held on 19 February 2013: The Capital Markets Board of Turkey will be appealed for the waiver of the merger of the Company and Çayirova Cam Sanayii A.Ş., which was publicly announced on 17 August 2012, due to the fact that the secondary legislation regarding the article 24 "Right of Disassociation" of Capital Markets Board Law numbered 6362 has not yet been legislated. The merger will be re-evaluated after the enactment of the secondary legislation.

• The following decision was taken at the Board of Directors meeting of Trakya Cam Sanayii A.Ş. ("Trakya Cam"), a subsidiary of the Group, held on 19 February 2013: The Capital Markets Board of Turkey will be appealed for the waiver of the merger of the Trakya Cam with Trakya Yenişehir Cam Sanayii A.Ş. and Trakya Polatlı Cam Sanayii AŞ, which was publicly announced on 29 August 2012, due to the fact that the secondary legislation regarding the article 24 "Right of Disassociation" of Capital Markets Board Law numbered 6362 has not yet been legislated. The merger will be re-evaluated after the enactment of the secondary legislation.

• The following decision was taken at the Board of Directors meeting of Anadolu Cam Sanayii A.Ş. ("Anadolu Cam"), a subsidiary of the Group, held on 19 February 2013: The Capital Markets Board of Turkey will be appealed for the waiver of the merger of the Anadolu Cam with Anadolu Cam Yenişehir Sanayii A.Ş. and Anadolu Cam Eskişehir Sanayii AŞ, which was publicly announced on 29 August 2012, due to the fact that the secondary legislation regarding the article 24 "Right of Disassociation" of Capital Markets Board Law numbered 6362 has not yet been legislated. The merger will be re-evaluated after the enactment of the secondary legislation.

• The total registered share capital ceiling of the Company is decided to be increased from TRY 2.000.000.000 to TRY 2.500.000.000 in the Extraordinary General Assembly Meeting held on 22 January 2013.

• The total registered share capital ceiling of Trakya Cam, a subsidiary of the Group, is decided to be increased from TRY 1.000.000.000 to TRY 1.500.000.000 in the Extraordinary General Assembly Meeting held on 22 January 2013.

• The total registered share capital ceiling of Anadolu Cam, a subsidiary of the Group, is decided to be increased from TRY 500.000.000 to TRY 1.000.000.000 in the Extraordinary General Assembly Meeting held on 22 January 2013.

- The Board of Directors of Denizli Cam Sanayii ve Ticaret A.Ş. ("Denizli Cam") was authorised in the Extraordinary General Assembly Meeting held on 22 January 2013 to increase the total registered share capital ceiling (TRY 20.000.000) of Denizli Cam until 31 December 2016.
- The total registered share capital ceiling of Soda Sanayii A.Ş., a subsidiary of the Group, is decided to be increased from TRY 500.000.000 to TRY 1.000.000.000 in the Extraordinary General Assembly Meeting held on 22 January 2013.
- Trakya Cam, a subsidiary of the Group, signed a Memorandum of Understanding on 19 February 2013 to acquire 100% Fritz Holding GmbH incorporated in Germany. The acquisition is deemed to be a significant opportunity for Trakya Cam to become a stronger auto-glass supplier in line with its growth strategies, to create additional capacity to meet market demand and to enhance the capabilities on encapsulated auto-glass as an integral part of its product range.
- Trakya Cam, a subsidiary of the Group, signed a joint-venture agreement with Hindusthan National Glass & Industries Limited (HNGIL) and usufruct shareholders to acquire HNG Float Glass Limited (HNGFL), which is the largest float glass producer of India, on 10 January 2013. Consequently, Trakya Cam has acquired 45% of HNGFL whose 88% is belong to HNGIL and usufruct shareholders. The share of IFC will be decreased from 12% to 10% subsequent to share transfer. The process of share transfer and closing transactions are in progress.
- The Company purchased 5.600 shares (0.5% of the paid-in capital) of Cromital S.p.A from Soda Sanayi, a subsidiary of the Group, for EUR 24.228 on 18 February 2013.
- Paşabahçe Cam Sanayii and Tic. A.Ş. Paşabahçe Eskişehir Cam Sanayii ve Tic. A.Ş., subsidiaries of the Group, were merged on 31 January 2013.
- Soda Sanayii A.Ş., a subsidiary of the of the Group, became a guarantor for the bank loan obtained by Şişecam Soda Lukavac D.O.O. from İşbank AG Fankfurt, with the aim of financing the Company amounting for EUR 4.000.000.
- The Company decided to authorize Basaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (PricewaterhouseCoopers) in the Board of Directors meeting held on 28 February 2013 as the independent auditor of financial statements prepared in accordance with Communiqué XI No:29 .
- The following decision was taken at the Board of Directors meeting of the Company held on 27 February 2013 : Dividend policy has been revised and offered to approval to General Assembly.

Dividend Policy of the Company has been designated as regarding to Turkish Commercial Code, Capital Market Law, Tax Laws, Legislations and provisions of Articles of Association.

Accordingly;

- a) Company has been determined to pay dividend that minimum %50 cash and/or without charge of distributable net profit of the period which is calculated in year end as regarding to Capital Market Legislation and other related legislation. General Assembly of Shareholders can change the targetted dividend ratio by considering economical conditions, investment plans and cash position.
- b) The offers of dividend payment of Board of Directors are announced in Public Disclosure Platform, website of company and activity report by considering regulations of Capital Market and Corporate Management principles.
- c) As regarding to decision of General Assembly, cash dividend is paid in a date that is determined in a meeting. Declared without charge dividend share transactions are completed due to Capital Market Regulations that is foreseen in legal time
- d) Based on the profit distribution policy, the profit is distributed to all available shares as of distribution date regardless of their issue and acquisition dates.
- e) When the Board of Directors offers not to pay dividend to General Assembly, its reasons and how to be used of that profit should be explained to shareholders in Board of Directors meeting.
- f) Benefit of sharer and the company's dividend policy are followed in a balancedly.
- g) There is no privileged share about taking a share from profit.
- h) There is no regulation about pay share in Articles of Association jouissance share with Board of Directors and workers.
- i) Regarding to Articles of Association of the Company, dividend can be paid to Board of Directors, to be authorized by General Assembly and proper to Capital Market Law and its regulations. The authority of advanced dividend payment that is is given from general assembly to Board of Directors is limited in that year.

41. Other Issues that Significantly Affect the Financial Statements or Other Issues Required for the Clear Understanding of Financial Statements

Approval of Financial Statements

The Group's consolidated financial statements as of 31 December 2012 audited by independent auditors and the annual report prepared in accordance with the Capital Markets Board's Communiqué Serial: XI, No: 29 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the regulations issued by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the CFO, İbrahim Babayigit, and the Holding Accounting Manager, Mükremin Şimşek and approved for the public announcement by the Board of Directors on 6 March 2013.

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Distribution of 2012 Profit

Dear Shareholders,

Our Company has ended the year 2012 fiscal period with a profit of TL 294.074.797.

Our net consolidated profit of TL 294.074.797 for the year 2012, as recorded in our 2012 consolidated balance sheet, prepared in compliance with the Communiqué Serial: XI- No: 29 "Principles Regarding Financial Reporting in Capital Markets" by the Capital Markets Board (CMB) shall be segregated as follows according to Clause 29 of our Articles of Association and to the CMB regulations on profit distribution:

1. Profit for the Period (Excluding Non-controlling Interest)	337.942.893
2. Taxes Payable	(43.868.096)
3. Net Profit for the Period	294.074.797
4. Legal Reserve	(12.002.488)
5. Net Distributable Profit for the Period	282.072.309
6. Donations Made During the Fiscal Year	1.053.921
7. Net Distributable Profit for the First Dividends Including Donations	283.126.230
8. First Dividend to Shareholders	
- Cash	71.000.000
- No-par share	71.000.000
Total Dividend	142.000.000
9. Extraordinary Reserves	140.072.309

The gross dividend of TL 71.000.000, equaling 4,733% of the issued capital, will be distributed in cash, and the gross dividend of TL 71.000.000, equaling 4,733% of the issued capital will be distributed as no-par share; our shareholders who are subject to withholding deductions will be paid their net dividends after income taxes are deducted. The dividend payment shall be effected on May 31, 2013, and the no-par shares will be distributed within the legal period.

The abovementioned details are presented for your attention and approval.



H. Ersin Özince
Chairman of the Board of Directors

Türkiye Şişe ve Cam Fabrikaları A.Ş.
Report of the Auditing Board for 2012

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

Business Title : Türkiye Şişe ve Cam Fabrikaları A.Ş.
Head Office : İSTANBUL
Registered Capital : TL 2.500.000.000
Issued Capital : TL 1.500.000.000
Field of Activity : To engage in industrial and commercial activities in the glass sector and in auxiliary, its complementary fields; to participate in the capital and management of all kind of industrial and commercial establishments.

Statutory auditors' names, surnames, terms of Office and whether they have a shareholding interest in the company : Velda Lafcıoğlu 25.05.2012-03.04.2013
İşıl Dadaylı 25.05.2012-03.04.2013

Statutory Auditors do not have a shareholding interest in the company, nor are they the employees of the company.

Statutory Auditors do not have a shareholding interest in the company, nor are they the employees of the company.

Scope, dates and conclusions of the examination made on the accounts, books and documents of the company: Based on the examinations of the company's books and documents carried out on 24 February 2012, 28 August 2012 and 28 December 2012, it has been established that the books were kept in accordance with the applicable laws and generally accepted accounting principles.

Number and results of the cash counts held in the Company's pay desk pursuant to relevant articles

of the Turkish Commercial Code: The pay desk of the company was checked and counted 5 times during 2012 and the findings thereof conform to the records.

Dates and results of the examinations made pursuant to relevant articles of the Turkish Commercial Code

As a result of the examinations carried out on 30 January 2012, 24 February 2012, 29 March 2012, 27 April 2012, 25 May 2012, 29 June 2012, 30 July 2012, 28 August 2012, 28 September 2012, 28 October 2012, 30 November 2012, 28 December 2012 and 04 January 2013, it has been ascertained that all types of valuable papers provided as a pledge or guarantee, or entrusted to the company's pay desk for safekeeping are present and that the same conform to the records.

Complaints and irregularities received and actions taken in relation thereto:

: None were received.

We have examined the accounts and transactions of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi for the period 1 January 2012-31 December 2012 with respect to their compliance with the Turkish Commercial Code, the company's articles of association, and other applicable legislation, as well as generally accepted accounting principles and standards. In our opinion, the attached balance sheet drawn up on 31 December 2012, the contents of which we acknowledge, fairly and accurately presents the company's financial status on the date, and the statement of income for the period 1 January 2012 - 31 December 2012 fairly and accurately presents the operating results for the period, and the profit distribution proposal is in compliance with the laws and the company's articles of association.

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



Velda Lafcıoğlu

Statutory Auditors



İşıl Dadaylı

1. Statement of Compliance with Corporate Governance Principles

This report articulates, in the framework of the Corporate Governance Principles exacted by Capital Markets Board (CMB) Communiqué Serial: IV- No: 56 "Corporate Governance Principles and Practices Pertaining to the Determination" and Communiqué -Amending this Communiqué- Serial: IV- No: 57 "Determination and Implementation of Corporate Governance Principles", published in the Official Gazette dated 30 December 2011 numbered 28158, the manner in which relations with shareholders and stakeholders should be carried out, identification of the tasks and responsibilities of the Board of Directors, its managers and its committees, the following responsibilities of Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi (Company).

Established in 1935 by Türkiye İş Bankası A.Ş. on the directive of Atatürk, Şişecam first met the country's demand for glass products, then entered the global market in the 1960s following the motto "Our market is the world", going on to diversify its activities and grew rapidly in the 70s and 80s.

Şişecam is an industrial group that produces glass and chemicals. Producing flat glass, glassware, glass packaging and glass fiber as well as soda and chromium chemicals, Şişecam is a powerful and leading manufacturer in its field.

Due to its claim of being a global corporate entity in its field of operations, Şişecam Group's management principles are; equality, transparency, accountability and responsibility. Clear evidence of these principles is the present position of Şişecam, with its size, specialization and its highly competitive place among Europe's and the world's leading producers in its field.

Şişecam's strengths that have brought it to its position today, its modern management structure, industrialism, high level of institutionalization, its focus on the market and R&D, are also the guarantee of a bright future. Şişecam Group intends to reinforce its vision of leadership in its operational field, with the support of Corporate Governance Principles.

The non-obligatory principles among the Corporate Governance Principles in the period ending 31 December 2012 as set forth in the Appendix of the Communiqué on Determination and Implementation of Corporate Governance Principles have been presented in the relevant parts of this report.

The details of the relevant and noteworthy work done in this period to obtain compliance with the Corporate Governance Principles are presented below.

- In compliance with Corporate Governance Principles, an article has been added to the Articles of Association entitled "Compliance with Corporate Governance Principles." In addition, Article 8 of the Articles of Association entitled "Board of Directors" has been amended so that the Articles of Association states the number and characteristics of independent members of the Board of Directors will be determined in accordance with Corporate Governance Principles and these aforementioned amendments were approved at the Ordinary General Assembly Meeting of Shareholders on 25 May 2012.

- Since no "Nomination Committee" existed on 30 December 2011, the date the "Communiqué on the Determination and Application of Corporate Governance Principles" Series IV Number 56 came into effect, three nominees for independent members were determined according to the principles indicated in the Corporate Governance Principles of the CMB on 7 March 2012 and were presented for approval to the Board of Directors on 14 March 2012.

- Approved by the Board of Directors, the independent member nominees were then presented for approval to the CMB on 15 March 2012 and no negative response was given by the CMB regarding the nominees. The nominees having been approved by the CMB, the Ordinary General Assembly Meeting of Shareholders accepted the three new independent members on 25 May 2012.

- In order for the Board of Directors to properly undertake their duties and responsibilities, an Audit Committee, a Corporate Governance Committee, and a Committee for Early Risk Detection have been formed within the body of the Board of Directors in accordance with Corporate Governance Principles, and these were announced to the public.

- The committees' area of responsibility, method of functioning, and composition have been determined at the Board of Directors meeting on 25 May 2012 and announced to the public on the same date.

- The principles of remuneration of the Board of Directors members have been put in writing and presented to shareholders during the General Assembly meeting in the form of a separate agenda item, as well as being announced to the public on the Company's official website.

- In order to expand the right of shareholders to information, the Company's official website has been made accessible to shareholders and beneficiaries. Important and noteworthy information on the Website is also translated into English for the use of international investors. In addition, an e-mail group with the name "How May We Help You" has been formed so that shareholders may demand information in writing and receive responses.

In this frame, announcements regarding Corporate Governance Principles in 2012, prepared in accordance with the "Announcement and Resolution" in the Weekly Bulletin number 2013/4 of CMB are presented below in sections.

SECTION 1 – SHAREHOLDERS

2- Shareholder Relations Unit

Our Group embraced a centralized approach to fulfill its liabilities imposed by the Capital Markets legislation and to continue its activities in a more efficient manner, employing a structuring process accordingly. All liabilities of Şişecam and its listed subsidiaries imposed by the Turkish commercial Law and Capital Markets Law is being supervised, managed and coordinated by our "Shareholder Relations Unit", under Financial Affairs Group in compliance with the Corporate Governance Principles set forth by the CMB. In this context, the "Shareholder Relations Unit" is playing an active role in facilitating and preserving the use of shareholder rights, particularly the right to access and assess information.

All information and announcements, which may affect the use of shareholder rights are updated and disclosed on the Company's official website.

Main activities during the period are as follows:

- Shareholders' oral and written inquiries about the company-except for non-public material that are confidential- were replied to.
- The annual general meetings of shareholders (AGM) were held according to legislation in force, Articles of Association and other in-house regulations.
- Documents for the utilization of shareholders during the general assembly meeting were prepared and presented on the Company's official website.
- Voting results were recorded and reports of voting results were sent to inquiring shareholders.
- All matters regarding public access to information including regulations and the firms policy on information access were complied with.
- The meetings held at the Company Head Office and the meetings and conferences organized by various institutions in Turkey and abroad were attended; the investors were provided information.
- Analysts evaluating the Company were given information.
- The official website of the Company has been updated, thus enabling shareholders to access information quickly and efficiently.
- All information and announcements, which may affect the use of shareholder rights were updated and disclosed on the Company's official website.
- With reference to CMB Communiqué Serial VIII- No: 54, Special Circumstance Explanations were announced to the public via the Public Disclosure Platform (PDP).
- The amendments of the regulations and the Capital Markets Law were closely followed and the relevant units took the necessary steps.

List of officers of the Shareholder Relations Unit is given below.

Name and Surname	Position/Title	Telephone	e-mail
İbrahim Babayigit	Chief Financial Officer	0212 350 38 85	ibabayigit@sisecam.com
Asuman Akman	Deputy CFO (Controlling and Accounting)	0212 350 39 95	aakman@sisecam.com
Aytaç Mutlugüller	Deputy CFO (Treasury and Procurement)	0212 350 34 80	amutluguller@sisecam.com
Mükrem Şimşek	Central Accounting Manager	0212 350 39 51	msimsek@sisecam.com
Başak Öge	Corporate Finance and Investor Relations Manager	0212 350 32 62	boge@sisecam.com

A summary of the activities carried out to convey detailed information to the investors about the Company's operations in 2012 is presented below:

- In 2012, a total of 8 conferences (3 abroad, 5 local) were attended.
- Over 140 funds and investor institutions were met (including conferences and meetings).
- Investor inquiries addressed to our Company were replied on the phone or via e-mail

Moreover, on the official website of the Company, all investors inquiries received via the "Investor Relations Communication Form" accessible on the "Investor Relations- How May We Help You" page were replied to immediately.

3- The Right of Shareholders to Access Information

In enabling the exercise of the shareholders' right to access and assess information, the shareholders are treated equally. Each shareholder has the right to access and assess information. Our Articles of Association does not include any terms restricting the right to access information. In the frame of the present regulations, with the aim of extending the shareholders' rights to access information and enabling them to exercise their rights, the Company's official website is highly beneficial. In this scope, the Corporate website is providing the Corporate Governance Principles and the relevant information and data as required by the regulatory authorities.

With the aim of public disclosure and providing information, the corporate website includes: fields of activity, products, annual activity reports and interim period financial statements, corporate governance compliance report, Contract of Incorporation, trade registry info, special circumstances explanations, shareholding structure, agendas of general assembly meetings, minutes of general assembly meetings, list of attendees of general assembly meetings, votes by proxy, written explanation and public offer circulars, codes of conduct, information policies, announcements for merging and division. Utmost attention is paid to keep the official website up to date. Moreover, with the purpose of extending the shareholders' right to access information, the interviews made by the Company executives published by the press and the quarterly press releases on the operation results are also provided for the attention of the shareholders on the Investor Relations pages of the website. According to the regulations, non-controlling shareholders are entitled to request the appointment by the General Assembly of a special auditor. Shareholder(s) of a company representing at least 10% of the capital are entitled to demand the appointment of a special auditor with regard to specific matters. Our Company's Articles of Association do not include an article regarding the assignment of a special auditor. During the fiscal period, such a request has not been made.

4- General Assembly Meetings

In line with the legislation the announcement of the General Assembly Meeting date is made three weeks prior to the meeting via Public Disclosure Platform (KAP), Electronic General Assembly System (EGKS), the Company's official website and the Turkish Commercial Registry Gazette, with the aim of reaching as many shareholders as possible.

On the corporate website at www.sisecam.com, the date of the General Assembly Meeting is announced as "Investor Relations" – "Announcements and documents of the General Assembly" – "Informative Documents" along with the notifications and statements that have to be made according to the legislation. The following points are disclosed to the shareholders in a clear manner:

- Total number of shares reflecting the Company's partnership structure and their voting rights, as of the date of announcement,
- Any changes in the management and actions of the Company, which may change the Company's operations and which are projected for the coming fiscal period or which have been executed in the past fiscal period of the Company or of the main subsidiaries,
- If any on the General Assembly Meeting Agenda, information on the dismissal, replacement and selection of Board of Directors members, the reasons for dismissal or replacement, information on the new candidates of board membership,
- The requests by shareholders, CMB and/or the other public authorities and institutions the Company is engaged with including topics in the meeting agenda
- In case there is an amendment in the Articles of Association on the agenda, the relevant Board of Directors resolution and the old and new versions of the amended clause of the Articles of Association.

Regarding the execution of the liability mentioned in clause (c), the résumés of the candidates of membership for the Board of Directors, the positions they have had over past decade, the reasons for their resignations, the importance and details of their relations with the Company and Company-related parties, whether they are independent members or not, and information on the similar issues which may interfere with the Company's operations should these people be selected as Board of Directors members, are all disclosed to the public by the Company within one week following the announcement of the General Assembly Meeting date.

In preparing the General Assembly Meeting agenda, utmost attention is paid to state each request under a separate topic. The agenda is itemized clearly to avoid any ambiguity. Special care is taken to avoid using words like "Other" or "Miscellaneous" on the agenda.

In preparing the agenda, the issues shareholders have sent to the Shareholder Relations Unit in writing and requested to have them included in the agenda, are taken into consideration by the Board of Directors. During this term, no such requests have been received.

Utmost attention is paid to organize the General Assembly Meetings to enable the highest attendance while putting the least financial burden on the shareholder and to avoid any unfair treatment to any shareholder. Various factors, such as traffic and transportation are taken into account when setting the timing of the General Assembly Meetings.

The agenda of a General Assembly Meeting is itemized clearly, objectively and in detail. Shareholders are offered equal opportunities to express their views and ask any questions they may have in mind. All questions asked by the shareholders during the General Assembly Meetings - except for nonpublic material that is commercially confidential- are replied to during the General Assembly Meeting. In case the question is irrelevant to the agenda or too extensive to be answered immediately, it is answered by the Shareholder Relations Unit in writing within a maximum of 30 days.

Any operation, executed by the members of the Board of Directors based on the authorization they have taken at the previous General Assembly Meeting to engage in activities that are considered Company operations as set forth in Articles 395 and 396 of Turkish Commercial Code, is reported to the General Assembly Meeting.

Members of the Board of Directors, who are responsible for the areas relating to the agenda topics, other relevant executives, all authorized managers and auditors who have participated in the preparation of the financial statements attend the General Assembly Meeting to provide information and answer questions. A public statement is released on the day of the resolution by the Board of Directors via the Public Disclosure Platform (KAP), announcing the date of the General Assembly Meeting. Moreover, with the aim of informing the local and foreign shareholders on General Assembly Meeting announcements and agenda items, the General Assembly documents are published on the official Company website.

As required by the CMB legislation, financial statements have to be disclosed within 14 weeks following the end of the fiscal period. Our Company aims to finalize and disclose its financial statements as quickly as possible in order to inform its shareholders in a timely manner.

In case there is a significant change in the Company's management and operational organization, the details of such change are disclosed to the public as required by the legislation.

Moreover, in compliance with the Corporate Governance Principles set forth by the CMB and as required by the principle regarding significant activities,

prior to the Ordinary General Assembly Meeting to be held on 25 May 2012, the necessary authorizations must be received to make amendments on the Articles of Association.

In this frame, during this period:

- The real estate (located in Beykoz) of Paşabahçe Cam San. ve Tic A.Ş., one of our subsidiaries, has been transferred to our Company due to the partial division of Paşabahçe Cam San ve Tic A.Ş. in line with the CMB Communiqué on Principles Regarding Mergers- Serial I - No: 31 and with the Corporate Tax Law Articles 19 and 20, this takeover was approved by the CMB on 20 January 2012. This matter was also approved during the Shareholders Extraordinary General Assembly Meeting held on 27 February 2012.
- The Cogeneration Power Plant among the assets of Camiş Elektrik Üretim A.Ş., one of our subsidiaries, has been transferred to Soda Sanayii A.Ş., another group subsidiary, in the scope of the "Partial Division" executed in compliance with the Article 19(3) of Corporate Tax Law, CMB, TCC Articles 303-396 and with the Joint Communiqué of the Ministry of Finance and Ministry of Industry and Trade On the Partial Division of Companies Limited by Share and Companies with Limited Liability. This transaction was approved by the Capital Markets Board on 23 February 2012 and at the Extraordinary General Assembly Meeting on 28 March 2012.
- In addition, the merger between Türkiye Şişe ve Cam Fabrikaları A.Ş. and Çayırova Cam Sanayii A.Ş., the merger between Trakya Cam Sanayii A.Ş. and Trakya Yenişehir Cam Sanayii A.Ş. – Trakya Polatlı Cam Sanayi A.Ş., and the merger between Anadolu Cam Sanayii A.Ş. and Anadolu Cam Yenişehir Sanayii A.Ş. – Anadolu Cam Eskişehir Sanayii A.Ş. were still under examination by CMB, the Capital Markets Law was substantially amended and the new Capital Markets Law number 6362 came into effect on the date it was published in the Official Gazette dated 30 December 2012 and number 28513. Those shareholders who attended the General Assembly meeting where Article 24 of the aforementioned Law entitled "Right to Dissociation" and the important procedures described in Article 23 of the said Law and voted against the decisions and had their dissenting opinions included in the minutes of the meeting were required to use their right to dissociation and sell their shares to the company in accordance with the principles described in the Law, and public companies were required to buy these shares from the shareholders at the price thus determined. Since the secondary regulations pertaining to the application of Article 24 of the Capital Markets Law number 6362 entitled "Right to Dissociation" had not yet been published, with respect to the postponement of the merger procedures announced to the public on the aforementioned dates for a second evaluation after these secondary regulations are published, it was announced to the public on 19 February 2013 that an application has been filed with the CMB on the same date for the suspension of the merger applications at this stage. In addition, information was given to the General Assembly Meeting on the donations and charities given to associations and foundations with social aid purpose. The General Assembly Meetings are open to the public, including the press members and beneficiaries without the right to speak. The minutes of the General Assembly meetings published on the official website are kept open to the examination of the shareholders at the Company Head Office.

Within the period, the Ordinary General Assembly Meeting for the year 2011 was held on 25 May 2012 with a quorum of 74.81% and the Extraordinary General Assembly Meeting was held on 28 February 2012 with a quorum of 74.65%. In the announcements and statements of the General Assembly Meetings the following points were noted:

- The agenda, place, date and time of the General Assembly Meeting; the proxy form for those who wish to be represented by a proxy and the instructions for filling in the proxy form.
- That General Assembly meetings will be held physically and virtually, and that for virtual general assembly meetings the right to have an attorney, make proposals, disclose opinions, and vote will be used through the Electronic General Assembly System (EGKS) made available by the Central Registry Office (MKK) and that those shareholders who wish to attend the virtual general assembly in person or through their attorney will do so in accordance with the principles laid out by the EGKS,
- That those shareholders who wish to attend the General Assembly physically need to present their identities or letters of attorney if they wish to use their rights regarding their shares registered on the "Shareholders List" available in the Central Registry Office (MKK) system,
- That all the financial statements including the annual report, Independent External Auditing Reports, profit distribution suggestion of the Board of Directors, if any, the new and old versions of the amended article of the Articles of Association shall be presented for the examination of the shareholders on the company website and at the Head Office, at least 3 weeks prior to the General Assembly Meeting.

5- Right to Vote and Non-Controlling Rights

The Articles of Association does not include privileges of right to vote. Pursuant to our Articles of Association, each share grants one right to vote. In case the mutual shareholding relation concurs a relationship of dominance, the companies having a mutual shareholding relation, do not vote in each other's General Assembly Meetings, unless there are requisites like forming a quorum. Non-controlling shares are not represented in the management. In 2012 no complaints or criticisms have been directed to our Company regarding this issue.

6- Right for Dividend

The profit distribution policy of our Company has been determined in accordance with the Turkish Trade Law, the Capital Markets Law and other regulations applicable to the company, as well as the Articles of Association. As such:

- Our Company chooses to distribute a maximum of 50% net of period profit calculated at the end of each year in accordance with the Capital Markets Law and relevant regulations, in cash and/or in the form of no-par shares. The Ordinary General Assembly of Shareholders may decide on a different percentage due to economic conditions, investment plans, and cash flow.
- The profit distribution proposals of our Board of Directors, which includes relevant details of CMB regulations and Corporate Governance Principles, will be disclosed to the public within legally determined periods through the Public Disclosure Platform, the official Company website, and annual reports.
- Cash profit dividends determined at the General Assembly will be distributed on the determined date by the General Assembly. Steps to be taken for the distribution of profit dividends in the form of no-par shares will be completed within the periods specified by CMB regulations.
- In accordance with the profit distribution policy, profit dividends will be distributed equally to all existing shareholders on the day determined without consideration of dates of sale and acquisition.
- In case the Board of Directors suggests to the General Assembly that no profit distribution should be made, the reasons for this suggestion and the details of the undistributed profit are presented to the shareholders during the General Assembly meeting.
- Profit distribution is based on a policy that balances shareholders' interests with the Company's interests.
- There are no preference shares in respect to receiving shares from the profit.
- Enforcement for paying profit shares with founder dividend shares to the Members of our Board of Directors and to our employees is not contained in our Articles of Association.
- According to the Articles of Association, advance profit dividends can be paid if the Board of Directors is thus authorized by the General Assembly, and in compliance with the Capital Markets Law and the relevant regulations of the CMB. Such authority given by the General Assembly to the Board of Directors to make advance payments of profit dividends is restricted to the year the authority is given.

7. Transfer of Shares

There are no provisions restricting the transfer of shares in the Company's Articles of Association.

SECTION II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

The CMB Communiqué on "Guidelines for Disclosure of Special Conditions to Public"- Serial: VIII, No: 54, published on the Official Gazette dated 6 February 2009 and numbered 27133 imposes the obligation on the partnerships, shares of which are traded at the exchange for creating an information policy aimed at public enlightenment and announcing such policy to the public via the website of the partnership.

The "Information Policy", created in this context and approved at the Meeting of our Board of Directors dated 2 April 2012 and numbered 34, has been announced to the public in the section "Investor Relations" on our company's website.

The Information Policy outlines topics such as what information - apart from those detailed in the legislation- shall be disclosed, how frequently and in what way information shall be shared with the public, how frequently the members of the Board of Directors or other executives should make statements to the press, how frequently meetings to inform the public should be held, how questions should be addressed to the Company be replied, etc.

The personnel responsible for carrying out the information policy are listed below:

Name and Surname	Position/Title	Telephone	e-mail
İbrahim Babayigit	Chief Financial Officer	0212 350 38 85	ibabayigit@sisecam.com
Asuman Akman	Deputy CFO (Controlling and Accounting)	0212 350 39 95	aakman@sisecam.com
Aytaç Mutlugüller	Deputy CFO (Treasury and Procurement)	0212 350 34 80	amutluguller@sisecam.com
Mükremin Şimşek	Central Accounting Manager	0212 350 39 51	msimsek@sisecam.com
Başak Öge	Corporate Finances and Investor Relations Manager	0212 350 32 62	boge@sisecam.com
Elif Ergun	Corporate Communications Manager	0212 350 38 18	eergun@sisecam.com

9. Company Website and Content

As required by the Corporate Governance Principles set forth by the CMB, our Company is actively using its official website to maintain an efficient and strong relationship with its shareholders and to have a continuous contact with its stakeholders. Information published on the website is regularly updated by the Shareholder Relations Unit. Including statements made in the frame of legislative requirements, the information on the website does not have any contradictory or incomplete data.

In addition to the data, the disclosure which is required by regulations, the corporate website in Turkish and English at www.sisecam.com includes: trade registry info, updated shareholding structure and organizational patterns, whether there are preferential shares, the dates and numbers of the trade registry gazette issues the amendments are published on, final version of the Articles of Association, special circumstances explanations, financial statements, annual activity reports, explanation notes and public offering circulars, the agendas of the General Assembly Meetings, the list of attendants to the General Assembly Meetings, minutes of the General Assembly Meetings, proxy vote forms, Profit Distribution Policy, Information Policy, Code of Conduct and answers to the FAQ. In this context, the Company's official website includes information from at least the past 5 years. Important and special information published on the website is also provided in English to enable international investors to benefit from the data.

10- Annual Report

The Board of Directors Annual Report is prepared in detail to enable the public access to accurate and complete information on the Company's operations.

In addition to the data, the disclosure of which is required by regulations and the relevant clauses of the Corporate Governance Principles, the annual report includes:

- Information on the other positions the members of the Board of Directors are holding (in their résumés)
- Members of the Board of Directors committees, frequency of their meetings, the activities carried out by these committees
- The number of Board of Directors meetings held during the year, the levels of attendance of the Board of Directors members at these meetings
- If any, explanations for the administrative sanctions and penalties imposed on the Company or members of the Board of Directors due to any violation of regulations
- Information on the regulation amendments, which may significantly affect company operations
- Information on significant lawsuits brought against the company and their possible outcomes
- Information on the social rights of the company personnel, their professional trainings and information on the corporate social responsibility activities, which may have social and environmental consequences.

SECTION III – BENEFICIARIES

11- Informing the Beneficiaries

Beneficiaries are legal entities, real persons, institutions or interest groups, such as non-governmental organizations, trade unions, suppliers, customers, creditors, employees, who benefit from the Company's operations and pursuit of its goals and targets. In its activities and operations, the Company ensures the beneficiaries' rights, which are defined by mutual contracts and under relevant regulations. In cases, where the beneficiary rights are not protected by the regulations and mutual contracts, the interests of the beneficiaries are protected with the utmost good will and at the maximum extent possible by the Company.

Beneficiaries are provided with information on Company policies and procedures regarding the protection of their rights. The Company has established the necessary mechanisms to notify the Auditory Committee regarding unethical or illegal transactions or actions by the beneficiaries. In case of a conflict of interest among beneficiaries or in case a beneficiary falls into more than one interest group, a well-balanced policy is pursued to protect their rights. The ultimate target is to protect each and every interest independently.

12. The Beneficiaries' Participation in Management

Support is given to the beneficiaries, particularly the Company employees, to participate in the Company management, in ways that do not interrupt the Company's operations. The views of the beneficiaries are requested on important decisions that have consequences with regard to their interests.

13- Human Resources Policy

Within the context of human resources, procedures and basics of recruitment, working conditions, rating systems, management of wages, financial and social rights, evaluation of performance, career management and termination of contract of employment have been formed. Relations with employees are carried out by the department of human resources.

Within the context of human resources, procedures and basics of recruitment, working conditions, rating systems, management of wages, financial and social rights, evaluation of performance, career management and termination of contract of employment have been formed. Relations with employees are carried out by the department of human resources.

Guidelines pertaining to employment of personnel have been presented in writing in the Company's Human Resources Systems, and these guidelines are being followed. In setting the recruitment policies and making the career planning, the principle of "equal opportunity to equal candidates" has been embraced. During the period, no complaints on any discrimination or favoritism has been addressed to the Company executives. Employees are treated equally with regard to their rights. Various training programs are designed to improve their knowledge, skills and work experience.

The HR department organizes meetings with the personnel to inform them on matters such as Company's financial state, wage policy, training programs, or health-related topics. Decisions taken on the personnel or any developments affecting the workers are notified either directly to them or through their representatives. The opinions of the relevant trade union are requested when such decisions are to be made. The job descriptions and distribution and the criteria of performance and rewards are explained to employees. In determining the wage and other benefits of employees, efficiency is taken into consideration. Employees are not discriminated against based on their race, religion, language or gender. Precautions are taken to avoid any mobbing within the Company.

14. Ethical Codes and Social Responsibility

14.1 Social Responsibility

Being aware of its responsibility to laws and environmental values, Şişecam Group believes in the necessity of leaving a habitable world to future generations. In every stage of its activities, the Group takes this approach into consideration, which it perceives as one of the main elements of strategic management. Our aim is the execution of environmental protection work carried out in our Group with an understanding of environmental management systems and maintaining continuous improvement with the support of all employees.

14.2 Ethical Codes

Şişecam Group's Ethical Codes, arranged under the general principles of honesty, transparency, confidentiality, impartiality and obedience to the law as per the resolution dated 20 July 2010, No.49 of the Board of Directors of our Company has been put into effect and arrangements in the form of a guide leading the relationships of all Group employees with the customers, suppliers, shareholders and other stakeholders have been realized. The general outline of the Company's Ethical Codes, as announced to the public on the Company's official website, is stated below:

14.2.1 General Principles

- In Şişecam Group, truthfulness and honesty constitute the basis of interactions between employees, customers, suppliers, shareholders and all stakeholders.
- Şişecam Group is transparent and open with all its stakeholders.
- In Şişecam Group, no discrimination among stakeholders is made due to reasons such as religion, language, race, gender, state of health, marital status or political views. Everybody is treated equally and without prejudice.
- In Şişecam Group, utmost attention is paid to protecting the private information of employees, customers and suppliers and sharing such information with third parties forbidden.
- Şişecam Group runs all its operations in line with the law. The Group follows laws and regulations closely and takes the necessary precautions required to ensure compliance with the laws.

14.2.2 Responsibilities

The Board of Directors and the Auditing Committee are responsible at top level for ensuring the Ethical Codes of Şişecam Group are upheld throughout the entire Group. All members of Group personnel are obliged to act in accordance with the Ethical Codes of Şişecam Group.

14.2.3 Applications

- In Şişecam Group, utmost attention is always paid to efficient and productive use of Group resources and the principle of economizing is taken into consideration. Group personnel use and protect the Group resources only for the benefit of the Group.
- Utmost attention is paid to protect of all kinds of non-public information. Regulations and procedures related to the security of information belonging to the Group are keenly applied and required precautions to carefully keep and archive this information and for non-disclosure thereof are adopted.
- In Şişecam Group, the personnel consider Group interests within the framework of legal and in-Group regulations and pay attention to keep away from conflicts of interest, in the tasks they perform.
- In Şişecam Group, gifts exceeding a reasonable amount from customers, suppliers and other institutions are not accepted. However, gifts having a symbolic value such as plaques and shields, granted at the meetings or seminars attended to represent the Group can be accepted.
- In cases where Şişecam Group personnel business relationships with family members, close relatives or friends occur, a conflict of interests is not allowed.
- In Şişecam Group, in relationships with customers and suppliers, honesty, respect, equality, courtesy and fairness are observed and laws and codes of conduct are closely followed.
- The relations of Şişecam Group with official bodies are always transparent and explicit. Any kind of information or documents requested by official bodies are provided correctly, fully and punctually. Any act to deceive or mislead official bodies is not tolerated.

14.2.4 Compliance with the Ethical Codes of Şişecam Group

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

SECTION IV. BOARD OF DIRECTORS

15. Structure and Composition of the Board of Directors

The Board of Directors is formulated in such a way as to enable its members to work productively and constructively, make fast and rational decisions and effectively organize committee activities. The Board of Directors includes both executive and non-executive members. A non-executive member of the Board of Directors is a member who does not have an administrative position in the Company other than his/her membership to the Board of Directors and who does not interfere with the daily business and regular operations of the Company. The majority of the Board of Directors is comprised of non-executive members. The Managing Director, Prof. Dr. Ahmet Kirman, is the executive member of the Board of Directors.

The Board of Directors does not house a member meeting the independence criteria set forth in the CMB Corporate Governance Guidelines. In the Ordinary General Assembly Meeting to be held on 25 May 2012, the Articles of Association shall be amended accordingly and an independent member meeting the criteria set forth in the CMB Corporate Governance Guidelines shall be elected. Since the present Board of Directors does not have a "Nomination Committee", the candidates for independent membership have been selected by the "Auditory Committee" in line with the rules set forth in the CMB Corporate Governance Guidelines. The list of independent member candidates approved by the Board of Directors has been submitted to the Capital Markets Board for approval.

Pursuant to the Articles of Association, the business of the Company is carried out by a Board of Directors, comprising at least 5 (five) members as stipulated by the Turkish Commercial Code and CMB Corporate Governance Guidelines. With the amendment made on the Articles of Association in the Ordinary General Assembly Meeting on 25 May 2012, three independent members meeting the criteria set forth in the CMB Corporate Governance Guidelines have been elected.

Following the General Assembly Meetings, when the Board of Directors members are elected, the Chairperson and the Vice-Chairperson of the Board of Directors are elected upon a resolution for the division of tasks. The Company's Board of Directors comprises the following 9 members, - one executive and 8 non-executive:

Name and Surname	Title
Hakkı Ersin Özince	Chairman
Prof. Dr. Ahmet Kirman	Vice Chairman- Managing Director
Alev Yaraman	Member
Rıza İhsan Kutlusoy	Member
Zeynep Hansu Uçar	Member
Dr. Tevfik Ateş Kut	Member
Prof. Dr. Atilla Murat Demircioğlu	Independent Member
Prof. Dr. Turkey Berksoy	Independent Member
Prof. Dr. Orhan Sezgin	Independent Member

According to the Articles 395 and 396 of the Turkish Commercial Code, the Board members have to receive the approval of the General Assembly to conduct businesses personally or on behalf of third parties that fall under the Company's area of operations or to become partners with companies engaged in such businesses.

The Board members can freely express their ideas, without being affected by any external pressures. Even though it is not obligatory according to the Corporate Governance Principles, our Company's Board of Directors includes two female members: Alev Yaraman and Zeynep Hansu Uçar.

The Board of Directors manages and represents the Company by preserving first and foremost the long-term interests of the Company in its strategic decisions, in the balance it strikes between growth and profit, and with its rational and cautious risk management approach. The Board of Directors determines the strategic goals of the Company, determines the human and fiscal resources necessary for the Company, and supervises the performance of the management. It ascertains that the workings of the Company is in compliance with laws, the Articles of Association, internal regulations and policies.

The Company has affiliates and subsidiaries. As it is considered that having Board of Directors members take part in the management of these companies is in the best interest of the Company, no restriction is set for undertaking these tasks outside the parent Company.

16. Procedures of the Board of Directors Meetings

The Board of Directors functions in a transparent, accountable, fair and responsible manner. The Chairperson and Deputy Chairperson are chosen from among the members of the Board of Directors. In addition, Presidents and Members of committees are also chosen in this manner.

As stated in the Articles of Association, the Board of Directors meetings are held as and when required by the company businesses and operations. However, a meeting must be held at least once a month. In the absence of Chairperson, the Board of Directors is chaired by the Vice Chairperson. If the Vice Chairperson is not present either, a temporary Chairperson, elected among its own body for that meeting, chairs the Board. The date and agenda of the Board is determined by the Chairperson. In the absence of Chairperson, these duties are performed by the Vice Chairperson. However, the meeting date may also be determined by the Board decision. The information and documents related to the topics of the Board of Directors meeting are submitted to the board members to allow a reasonable time for their examination. Prior to the meeting the members of the Board of Directors may suggest amendments to the agenda to the Chairperson. The views of an absent member, who had submitted his/her opinions on a topic in writing to the Board of Directors, are shared with the fellow members. Each member of the Board of Directors has a single vote.

The duties of the secretary of the Board of Directors are properly carried out by Company employees assigned in compliance with the Principles of Corporate Governance.

The topics on the agenda of the Board of Directors are being discussed thoroughly and openly during board meetings. The Chairperson of the Board of Directors encourages non-executive members to participate in the meetings effectively. Regarding the topics the members of the Board of Directors are opposed to, the reasons for their opposition and negative votes are noted down on the resolution record in detail. The detailed explanation of dissenting votes is disclosed to the public. However, since there has not been any opposition to the decisions taken in the Board of Directors meetings held in 2012, no such disclosure has been made for this year.

The Board of Directors meetings are held at the Company Head Office. Significant decisions of the Board of Directors are disclosed via the PDP, and published on the Company website.

The powers and responsibilities of the members of the Board of Directors have been clearly set out in the Articles of Association. These powers are presented in greater detail in the Company's circular.

These documents have been registered and made public in the manner set forth by law. The Board of Directors plays a leading role in maintaining effective communication between the Company and its shareholders and resolving possible conflicts, and closely cooperates with the Relations with Shareholders Unit.

17. The Number, Composition, and Independence of Committees Formed By the Board of Directors

In order for the Board of Directors to effectively carry out its duties and responsibilities, the "Audit Committee," the "Corporate Governance Committee," and the "Early Risk Detection Committee" have been established and announced to the public in compliance with Corporate Governance Principles. The committees' area of work, guidelines and compositions were determined at the Board of Directors meeting on 25 May 2012 and disclosed to the public on the same date.

At the Board of Directors meeting on 25 May 2012:

- Prof. Dr. Turkyay Berksoy, independent member of the Board, was chosen as the Chairperson of the Audit Committee, with independent Board members Prof. Dr. Atilla Murat Demircioğlu and Prof. Dr. Orhan Sezgin as committee members;
- Prof. Dr. Atilla Murat Demircioğlu, independent member of the Board, was chosen as the Chairperson of the Corporate Governance Committee, with Alev Yaraman, Tefvik Ateş Kut and Zeynep Hansu Uçar as committee members;
- Prof. Dr. Turkyay Berksoy, independent member of the Board, was chosen as the Chairperson of the Early Risk Detection Committee, with independent Board members Prof. Dr. Atilla Murat Demircioğlu, Prof. Dr. Orhan Sezgin, and members Rıza İhsan Kutlusoy and Zeynep Hansu Uçar as committee members. Due to the proviso in the Corporate Governance Principles that all the member of the Audit Committee and the chairpersons of the other committees be independent members, and due to the fact that the Board of Directors has only three independent members, some Board Members have had to serve on more than one committee.

The Corporate Governance Committee, the Audit Committee, and the Early Risk Detection Committee carry out their work in compliance with the CMB Codes and the Corporate Governance Principles; The Audit Committee and the Early Risk Detection Committee hold quarterly meetings with set agenda, whereas the Corporate Governance Committee meets whenever necessary with set agenda.

The Board of Directors receives the opinion of relevant committees in formulating internal control mechanisms including risk management and information systems and processes that will minimize the effects of risks on shareholders and other beneficiaries of the Company. The Board of Directors reviews the effectiveness of risk management and internal control systems at least once a year. The annual report contains information on the existence, functioning, and effectiveness of internal controls and internal auditing.

18. Risk Management and the Internal Control Mechanism

In Şişecam Group, risk management and internal auditing is carried out within the Company in coordination with Group Chairs and under the Company's Board of Directors. Internal auditing and risk management functions communicate with each other at the highest level, and risk-focused internal auditing efforts aim to increase corporate governance. Work is carried out, and regularly reported, to build a corporate structure, give necessary

assurances to shareholders and stakeholders, protect the financial and non-financial assets of the Group, minimize the losses created by uncertainties, and maximize gains from opportunities.

Risk management and internal auditing work in our Group is carried out with a significant level of support from top management and the contribution of all employees. Established in 2012, the Early Risk Detection Committee and the Audit Committee have been closely monitoring the risk management and internal auditing work throughout the Group and providing necessary guidance.

At Şişecam Group approaches Risk Management in a holistic and proactive manner, and corporate risk management applications are followed. Risk catalogs prepared at our Group on the basis of businesses are periodically updated and risks are listed in the order of importance. Taking into consideration the risk appetite of the Board of Directors, appropriate strategies for the analyzed risks are determined and necessary precautions taken.

This work is not limited to financial and strategic risks but also covers operational risks such as production, sales, work health and safety, emergency management, and information technologies.

Internal auditing in our Group has been carried out for many years within a corporate framework under the Main Company Board of Directors. The main purpose of internal auditing in our Group is to help Group companies to grow in a healthy and well-coordinated manner, to carry out constructive and efficient control in order to ensure all work is done in accordance with legal codes, and to take corrective measures in a timely fashion. Internal auditing is carried out according to the annual audit program approved by the Board of Directors. In preparing the annual audit program, results from the risk management studies are also used.

19. Strategic Goals of the Company

The process of determining reviewing, and updating the Company's strategic goals begins with the Board of Directors finalizing the Vision statement. The Board of Directors specified the point the Group wants to reach in 2020 as being a "global company that strives for a leading role in the future of glass and other fields of activity while producing creative solutions with its business partners, making a difference with its technology and brands, and respecting the individual and the environment." At the second stage, a series of analyses are carried out to understand under what conditions work has to be done to meet the requirements of the vision. The analysis pertaining to internal workings is called Internal Analysis, while the one pertaining to the broad field covering the market, competitors, sectors in which the Group is active, various regions, consumers, suppliers, etc. is called External Analysis. Following these analyses, Strategic Maps are created and/or updated.

The Strategic Map determines the focus areas of the Group in terms of Finance, Customers, Processes and Non-Financial Assets, and the differentiating (strategic) factors it needs to excel in. The Strategic Map can be created on the level of the Group as well as for businesses. As a result, the road map for future work is created. The maps are put into practice by means of Corporate Report Card. Every strategy identified on the map is linked to a Performance Criterion, the level of success this criterion needs to attain, the projects necessary for this activity, and the organizational structure.

At the end of the year, executive branches share all aspects of the plan, beginning with the Vision and the Strategic Map. The developed plan is then presented to the approval of the Board of Directors. After changes deemed necessary by the Board, the plan is put into execution under the leadership of the General Manager. All executive branches monitor how the plan fares – monthly through the Annual Report (budget), quarterly through Group Meetings, and independently of the calendar through Decision Support Units, Management Information Systems, etc. in the short and long term; if necessary, these branches change strategic priorities in the new plan period. All monitoring results are presented to the Board of Directors during the term concerned.

The Vision is a long-term text within the newly structured Strategic Planning system. Full Internal and External Analyses are repeated every year. Once the Strategic Map is created, the text is renewed every year with updates. The Corporate Report Card is also a system that functions on an annual cycle.

20. Financial Rights

All rights, benefits, and salaries granted to the Board Members are annually determined by the General Assembly as specified in the Articles of Association. In the 2011 Ordinary General Assembly held on 25 May 2012, the amounts to be paid to the board members were determined and publicly disclosed.

The principles of remuneration of the Board of Directors members were put into writing and presented to shareholders during the General Assembly meeting on 25 May 2012 in the form of a separate agenda item, as well as being announced to the public on the Company's official website. The Company's Managing Director, CFO and Senior Managers are not granted any payments, which may technically be viewed as premiums, directly indexed to the turnover or other basic indicators. In addition to their payments made in cash, such as the monthly salary, bonus and social aids, the Managing Director, CFO and other Senior Managers are offered a gratification payment once a year. The amount paid may be increased or kept unchanged, depending on the prevailing circumstances and the criteria taken into consideration including inflation rate, general salary increases and the Company's profitability. The amounts to be paid are determined by taking several factors into account including: the Company's operation volume, the quality and risk level of the operations, the size of the managed structure and the sector of activity. In addition, the senior managers of the Company are allocated a company vehicle. In this scope, in 2012, 9 members of the Board of Directors were paid TL 474.000 and 12 Senior Managers were paid TL 10.402.132. The total amount paid to the top management is TL 10.876.132 (=474.000 + 10.402.132).

No loans or credits are provided to the Board Members and executives; they are not allowed to receive credit as personal credits via a third party, neither are stocks given as guarantees in their place.

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FOUNDATION:

Article 1:

A joint stock company has been established by and among the founders indicated in Article 2, provided the Company is managed in accordance with the provisions of the laws in force and with the provisions of these Articles of Association.

FOUNDERS:

Article 2:

The founders of the Company are the real and legal persons who have signed these Articles of Association and the names surnames/ trade names of which are indicated below.

1. Türkiye İş Bankası A.S.
2. Muammer Eriş, the General Director, Türkiye İş Bankası A.S.
3. Fazıl Öziş, the Branches Director, Türkiye İş Bankası A.S.
4. Vehbi Emre, the Branches Associate Director, Türkiye İş Bankası A.S.
5. Baki Sedes, the General Secretary, Türkiye İş Bankası A.S.

TRADE NAME OF THE COMPANY:

Article 3:

The trade name of the Company shall be “Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi”.

PURPOSES AND SCOPE:

Article 4:

A) Purposes of the Company:

The purpose of the Company is to establish, operate and develop glass industry as well as the supplementary and complementary industries related to it.

In addition; the purposes of the Company are also to resolve, together and mutually within a collective body any investment, financing, organization and management issues of any trading companies which have been or will be established, in which the Company has participated or will participate for their capitals and managements and; also to enter into the fields other than the glass industry and thereby, to spread the risks and; to ensure security of the investments against market swings/ trade cycles and thereby, to ensure development and sustainability of such companies and; to encourage participation of the company members' and the community's savings securely in trading companies in which the Company has participated and has not participated and thereby, to support development of the capital markets in the country and therefore, of the national industry and; to create social services in and outside of the Company.

B) Scope of the Company:

In order to achieve the above-indicated purposes:

a) The Company is entitled to establish any supplementary and complementary industries that are directly or indirectly concerned with any kind of glass, glass household articles and the glass industry (and/ or the substitute industry) and; is entitled to take any measures required

New Version

FOUNDATION:

Article 1:

A joint stock company has been established by and among the founders indicated in the Article 2, provided the Company is managed in accordance with the provisions of the laws in force and with the provisions of this Articles of Association.

FOUNDERS:

Article 2:

The founders of the Company are the real and legal persons who have signed this Articles of Association and the names surnames/ trade names of which are indicated below.

1. Türkiye İş Bankası A.S.
2. Muammer Eriş, the General Director, Türkiye İş Bankası A.S.
3. Fazıl Öziş, the Branches Director, Türkiye İş Bankası A.S.
4. Vehbi Emre, the Branches Associate Director, Türkiye İş Bankası A.S.
5. Baki Sedes, the General Secretary, Türkiye İş Bankası A.S.

TRADE NAME OF THE COMPANY:

Article 3:

The trade name of the Company is “Türkiye Şişe ve Cam Fabrikaları Anonim Şirketi”.

This joint stock company shall be referred to in these articles of incorporation as “The Company,”

PURPOSES AND SCOPE:

Article 4:

A) Purposes of the Company:

The purpose of the Company is to establish, operate and develop glass industry as well as the supplementary and complementary industries that are concerned with this industry.

In addition; the purposes of the Company are also to resolve, together and mutually within a collective body any investment, financing, organization and management issues of any trading companies which have been or will be established, in which the Company has participated or will participate for their capitals and managements and; to enter in also the fields other than the glass industry and thereby, to spread the risks and; to ensure security of the investments against market swings/ trade cycles and thereby, to ensure development and sustainability of such companies and; to encourage participation of company members' and the community's savings securely in trading companies in which the Company has participated and has not participated and thereby, to support development of the capital markets in the country and therefore, of the national industry and; to create social services in and outside of the Company.

B) Scope of the Company:

In order to achieve the above-indicated purposes:

a) The Company is entitled to establish any supplementary and complementary industries that are directly or indirectly concerned with all kinds of glass, glass household articles and the glass industry (and/ or the substitute industry) and; is entitled to take any measures required

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for development and advancement of them and; is entitled to operate them.

b) The Company is entitled to participate in all kinds of native and foreign industrial and trading companies dealing with any area that have been and will be established.

c) The Company is entitled to purchase securities such as Government bonds (including Treasury bonds), private sector bonds, profit and loss sharing notes and bank deposit certificates; provided that these are not in the nature of a portfolio management and an intermediary activity according to the Article 31 of the Law No 2499.

d) The Company is entitled to transfer to others its existing share certificates (or shares) or its other securities and is entitled to exchange them with any other share certificates (and/or shares) and/or with any other securities and is entitled to put them in pledge and; is entitled to hold other partners' share certificates (or shares) or other securities in pledge.

e) The Company is entitled to be guarantor for establishment, capital increase, bank loans and issuance of bonds-financing bonds and for other debts of any trading companies where the Company has directly or indirectly participated in their capitals and/or management.

With respect to the matters where the Company becomes a guarantor, provides guarantees or establishes a right to pledge (including hypothecate) on its own behalf and in favor of third parties; the principles, which have been determined within the framework of the legislation on capital markets, shall be complied with.

f) The Company is entitled to take over all kinds of assets which pertain to any companies or their affiliates where the Company participates in their capitals and managements and arise from sales of such companies and affiliates and; is entitled to transfer and/or endorse them to any other entities in which the Company has participated or not participated.

g) In order to achieve its purposes and scope; the Company is entitled to own and rent immovable (including ships) and movable properties and intangible fixed assets (rights) and; is entitled to rent them out to others partially or entirely and; is entitled to transfer, assign or donate any movable and immovable properties and intangible rights owned by the Company and; in addition, is entitled to perform all kinds of binding and dispositional transactions relevant to easements, usufructs, rights of habitation as well as any real and intangible rights as required by the provisions of the Civil Code and other Laws and; is entitled to perform any transactions on immovable properties with or without any encumbrances.

h) In relation to its purposes and scope; the Company is entitled to borrow without a guarantee or in consideration of an hypothecate or other guarantees and; is entitled to acquire or provide all kinds of guarantees in kind (including hypothecates) or personal guarantees in order to collect or ensure its rights and assets and; is, in relation to these, entitled to perform any registration and deletion transaction at land registry offices and at other governmental agencies.

i) The Company is entitled cooperate with any native and foreign companies and; is entitled to establish affiliates with them on temporary

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for development and advancement of them and; is entitled to operate them.

b) The Company is entitled to participate in all kinds of domestic and foreign industrial and trading companies which have been and will be established and which deal with any matters.

c) The Company is entitled to purchase securities such as Government bonds (including Treasury bonds), private sector bonds, profit and loss sharing notes and bank deposit certificates; provided that these are not in the nature of a portfolio management and an intermediary activity according to the Capital Markets Law.

d) The Company is entitled to transfer to others its existing share certificates (or shares) or its other securities and is entitled to exchange them with any other share certificates (and/or shares) and/or with any other securities and is entitled to put them in pledge and; is entitled to acquire and sell share certificates and; is entitled to hold other partners' share certificates (or shares) or other securities in pledge.

e) The Company is entitled to go guarantor for an establishment, capital increase, bank loans and issuance of bonds-financing bonds and for other debts of any trading companies where the Company has directly or indirectly participated in their capitals and/or management.

With respect to the matters where the Company goes guarantor, provides guarantees or establishes a right to pledge (including hypothecate) on its own behalf and in favor of third parties; the principles, which have been determined within the framework of the legislation on capital markets, shall be complied with.

f) The Company is entitled to take over all kinds of assets that pertain to any companies or their affiliates where the Company participates in their capitals and managements and arise from sales of such companies and affiliates and; is entitled to transfer and/or endorse them to any other entities in which the Company has participated or not participated.

g) In order to achieve its purposes and scope; the Company is entitled to own and rent immovable (including ships) and movable properties and intangible fixed assets (rights) and; is entitled to rent them out to others partially or entirely and; is entitled to transfer, assign or donate any movable and immovable properties and intangible rights owned by the Company and; in addition, is entitled to perform all kinds of binding and dispositional transactions relevant to easements, usufructs, rights of habitation as well as any real and intangible rights as required by the provisions of the Civil Code and other Laws and; is entitled to perform any transactions on immovable properties with or without any encumbrances.

h) In relation to its purposes and scope; the Company is entitled to borrow without a guarantee or in consideration of an hypothecate or other guarantees and; is entitled to acquire or provide all kinds of guarantees in kind (including hypothecates) or personal guarantees in order to collect or ensure its rights and assets and; is, in relation to these, entitled to perform any registration and deletion transaction at land registry offices and at other governmental agencies.

i) The Company is entitled cooperate with any native and foreign

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basis and; is entitled to enter into agreements with them, which such agreements are based on distribution of financial accountability.

j) Pursuant to the Turkish Commercial Code and other Laws; the Company is entitled to establish support/aid funds and any other social organizations for officials, servants and laborers of the Company on companies in which the Company has participated and; is entitled to ensure their sustainability, management and operation and; is entitled to enter into any investments that will bring efficiency and productivity to its assets ideally and; is entitled to intermediate for their collection and payment.

In compliance with the provisions of the laws; the Company is entitled to establish social aimed-foundations also outside of the body of the Company and; is entitled to participate in and support such foundations.

k) The Company is entitled to mediate and, provide financial and legal consultancy, auditing and other services for collections and payments pertaining to any companies where the Company participates directly or indirectly in their capitals and managements.

The Company is entitled to perform activities such as storage, transportation, project preparation, feasibility studies, chemical-physical analyses, data procession, importation, exportation, marketing, organization, training and planning for all kinds of entities where the Company participates or does not participate in their capitals and managements.

In order to achieve its purposes; the Company is, in relation to its scope, entitled to open warehouses, stores, branches, representation offices, exhibitions and similar ones in the country and abroad and; is entitled to allow third parties to perform activities as its dealer and agency.

The Company is, before the Turkish Patent Institute and other institutions in the country and abroad, entitled to provide services with respect to registration of all kinds of intellectual and industrial property rights such as marks, patents, utility models, industrial designs, geographical indications and integrated circuit photographs and with respect to conducting all kinds of affairs and transactions before these institutions and with respect to performance of trademark and patent attorneyship activities for third parties.

l) The Company is entitled to deal with prospecting and exploration of all kinds of mines and substances in the form of liquid, solid and gas (including LPG) and; is entitled to close, take over or transfer, operate and perform production activities at mine sites and; is entitled carry out all transactions within the framework of the relevant laws and; is entitled to deal with purification/refinement, decomposition, storage, distribution and trade of such substances and mines.

m) In addition to the aforementioned activities and transactions; the Company is entitled to perform all kinds of agency, advertising-publicity, tourism investment and operating activities.

n) The Company is entitled to donate within the scope of social responsibility and within the procedures and principles determined by the Capital Markets Board.

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companies and; is entitled to constitute all kinds of affiliates/partnerships with them and; is entitled to enter into agreements with them, which such agreements are based on sharing of financial liabilities.

j) In compliance with the provisions of the laws; the Company is entitled to establish social purpose-foundations also outside of the body of the Company and; is entitled to participate in and support such foundations.

k) The Company is entitled to mediate and, provide financial and legal consultancy, auditing and all other kinds of services for collections and payments pertaining to any companies where the Company participates directly or indirectly in their capitals and managements.

The Company is entitled to perform activities such as storage, transportation, project preparation, feasibility studies, chemical-physical analyses, data procession, importation, exportation, marketing, organization, training and planning for all kinds of entities where the Company participates or does not participate in their capitals and managements.

In order to achieve its purposes; the Company is, in relation to its scope, entitled to open warehouses, stores, branches, representation offices, exhibitions and similar ones in the country and abroad and; is entitled to allow third parties to perform such activities as its dealer and agency.

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m) In addition to the aforementioned activities and transactions; the Company is entitled to perform all kinds of agency, advertising-publicity, tourism investment and operating activities.

n) The Company is entitled to donate within the scope of social responsibility and within the procedures and principles determined by the Capital Markets Board.

The charities can be granted in a manner that will not compromise its objective and subject matter and on condition that their limits

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n) The Company is entitled to perform all kinds of other transactions and operations that are relevant to the matters, activities and transactions referred to in the subparagraphs a – m above and will facilitate them.

HEADQUARTERS AND BRANCHES OF THE COMPANY:

Article 5:

The Headquarters of the Company is in Istanbul.

The Company is entitled to open branches in the country and abroad, provided it informs the Ministry of Trade about this matter.

CAPITAL:

Article 7:

The Company has adopted the Registered Capital System according to the provisions of the Capital Markets Law and, is involved in this system under the permission of the Capital Markets Board dated March 4th, 1985 and No 93.

The registered capital of the Company is 2,500,000,000 (two billion five hundred thousand) Turkish Liras and; it has been divided into 250,000,000,000 (two hundred and fifty billion) shares each of which is in the nominal value of 1 (One) Kuruş.

The permission for the upper limit of registered capital, which has been granted by the Capital Markets Board, is effective for the years 2012-2016 (5 years). Even if, at the end of the year 2016, the permitted upper limit of the registered capital could not be reached; in order that the Board of Directors can take a resolution for a capital increase after the year 2016; it is mandatory for the Board of Directors to obtain authority for a new term from the General Assembly after obtaining permission from the Capital Markets Board for the amount of the previously permitted limit or of a new limit.

In the case of a failure to obtain the aforementioned authority; the Company shall be deemed to have been excluded from the registered capital system.

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will be determined by the General Committee, that they will not give such charities in the amounts that exceed such limit, that it will add the charities made to the distributable profit estimation, that it will not contravene the CMB's covert profit transfer arrangements, that they will make the required special condition remarks, and that the grants given domestically will be notified to the partners in the General Committee meeting.

o) In the event that amendments are made in the Company's objective and subject matter, required consents will be sought from the Ministry of Customs and Trade and Capital Market Board.

p) The Company is entitled to perform all kinds of other transactions and operations which are relevant to the matters, activities and transactions referred to in the subparagraphs a – n above and will facilitate them.

HEADQUARTERS AND BRANCHES OF THE COMPANY:

Article 5:

The Headquarters of the Company is in Istanbul. Its address is "İş Kuleleri, Kule 3, 34330, 4. Levent – Beşiktaş/Istanbul".

In the case of a change of address; the new address shall be registered with the trade registry and be announced in the Trade Registry Gazette of Turkey and on the Company's web site. Any notifications, which have been given to the registered and announced address, shall be deemed to have been served to the Company.

The Company is entitled to open branches in the country and abroad, provided it informs the Ministry of Customs and Trade about this matter.

CAPITAL:

Article 7:

The Company has adopted the Registered Capital System according to the provisions of the Capital Markets Law and, is involved in this system under the permission of the Capital Markets Board dated March 4th, 1985 and No 93.

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The permission for the upper limit of registered capital, which has been granted by the Capital Markets Board, is effective for the years 2012-2016 (5 years). Even if, at the end of the year 2016, the permitted upper limit of the registered capital could not be reached; in order that the Board of Directors can take a resolution for a capital increase after the year 2016; it is mandatory for the Board of Directors to obtain authority for a new term from the General Assembly after obtaining permission from the Capital Markets Board for the amount of the previously permitted limit or of a new limit. In the case of a failure to obtain the aforementioned authority; the Company shall be deemed to have been excluded from the registered capital system.

The issued capital of the Company is 1,500,000,000 Turkish Liras, each of which has been divided 150,000,000,000 bearer shares in

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The issued capital of the Company is 1,500,000,000 Turkish Liras, each of which has been divided 150,000,000,000 bearer shares in the nominal value of 1 Kuruş. The 1,500,000,000 Turkish Liras, which constitutes the issued capital, has been paid and covered entirely.

The Board of Directors is, in compliance with the provisions of the Turkish Commercial Code and the Capital Markets Board, authorized to take resolutions on issuance of shares, the values of which exceed their nominal values and, on entirely or partially restriction of the shareholders' right to acquire new shares and; is authorized to issue the bearer shares and increase the issued capital at the times when it deems necessary.

THE OBLIGATION TO HAND OVER SHARES:

Article 9:

Each member of the Board of Directors is, as a membership guarantee, obliged to hand over to the Company a share, the nominal value of which shall correspond to minimum 1 percent of the principal capital. However, if 1% of the principal capital exceeds 1 (One) New Kuruş; it is not mandatory to handover the excess thereof. Such a share, which has been handed over to the Company, is regarded as a pledge against the concerned member's liability arising from his/her tasks, until such time as he/she is acquitted by the General Assembly and; such share shall not be transferred to others and shall not be retrieved from the Company.

Such shares, which are regarded as a pledge, may be provided also by a third party with the consent of the Board of Directors.

TERM OF OFFICE OF THE BOARD OF DIRECTORS:

Article 10:

The members of the Board of Directors shall be elected for a maximum of 3 (three) years. In the case of a vacancy in one of the membership positions or in case an independent member of the Board of Directors loses his/her independence; an election shall be carried out in compliance with the provisions of the Turkish Commercial Code and with the arrangements provided by the Capital Markets Law and; the result of the election shall, for approval, be submitted to the next General Assembly meeting.

A member, whose term of office has expired, may be reelected. The General Assembly may, at any time if it deems necessary, replace partially or entirely the members of the Board of Directors, regardless of their terms of office.

MEETINGS AND WORKING ORDER PERTAINING TO THE BOARD OF DIRECTORS:

Article 11:

The Board of Directors shall, following each General Assembly, elect a Chairperson and a Deputy Chairperson. However, in case the Chairperson or the Deputy Chairperson quits or resigns from this position for any reason; the Board of Directors shall carry out a new election for these vacant positions. The provisions contained in the

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the nominal value of 1 Kuruş. The 1,500,000,000 Turkish Liras, which constitutes the issued capital, has been paid and covered entirely.

The shares, which represent the capital, shall, by registration, be monitored within the framework of the principles of dematerialization.

This Article has been removed from the text of the Articles of Association.

TERM OF OFFICE OF THE BOARD OF DIRECTORS:

Article 9:

The members of the Board of Directors shall be elected for maximum 3 (three) years. In the case of a vacancy in one of the membership positions or in case an independent member of the Board of Directors loses his/her independence; an election shall be carried out in compliance with the provisions of the Turkish Commercial Code and with the arrangements provided by the Capital Markets Law and; the result of the election shall, for approval, be submitted to the next General Assembly meeting.

A member, whose term of office has expired, may be reelected. The General Assembly may, at any time if it deems necessary, replace partially or entirely the members of the Board of Directors, regardless of their terms of office.

MEETINGS AND WORKING ORDER PERTAINING TO THE BOARD OF DIRECTORS:

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The Board of Directors shall, following each General Assembly, elect a Chairperson and a Deputy Chairperson. However, in case the Chairperson or the Deputy Chairperson quits or resigns from this position for any reason; the Board of Directors shall carry out a new election for these vacant positions.

Türkiye Şişe ve Cam Fabrikaları A.Ş. Türkiye Şişe ve Cam Fabrikaları A.Ş. Articles of Association Amendment Proposal

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Article 315 of the Turkish Commercial Code are reserved.

At the times when the Chairperson is absent; the Board of Directors shall be chaired by the Deputy Chairperson.

In the case also the Deputy Chairperson is absent; the Board of Directors shall be chaired by a temporary Chairperson to be elected from among its members for that meeting.

The meeting dates and agendas of the Board of Directors shall be determined by the Chairperson. In cases where the Chairperson is absent; this task shall be fulfilled by the Deputy Chairperson. However, the meeting dates may also be determined under a resolution of the Board of Directors. The Board of Directors shall meet in cases required by the affairs and transactions of the Company. However, it is mandatory to hold a meeting at least once a month.

MANAGEMENT AND REPRESENTATION:

Article 12:

The Company shall be represented and managed by the Board of Directors.

POWERS OF THE BOARD OF DIRECTORS:

Article 13:

The Board of Directors may assign all or a part of its powers to one executive director or more than one executive director from among its members or to the Company General Manager(s) and; the Board of Directors may also resolve that some of its members undertake task(s) within the Company.

The terms of office and signing authorities of the General Manager(s) and all the officials that have signing authorities are not limited to the terms of office pertaining to the members of the Board of Directors. The signing authorities of these persons shall be effective until such time as these authorities are revoked by the Board of Directors.

New Version

At the times when the Chairperson is absent; the Board of Directors shall be chaired by the Deputy Chairperson.

In the case the Deputy Chairperson is also absent; the Board of Directors shall be chaired by a temporary Chairperson to be elected from among its members for that meeting.

The meeting dates and agendas of the Board of Directors shall be determined by the Chairperson. In cases where the Chairperson is absent; this task shall be fulfilled by the Deputy Chairperson. However, the meeting dates may also be fixed under a resolution of the Board of Directors. The Board of Directors shall meet in cases required by the affairs and transactions of the Company. However, it is mandatory to hold a meeting minimum once a month.

While the Board of Directors takes its resolutions; it shall take into consideration the meeting and resolution quorums set out in the Turkish Commercial Code, the Capital Markets Law and in the relevant legislation.

The Board of Directors may establish committees and commissions provided for in the arrangements provided by the Capital Markets Board and; in addition, may establish commissions and committees which are responsible for conducting the affairs of the Company and the relevant resolutions and policies or which are responsible for carrying out observations on them. In constituting these committees; the arrangements provided by the Capital Markets Board shall be complied with.

This Article has been removed from the text of the Articles of Association.

POWERS OF THE BOARD OF DIRECTORS:

Article 11:

Other than those that have been entrusted with the General Assembly pursuant to the law and the Articles of Association; the Board of Directors is authorized to take resolutions on all kinds of affairs and transactions required for accomplishment of the Company's fields of operation.

Under an internal directive to be issued by the Board of Directors according to Article 367/1 of Turkish Commercial Law; the Board of Directors may assign the management partially or entirely to one or more than member of the Board of Directors or to third parties.

The terms of office and signing authorities of the General Manager(s) and all the officials that have signing authorities are not limited to the terms of office pertaining to the members of the Board of Directors. The signing authorities of these persons shall be effective until such time as these authorities are revoked by the Board of Directors.

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BINDING THE COMPANY:

Article 14:

The Company shall be managed and be represented before any third parties by the Board of Directors. In order that all the documents to be delivered and all the contracts to be concluded by the Company can be valid; they have to bear signatures which have been put under the official trade name of the Company by two persons authorized to bind the Company.

FEES FOR THE MEMBERS OF THE BOARD OF DIRECTORS:

Article 15:

Fees or attendance fees for the members of the Board of Directors shall be determined by the General Assembly.

AUDITORS:

Article 16:

The General Assembly shall, for maximum three years, elect maximum three auditors from among the partners or third parties. The fees payable to the auditors shall be determined by the General Assembly every year.

DUTIES OF THE AUDITORS:

Article 17:

The auditors are obliged to perform the duties listed in the Article 353 of the Turkish Commercial Code. In addition; they are authorized and responsible for submitting proposals to the Board of Directors in order that all the measures, which they deem necessary for accomplishment of the proper management of the Company and for protection of the Company's interests, are taken and; they are authorized and responsible for calling the General Assembly for a meeting if necessary and for determining agendas of such meetings and for preparation of the report mentioned in the Article 354 of the Turkish Commercial Code. In significant and urgent cases, the auditors have to exercise these powers immediately. The auditors shall be liable for properly performing the duties assigned to them under the laws and the Articles of Association.

GENERAL ASSEMBLY:

Article 18:

The General Assemblies shall meet ordinarily or extraordinarily. The Ordinary General Assembly shall meet pursuant to the provisions of the Turkish Commercial Code, the Capital Markets Law and of the relevant legislation. Extraordinary General Assembly meetings shall be held in cases where and at the times when the affairs of the Company require and pursuant to the provisions contained in this Articles of Association and thereby, any required resolutions shall be taken. It is manda-

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REPRESENTATION OF AND BINDING THE COMPANY:

Article 12:

The Company shall be managed and represented by the Board of Directors. In order that any documents and contracts to be prepared on behalf of the Company become effective and can bind the Company; it is necessary that they have been signed by those who are authorized to do so on behalf of the Company. Those that are authorized to sign on behalf of the Company and; the procedure for putting signatures shall be determined by the Board of Directors and; the relevant resolution of the Board of Directors shall be registered and announced. The Board of Directors may transfer its powers to represent to one or more executive directors or third parties as the manager. It is mandatory that a minimum of one member of the Board of Directors has the power to represent.

FEES FOR THE MEMBERS OF THE BOARD OF DIRECTORS:

Article 13:

The matters on fees and attendance fees for and on making bonus payments and provision of shares from the annual profit to the members of the Board of Directors shall be resolved by the General Assembly by complying with the Turkish Commercial Code, the Capital Markets Law and the relevant legislation.

AUDITS:

Article 14:

The audits on the Company shall be accomplished within the framework of the provisions contained in the Turkish Commercial Code, in the Capital Markets Law and in the relevant legislation governing the Company.

This Article has been removed from the text of the Articles of Association.

GENERAL ASSEMBLY:

Article 15:

The General Assemblies shall meet ordinarily or extraordinarily. The Ordinary General Assembly shall meet pursuant to the provisions of the Turkish Commercial Code, the Capital Markets Law and of the relevant legislation. Extraordinary General Assembly meetings shall be held in cases where and at the times when the affairs of the Company require and pursuant to the provisions contained in this Articles of Association and thereby, any required resolutions shall be taken. It is mandatory

Previous Version

tory that the executive directors and a minimum of one member of the Board of Directors are present at the General Assembly meetings.

Participation in the General Assembly meetings in an electronic environment: the right holders, who have the right to participate in the Company's General Assembly meetings, are allowed to participate in these meetings also in electronic environment pursuant to the Article 1527 of the Turkish Commercial Code. Pursuant to the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies; the Company may establish an electronic General Assembly system which shall enable the right holders to participate in General Assembly meetings in electronic environment and to declare their opinions, submit proposals and cast votes electronically during the meetings and; the Company may also produce/purchase services from any systems that have been constituted for these purposes. At all the General Assembly meetings that will be held; it shall be ensured that the right holders and their representatives are, pursuant to this provision of the Articles of Association, able to exercise their rights referred to in the provisions of the mentioned Regulation through the system that has been established.

ANNOUNCEMENTS:

Article 19:

Announcements pertaining to the Company shall be made in compliance with the arrangements provided by the Capital Markets Board, provided the provisions contained in the Article 37 of the Turkish Commercial Code are reserved.

Announcements relevant to calling the General Assembly for a meeting shall be made in advance of minimum three weeks in accordance with the provisions contained in the Article 368 of the Turkish Commercial Code and the legislation on the Capital Markets, provided the dates of announcements and meetings are excluded.

MEETING PLACE:

Article 20:

The General Assemblies shall meet at the Company Headquarters or in the province where the Headquarters of the Company is situated.

COMMISSIONER:

Article 21:

It is mandatory that a commissioner from the Ministry of Trade is present at both the ordinary and extraordinary General Assembly meetings. Any resolutions, which have been taken at any General Assembly meetings held in the absence of the commissioner, are not valid.

QUORUMS:

Article 22:

General Assembly meetings (meeting quorums) and the resolution quorums at these meetings are subject to the provisions of the Turkish

New Version

that the executive directors, if any and a minimum of one member of the Board of Directors and the independent auditor are present at the General Assembly meetings.

Participations in the General Assembly meetings in an electronic environment: the right holders, who have the right to participate in the Company's General Assembly meetings, are also allowed to participate in these meetings in an electronic environment pursuant to the Article 1527 of the Turkish Commercial Code. Pursuant to the Regulation on the General Assembly Meetings to be held in an Electronic Environment in Joint Stock Companies; the Company may establish an electronic General Assembly system which shall enable the right holders to participate in General Assembly meetings in an electronic environment and to declare their opinions, submit proposals and cast votes in an electronic environment during the meetings and; the Company may also produce/purchase services from any systems that have been constituted for these purposes. At all the General Assembly meetings that will be held; it shall be ensured that the right holders and their representatives are, pursuant to this provision of the Articles of Association, able to exercise their rights referred to in the provisions of the mentioned Regulation through the system that has been established.

ANNOUNCEMENTS:

Article 16:

Announcements pertaining to the Company shall be made in compliance with the arrangements provided by the Capital Markets Board, provided the announcement-related provisions contained in the Turkish Commercial Code are reserved.

Announcements relevant to calling the General Assembly shall be made in compliance with the Turkish Commercial Code, the Capital Markets Law and the other legislation.

MEETING PLACE:

Article 17:

The meeting place pertaining to the General Assembly is the Company Headquarters. However, in necessary cases; the Board of Directors may call the General Assembly for a meeting at an address in the province where the Company Headquarters is situated or in another province.

THE MINISTRY'S REPRESENTATIVE:

Article 18:

The arrangements provided by the Ministry of Customs and Trade in relation to the Ministry's representative that will be present at the General Assembly meetings shall be complied with.

QUORUMS:

Article 19:

General Assembly meetings (meeting quorums) and the resolution quorums at these meetings are subject to the provisions of the Turkish

Previous Version

Commercial Code and the provisions of the Capital Markets Law.

VOTES:

Article 23:

The partners or their agents, who are present at any ordinary and extraordinary general assembly meetings, shall have one vote for each share.

AMENDMENTS ON THE ARTICLES OF ASSOCIATION:

Article 24:

Conclusion and enforcement of all kinds of amendments that may be made on this Articles of Association are subject to the permission of the Ministry of Trade and of the Capital Markets Board. Any relevant amendments shall become effective as from the dates when they are announced, after they are duly approved and registered with the trade registry.

APPOINTMENT OF AN AGENT:

Article 25:

At the General Assembly meetings; a partner may be represented by another partner or by an agent to appointed by him/her from among third parties. An agent, who is a partner of the Company, is authorized to cast his/her own vote, in addition to the vote(s) pertaining to the share(s) represented by the agent. The form of the certificates of authority shall be determined and announced by the Board of Directors and; the arrangements, which are provided by the Capital Markets Board in relation to voting by proxy at the publicly held joint stock companies, shall be complied with.

PROCEDURES FOR CASTING VOTES:

Article 26:

At the General Assembly meetings, the votes are cast a by show of hands. However, voting by secret ballot shall apply upon request of the partners who are present and represent minimum 1/10 of the principal capital as well. The relevant arrangements provided by the Capital Markets Board shall be complied with.

ANNUAL REPORTS:

Article 27:

Three copies (three copies for each) of the report prepared by the Board of Directors and by the Auditors and; of the annual balance

New Version

Commercial Code and the provisions of the Capital Markets Law.

VOTES:

Article 20:

The partners or their representatives, who are present at any ordinary and extraordinary general assembly meetings, shall have one vote for each share.

AMENDMENTS ON THE ARTICLES OF ASSOCIATION:

Article 21:

Conclusion and enforcement of all kinds of amendments that may be made on these Articles of Association shall be accomplished pursuant to the provisions of the Turkish Commercial Code and the Capital Markets Law. Any relevant amendments shall become effective as from the dates that they are announced, after they are duly approved and registered with the trade registry.

Amendments to the Articles of Association are decided upon according to laws, assembly bylaws and the Articles of Association at the General Assembly gathered in compliance with the guidelines provided in the Articles of Association after required consents are obtained from the Ministry of Customs and Trade and the CMB.

APPOINTMENT OF A REPRESENTATIVE:

Article 22:

At the General Assembly meetings; a partner may be represented by another partner or by a representative appointed by him/her from among third parties. An agent, who is a partner of the Company, is authorized to cast his/her own vote, in addition to the vote(s) pertaining to the share(s) represented by the agent. The form of the powers of attorney shall be determined and announced by the Board of Directors and; the arrangements, which are provided by the Capital Markets Board in relation to voting by representation at the publicly held joint stock companies and are provided by virtue of the Turkish Commercial Code in relation to the General Assembly meetings to be held in an electronic environment in joint stock companies, shall be complied with.

PROCEDURES FOR CASTING VOTES:

Article 23:

At the General Assembly meetings, the votes are taken by open ballot and by a show of hands. However, voting by secret ballot shall apply upon request of the partners who are present and represent minimum 1/10 of the principal capital as well. The relevant arrangements provided by the Capital Markets Board shall be complied with.

With respect to casting votes at the General Assembly meetings; the arrangements pertaining to the Capital Markets Law and the Turkish Commercial Code shall be complied with.

This Article has been removed from the text of the Articles of Association.

Previous Version

sheet and; of the minutes of the General Assembly meeting and; of the table, which indicates the names of and share amounts pertaining to the partners present at the General Assembly meeting, shall, at the latest within one month as from the day of the meeting, be sent to the Ministry of Trade or be delivered to the commissioner who will be present at the meeting.

The financial statements and reports, the preparations of which are stipulated by the Capital Markets Board and, the independent auditing reports shall, within the procedures and principles determined by the Capital Markets Board, be sent to the Capital Markets Board and be announced to the public.

ANNUAL ACCOUNTS:

Article 28:

The Company's accounting year shall start on the first day of January and shall end on the last day of December.

DISTRIBUTION OF PROFIT, AND RESERVE FUND:

Madde 29:

Article 29: After deduction of all kinds of expenses, amortizations and required provisions/reserves from the incomes obtained by the Company from its operations within one balance sheet term; the balance shall constitute the net profit. The net profit, which has occurred in this way, shall be segregated and distributed in accordance with the below procedures and rates.

a) After 5% statutory reserve fund is allocated and the financial liability incumbent on the Company is deducted,

b) The first dividend, which is at the rate determined by the Capital Markets Board, shall be allocated from the balance.

c) The remaining profit shall, partially or entirely, be distributed among the shareholders as the second dividend or be transferred to the contingency reserves.

d) The provisions of the paragraph 3 contained in the Article 466 of the Turkish Commercial Code are reserved.

Unless the reserve funds, which should be allocated by virtue of the provisions of the Code, and, the first dividend, which has been set for the shareholders under the Articles of Association, are allocated; it shall not be resolved for allocation of any other reserve funds, for transfer of profits to the next year and, for distribution of shares among the members of the Board of Directors, officials, servants and laborers from the profit.

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ANNUAL ACCOUNTS:

Article 24:

The Company's accounting year shall start on the first day of January and shall end on the last day of December.

DISTRIBUTION OF PROFIT:

Article 25:

After deducting the Company's general costs and compulsory amounts that must be paid by the Company such as various amortizations as well as the amounts of the taxes that must be paid by the corporate personality of the Company, from the revenues of the Company determined at the end of the activity period, remaining period profit seen on the balance sheet is distributed after deducting the losses of the previous year, if any, as follows:

General Legal Reserve Fund:

a) 5% is allocated as a legal reserve fund

First Dividend:

b) From the remaining value, first dividend is allocated from the amount that would be obtained with the addition of the amount of grants made during the year, if any, in accordance with the provisions of the Turkish Commercial Law and Capital Market Legislation.

Second Dividend:

c) From the net period profit, after deducting the amounts specified in the (a) and (b) paragraphs, General Committee is authorized to distribute the remaining part, partly or completely, as the second dividend, or to allocate upon its own will as a reserve fund in accordance with the Turkish Commercial Law's 521st article.

General Legal Reserve:

d) Turkish Commercial Law's paragraph 519/4 is reserved.

Unless the reserves that must be allocated through the provision of the law are not allocated, and unless the profit share designated in the articles of incorporation for the shareholders is not distributed in the form of stock certificates and/or in cash, no decision is made for allocating another reserve fund, transferring it to the subsequent year, and distribute the dividend share to the Board of Directors members and officials, attendants, and foundations established for various reasons as well as such persons and/or institutions.

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DATE FOR DISTRIBUTION OF PROFIT:

Article 30:

The dates when and the procedures on how the annual profit will be distributed among the partners shall be resolved by the General Assembly upon proposal of the Board of Directors and in compliance with the arrangements provided by the Capital Markets Board. Any profits, which have been distributed in compliance with the provisions of this Articles of Association, shall not be retrieved. The provisions contained in the Article 473 of the Turkish Commercial Code are reserved.

ISSUANCE OF BONDS, FINANCING BONDS, AND PROFIT AND LOSS SHARING CERTIFICATES:

Article 31:

The Company is, pursuant to the legal provisions, entitled to issue bonds exchangeable with share certificates and, other kinds bonds, financing bonds and profit and loss sharing certificates. The power to issue bonds exchangeable with share certificates, financing bonds and all other kinds of bonds, has been entrusted with the Board of Directors within the framework of the provisions contained in the Turkish Commercial Code and in the Law No 2499.

The General Assembly may grant power to the Board of Directors for determination of the other conditions/requirements other than the maximum amount of the profit and loss sharing certificate.

With respect to the limit of the bonds to be issued; the provisions contained in the Capital Markets Law and in the relevant legislation shall be complied with.

SURVIVAL OR TERMINATION AND LIQUIDATION OF THE COMPANY:

Article 32:

The Board of Directors may call the General Assembly for a meeting in order to hold discussions on the termination and liquidation of the Company for any reason.

RESOLUTION ON LIQUIDATION:

Article 33:

The Company shall be terminated under the grounds indicated in the Turkish Commercial Code or under a court's decision or under a reso-

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The profit share is distributed to all the dividends as of the date of distribution without taking the issuance and acquisition dates of them, in an equal manner.

Profit dividend advance can be distributed on condition to comply with the methods and principles specified in the Capital Market Legislation.

DATE FOR DISTRIBUTION OF PROFIT:

Article 26:

The dates for when and the procedures on how the annual profit will be distributed among the partners shall be resolved by the General Assembly upon proposal of the Board of Directors and in compliance with the arrangements provided by the Capital Markets Board. Any profits, which have been distributed in compliance with the provisions of this Articles of Association, shall not be retrieved. The provisions contained in the Turkish Commercial Code in relation to the right of redemption are reserved.

ISSUANCE OF BONDS AND OTHER DEBT INSTRUMENTS:

Article 27:

In compliance with the provisions contained in the Turkish Commercial Code, in the Capital Markets Law and in the other legislation in force; the Company may issue all kinds of bonds, financing bonds, profit and loss sharing certificates and any negotiable instruments/commercial papers and/or capital market instruments that shall be adopted by the Capital Markets Board.

The power to issue capital market instruments, which are in the nature of a debt instrument, has been entrusted with the Board of Directors within the provisions of the Capital Markets Law.

With respect to the limit and monitoring by registration pertaining to the debt instruments to be issued; the provisions contained in the Capital Markets Law and in the relevant legislation shall be complied with.

This Article has been removed from the text of the Articles of Association.

RESOLUTION ON LIQUIDATION:

Article 28:

The Company shall be terminated under the grounds indicated by the Turkish Commercial Code or under a court decision or under a resolution of the Partners' General Assembly in compliance with the

Previous Version

lution of the Partners' General Assembly in compliance with the provisions contained in the relevant chapter of the Turkish Commercial Code.

LIQUIDATOR:

Article 34:

In case the Company dissolves or is terminated for a reason other than bankruptcy; the liquidators shall be appointed by the General Assembly.

RESPONSIBILITIES OF THE LIQUIDATORS:

Article 35:

Termination and liquidation of the Company and, the procedures on how the liquidation shall be carried out and, the responsibilities of the liquidators shall be determined according to the provisions contained in the Articles 444-449 of the Commercial Code.

STATUTORY PROVISIONS:

Article 36:

For any matters that are not contained in this Articles of Association; the provisions contained in the Turkish Commercial Code and in the Law No 2499 shall apply.

THE ARTICLES OF ASSOCIATION TO BE SENT TO THE MINISTRY:

Article 37:

The Company shall print these Articles of Association and shall deliver it to the partners and; in addition, the Company shall send the Ministry of Trade ten copies thereof.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES:

Article 38:

The Corporate Governance Principles, the applications of which are made obligatory by the Capital Markets Board, shall be complied with. Any transactions, which may be performed, and any Board of Directors resolutions, which may be taken without complying with the mandatory principles, are ineffective and it shall be deemed that they are contrary to the Articles of Association.

In any transactions, which are regarded as significant in terms of application of the Corporate Governance Principles and in all kinds associated party transactions pertaining to the Company and in any transactions relevant to provision of securities, pledges and hypothecates in favour of third parties; the arrangements, which are provided by the Capital Markets Board in respect of corporate governance, shall be complied with.

Provisional Article 1-

While the nominal values of the share certificates were 500 Turkish Liras; these nominal values have been amended as 1 New Kuruş within the scope the Law No 5274 on Making Amendments to the Turkish Commercial Code. The total number of shares has decreased due to

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relevant provisions of the Turkish Commercial Code.

LIQUIDATOR:

Article 29:

In case the Company dissolves or is terminated for a reason other than bankruptcy; the liquidators shall be appointed by the General Assembly.

RESPONSIBILITIES OF THE LIQUIDATORS:

Article 30:

Termination and liquidation of the Company and, the procedures on how the liquidation shall be carried out and, the responsibilities of the liquidators shall be determined according to the relevant provisions contained in the Turkish Commercial Code.

STATUTORY PROVISIONS:

Article 31:

For any matters that are not contained in this Articles of Association; the provisions contained in the Turkish Commercial Code, in the Capital Markets Law and in the relevant legislation, shall apply.

This Article has been removed from the text of the Articles of Association.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES:

Article 32:

The Corporate Governance Principles, the applications of which are made obligatory by the Capital Markets Board, shall be complied with. Any transactions, which may be performed, and any Board of Directors resolutions, which may be taken without complying with the mandatory principles, are ineffective and it shall be deemed that they are contrary to the Articles of Association.

In any transactions, which are regarded as significant in terms of application of the Corporate Governance Principles and in all kinds associated party transactions pertaining to the Company and in any transactions relevant to provision of securities, pledges and hypothecates in favor of third parties; the arrangements, which are provided by the Capital Markets Board in respect of corporate governance, shall be complied with.

This Article has been removed from the text of the Articles of Association.

Previous Version

this amendment and; 1 share amounting to 1 New Kuruş shall be provided in consideration of 20 shares, each of which amounts to 500 Turkish Liras. The partners' rights, which arise out of the shares owned by them in relation to the mentioned amendment, are reserved.

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During this period and as part of the effort to comply with the Communiqué Series: IV and Number: 56 of the CMB, the necessary amendments to the Articles of Association of the Company have been approved by the Ordinary General Assembly of Shareholders on May 25, 2012, following the prerequisite approval of the CMB and the Turkish Ministry of Customs and Trade.

In accordance with the decision of the Ordinary General Assembly of Shareholders on May 25, 2012, a first dividend of TL52,000,000 has been distributed to shareholders in cash on May 31, 2012.

During this period, it was decided to raise the issued capital of the company, for which the registered ceiling is currently TL2,500,000,000, from TL1,353,195,417 to TL1,500,000,000, and TL146,463,340.35 of the added TL146,804,583 came from extraordinary reserves, and the remaining TL341,242.65 were met by income from real estate sales in compliance with Article 5.1 of the Corporate Tax Law.

The legal procedure regarding the increase in capital were completed and approved on July 9, 2012. The no-bar shares constituting 10.8487% of the current issued capital was distributed to shareholders in proportion with their shares on July 10, 2012.

In addition, at the Ordinary General Assembly of Shareholders on January 22, 2013, the registered ceiling capital of the company was raised from TL2,000,000,000 to TL2,500,000,000, following approvals from the CMB and the Ministry of Customs and Trade.

Miscellaneous

The Conclusion of the "Compliance Report" prepared in compliance with Article 199 of the Turkish Commercial Law:

In 2012, in all the transactions of the Company with the holding company and its auxiliary companies, regulations concerning the distribution of concealed gains through transfer pricing have been upheld and as a result of the procedures explained in the report, there occurred no loss to be covered in 2012.

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Glassware Business

ARC Paşabahçe Food Service LCC

Cardinal (APFS)/ARC International 30 Corporate Drive Wayne New Jersey, 07470 USA Tel: (00 1) 973 628 0 900

Camiş Ambalaj Sanayii A.Ş.

Tuzla Plant

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

Eskişehir Plant

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

Denizli Cam Sanayii ve Ticaret A.Ş.

Bahçeşehir Mah. 4013 Sok. No.10 20014 Denizli Turkey Tel: (258) 295 40 00 Fax: (258) 377 24 79 – 295 42 00 www.denizlicam.com.tr

Paşabahçe Cam Sanayii ve Ticaret A.Ş.

Management and Sales Centre

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

Kırklareli Plant

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

Mersin Plant

Tekke Köyü Cıvanı PK:607, 33004 Mersin Turkey Tel: (324) 241 70 70 Fax: (324) 454 02 16-17

Eskişehir Plant

Organize Sanayi Bölgesi 15. Cadde 26110 Eskişehir Turkey Tel: (222) 211 45 45 Fax: (222) 236 12 04

Moscow Representative Office

Sredny Tishinsky Pereulok, 28 Build 1-12355 Moskow-Russian Federation Tel: (007 495) 777 37 39 Fax: (00 7 495) 777 37 39

damir@pasabahce.ru, dkurbangaleev@sisecam.com

Paşabahçe Glas GmbH

Rheinstrasse 2A, D-56068 Koblenz-Germany Tel: (00 49 261) 303 74 40 Fax: (00 49 261) 303 74 74 info@pasabahce-glas.de

Paşabahçe Mağazaları A.Ş.

Yayla Mahallesi D-100 Karayolu Caddesi No: 42/D, 34949 Tuzla-İstanbul Turkey Tel: (216) 560 25 25 Fax: (216) 395 54 30-395 65 52

www.pasabahcemagazalari.com.tr

Paşabahçe USA Inc.

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

OOO Posuda Limited

N. Novgorod Region Bor Steklozavodskoe Bor 606443, Russian Federation Tel: (00 7 831) 231 31 63 Fax: (00 7 831) 597 54 97 pasabahce@chaika-plaza.ru

Paşabahçe Spain S.L.

Torpedero Tucuman 27 BIS. 28016 Madrid/Spain Tel: (00 34 91) 383 54 20 Fax: (00 34 91) 383 59 30 mserrano@sisecam.com

Trakya Glass Bulgaria EAD-Glassware Plant

Türkiye Şişe ve Cam Fabrikaları A.Ş. Directory

Vabel District Industrial Zone 7700 Targovishte-Bulgaria Tel: (00 359) 601 696 11 Fax: (00 359) 601 697 12

Glass Packaging Business

Anadolu Cam Sanayii A.Ş.

Management and Sales Office

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

Topkapı Plant

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

Mersin Plant

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

Russian Federation Representative Office

Ulitsa Iskry, 17A 129344, Moscow-Russian Federation Tel: (00 7 495) 662 70 00 Fax: (00 7 495) 662 41 88

Anadolu Cam Yenişehir Sanayi A.Ş.

Yenişehir Organize Sanayi Bölgesi 16900 Yenişehir-Bursa Turkey Tel: (224) 280 10 00 Fax: (224) 280 10 22

CJSC Brewery Pivdenna

65496, Odessa Region, Ovidiopol Orst., Tairove, 5 Pyvovarna Str. Ukraine Tel: (00 8 048) 716 79 79 Fax: (00 8 048) 716 79 79

JSC Mina

Mtskheta Region, Ksani village 3312, Georgia Tel: (00 995) 32 449 981 Fax: (00 995) 32 449 980 www.mina.com.ge

Merefa Glass Company Ltd.

84-A Leonivska Str. Merefa, 62472 Kharkov Region, Ukraine Tel: (00 7 495) 662 70 00

Omco-İstanbul Kalıp Sanayii ve Ticaret A.Ş.

Mimar Sinan Mah. İstanbul Cad. No. 19 PK.12 41401 Gebze-Kocaeli Turkey Tel: (262) 744 44 52 Fax: (262) 744 44 56

OOO Ruscam

84, Gagarin Str. Gorokhovets, 601481 Vladimir Region, Russian Federation Tel: (00 7 492) 382 40 52 - 53 Fax: (00 7 492) 382 39 81 www.ruscam.ru

OAD Ruscam Pokrovsky

Vologda Oblast,Chagodashensky Region,Sazonovo. Sovetskaya Str. 96 Russian - Federation Tel: (00 7 817) 413 11 40 Fax: (00 7 817) 413 14 63 www.ruscam.ru

OOO Ruscam Ufa

Proizvodstvennaya Str. 10/1 Ufa, 450028 Bashkortostan Republic Russian Federation Tel: (00 7 347) 292 40 53 Fax: (00 7 347) 292 40 52 www.ruscam.ru

OAD Ruscam Kirishi

Leningrad Region, Pramzona Kirishi 187110 Russian Federation Tel: (00 7 813) 689 69 03 Fax: (00 7 813) 685 35 34

OOO Ruscam Kuban

Sineva Str.13 Krasnodar Kray, 353380 Russian Federation Tel: (00 7 861) 312 40 52 Fax: (00 7 861) 312 40 52

OOO Ruscam Sibir

630100, Russia, Novosibirsk Stanislavskogo Str. , 3/1, 4 fl.- Russian Federation

OAD FormMat

Nizhegorodskya Oblast, Balahninskiy Rayon, Gidrotort, ul. Administrativnaya, h.1 606425 Russian Federation Tel: (00 7 831) 442 31 51 – 49578 231 63

Fax: (00 7 831) 442 36 50

OOO Balkum

Nizhegorodskya Oblast, Balahninskiy Rayon, Gidrotorf, ul. Administrativnaya h.1, 606425 Russian Federation Tel: (00 7 831) 442 31 51 - 49578 231 63

Fax: (00 7 831) 442 36 50

Türkiye Şişe ve Cam Fabrikaları A.Ş. Directory

Chemicals Business

Asmaş Ağır Sanayi Makineleri A.Ş.

Ankara Asfaltı 25 km. 35171 Kemalpaşa-İzmir Turkey Tel: (232) 877 42 00 Fax: (232) 877 00 85 www.asmas.com

Cam Elyaf Sanayii A.Ş.

Cumhuriyet Mahallesi, Şişecam Yolu, No: 7, 41400 Gebze-Kocaeli Turkey Tel: (262) 678 17 17 Fax: (262) 678 18 18 www.camelyaf.com.tr

Camiş Egypt Mining Co. Ltd.

Corner Road 254/206, Digla-Maadi, Cairo-Egypt Tel : (00 202) 519 82 37 Fax: (00 202) 519 82 36

Camiş Elektrik Üretim A.Ş.

İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul Turkey Tel: (212) 350 36 71 Fax: (212) 350 58 58 www.sisecam.com.tr, eu@sisecam.com

Camiş Madencilik A.Ş.

İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul Turkey Tel: (212) 350 50 50 Fax: (212) 350 58 77 www.camismaden.com.tr

Cromital SpA

Administrative Office

Via Quarta Strada Palazzo A7 20090 Assago (Milano) Italy Tel: (00 39 02) 57606070 Fax: (00 39 02) 57609175, elisabettab@sisecam.com

Plant

Via Giotto, 4-Localita Sipro-44020 S.Giovanni, Ostellato (FE) Italy Tel: (00 39 0 533) 575 48 Fax: (00 39 0 533) 573 91, sfeletti@sisecam.com

Dost Gaz Depolama A.Ş.

İş Kuleleri, Kule-3 34330, 4.Levent-İstanbul Turkey Tel: (212) 350 50 50 Fax: (212) 350 50 59

Madencilik Sanayii ve Ticaret A.Ş.

İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul Turkey Tel: (212) 350 30 16 Fax: (212) 350 58 77

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

Mersin - Tarsus Organize Sanayi Bölgesi 1. Cad No.6 P.K. 13, 33400 Mersin Turkey Tel: (324) 676 43 25 Pbx Fax: (324) 676 43 34 www.oxyvit.com

Rudnik Krecnjaka Vijenac D.O.O.

Prva Ulica br. 1 75300, Lukavac, Tuzla Kantonu, Bosnia-Herzegovina Tel: (00 387) 35 554 789-35 554 380 Fax: (00 387) 35 550 381

Soda Sanayii A.Ş.

Management and Sales Centre

İş Kuleleri, Kule 3, 34330, 4.Levent-İstanbul Turkey Tel: (212) 350 50 50 Fax: (212) 350 58 60 www.sodakrom.com.tr

Soda Plant

PK: 654, 33004 Kazanlı-Mersin Turkey Tel: (324) 241 66 00 Fax: (324) 451 28 50 www.sodakrom.com.tr

Kromsan Krom Bileşikleri Plant

PK: 654, 33004 Kazanlı-Mersin Turkey Tel: (324) 241 66 00 Fax: (324) 451 28 50 www.sodakrom.com.tr

Solvay Şişecam Holding AG

Stättermayergasse 28-30 A-1150 Vienna Austria Tel : (43) 1 716880 Fax: (43) 1 7102426

Şişecam Bulgaria Ltd.

27 Bratya Miladinovi str. FL. 4 Apt. 14, 9002 Varna-Bulgaria Tel: (00 359) 52 608 963 Fax: (00 359) 52 608 964, sodavarna@sisecam.com

Şişecam (Shanghai) Trading Co. Ltd.

93 Huaihai Zhong Road Shanghai Times Square Office Tower 1106, 200021 Shanghai-China Tel: (00 86) 216 391 03 52 Fax: (00 86) 216 391 03 54

sisecamsha@sisecam.com.cn

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Rm 1815, Dongshan Plaza 69 Xian Lie Zhong Road, 510095 Guangzhou-China Tel: (00 86) 20 3758 2635 Fax: (00 86) 20 3758 2637

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Prva Ulicabr 1 75300 Lucavac Bosnia-Herzegovina Tel: (00 387) 35 552 323 Fax: (00 387) 35 552 696 www.sisecam.ba, sodalukavac@sisecam.com

Service Companies

Şişecam Dış Ticaret A.Ş.

İstiklal Cad. Terkos Çıkmazı No.2, 34430 Beyoğlu-İstanbul Turkey Tel: (212) 313 47 00 Fax: (212) 313 48 04 www.sisecam.com.tr

Camiş Limited

Lord Coutanche House 66/68 Esplanade, St. Helier Jersey C.Islands-UK Tel: (00 44) 1 534 59 950 Fax: (00 44) 1 534 58 710

Şişecam Sigorta Aracılık Hizmetleri A.Ş.

İş Kuleleri, Kule 3, Kat 2 34330, 4.Levent-İstanbul Turkey Tel: (212) 350 50 50 Fax: (212) 350 51 79 www.sisecam.com.tr

