# SODA SANAYİİ A.Ş.

# 2010 ANNUAL REPORT

## Soda Sanayii A.Ş.

Soda Sanayii had completed 2010 steady and efficiently in parallel with the global economical developments. Our activities were supported by our increasing performance in the markets of North Africa, Gulf, Middle East and Far East, in consideration of the characteristics of our product groups.

## Soda Products

Soda San. A.Ş. reached to the production capacity of 1,8 million tons in terms of soda products with its facilities available in 3 different countries, and ranked at 9th place among the soda manufacturers of the World.

Soda markets that shrank in comparison to pre-2008 era as a result of global crisis, recovered in parallel with the economic growth that was above expectations in 2010. It is observed that the world soda manufacturers decreased their stocks and increased their capacity usage as a result of the demand that increased a little in 2010.

We reached to our exportation and domestic market sales targets in Soda product group, and we ensured high capacity usage. We increased our efficiency in developing markets, such as North Africa, Middle East and Arabian Peninsula.

We completed the 200 thousand tons of capacity increase investment in our Mersin Soda Factory, and it is taken into operation.

The production capacity of our Solvay Sodi facility in Bulgaria, where we have production partnership in the ratio of 25%, is increased as a result of the extension investment that was made.

## Şişecam Soda Lukavac (SSL – Bosnia Herzegovina)

Our SSL factory which is one of the most important steps of our globally extension strategy in soda markets increased its production three times as a result of the investments made since its incorporation to our group in 2006. SSL has become one of the most important soda production centres of the region with its increasing production.

SSL continued its extension in 2010, important investments were commissioned in our facility, such as compressor, calcination unit, and its refined sodium bicarbonate production capacity was increased.

## Chromium Compounds

Kromsan Chromium Compounds factory which left quarter century behind in production has obtained a strong position in the sector by making great progress within this period in terms of capacity, technology and product portfolio. Kromsan which has a reputable position in front of its competitors in terms of product quality, production technology and environment standards is the biggest manufacturer of particularly Basic Chrome Sulphate in the world.

Leather and metal coating Industries that are among the sectors that are most affected from global crisis entered into a recovery period in 2010. This situation reflected positively to the production and sales of our Kromsan Factory, and full capacity was used. Based on the developments, maximum efficiency and production increase were ensured in our production facility.

Kromsan that added particularly Chrome III products to its portfolio which increase their importance in the metal coating industry day by day, had also made progress in this product group in 2010, and reinforced its position in the market.

Camiş Elektrik Üretim A.Ş., one of our Group companies which is engaged in the energy sector for 14 years, continues to meet the increasing vapour requirement of Mersin Cogeneration Plant and Soda Sanayii A.Ş..

We completed the registration procedures of our Group's soda and chrome products in 2010 within the scope of REACH registration and authorisation system that carries great importance in terms of sale of chemical products to the European Union countries.

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# Important Developments of 2010

- Following the completion of investment, 200 thousand tons of capacity increase in our Mersin Soda Factory has been put into use

- Our efficiency in Soda product group was increased in the developing markets, such as North Africa, Middle East and the Arabian Peninsula.

- In 2010, Bosnia SSL Factory continued to be extended, and important investments such as compressor and calcination units were commissioned in our facility.

- In 2010, refined sodium bicarbonate production capacity of our Bosnia SSL Factory was increased.

- Market efficiency of the Chrome III products that are added to the portfolio of Kromsan were developed in 2010, and our share in the markets were increased.

- Production increase was ensured by maximum efficiency in our chrome production facility.

- Registration procedures regarding soda and chrome products of our Group were completed in 2010 within the scope of REACH registration and authorisation system that has great importance in terms of sale of Chemical Products to European Union countries.

## Brief Consolidated Balance Sheets that are prepared according to UFRS*

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | TL | USD | TL | USD |
| Current Assets | 355 | 229 | 339 | 225 |
| Fixed Assets | 590 | 382 | 574 | 381 |
| Total Assets | 945 | 611 | 913 | 606 |
| Short Term Liabilities | 170 | 110 | 220 | 146 |
| Long Term Liabilities | 160 | 103 | 152 | 101 |
| Shareholder's Equity | 615 | 398 | 541 | 359 |
| Total Liabilities | 945 | 611 | 913 | 606 |

## Brief Consolidated Income Statements that are prepared according to UFRS*

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | TL | USD | TL | USD |
| Net Sales | 660 | 440 | 624 | 404 |
| Cost of Sales | (507) | (338) | (479) | (310) |
| Gross Profit | 153 | 102 | 145 | 94 |
| Operating Expenses | (78) | (52) | (76) | (49) |
| Revenues and Profits from Other Operations | 13 | 8 | 8 | 5 |
| Expenses and Losses from Other Operations | (3) | (2) | (2) | (1) |
| Operating Profit | 85 | 57 | 75 | 49 |
| Impact of Equity Method | 5 | 3 | (2) | (1) |
| Financial Expenses | (2) | (1) | (12) | (8) |
| Profit/(Loss) Before Tax and Monetary Gain | 88 | 59 | 61 | 40 |
| Monetary Gain | 0 | 0 | 0 | 0 |
| Minority Interests | 2 | 1 | 3 | 2 |
| Profit/(Loss) Before Tax and After Monetary Gain | 90 | 59 | 64 | 42 |
| Provision for Taxes According to the Turkish Tax Legislation | (23) | (15) | (21) | (14) |
| Provision for Taxes that are Deferred According to IAS 12 | 2 | 1 | 3 | 2 |
| Net Profit/(Loss) | 69 | 45 | 46 | 30 |
| Earnings Before Interest and Taxes (EBIT) | 85 | 57 | 75 | 49 |
| Amortizations | 47 | 31 | 43 | 28 |
| Earnings Before Interest, Amortization and Tax (EBITDA) | 132 | 88 | 118 | 77 |
| Cash Earned from Operating Activities | 106 | 71 | 109 | 71 |
| Net Financial Liabilities | 56 | 38 | 120 | 78 |
| Profit per Share (profit that corresponds to the share with the value of 1 TL) | 0,273 | | 0,200 | |

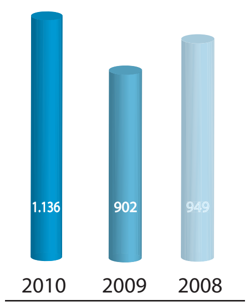
## Financial Ratios

| | 2010 | 2009 |
|---|---|---|
| Current Assets/Short Term Liabilities | 2,09 | 1,54 |
| Total Liabilities/Total Assets | 0,35 | 0,41 |
| Total Liabilities/Equities | 0,54 | 0,69 |
| Net Financial Liabilities/Total Assets | 0,06 | 0,13 |
| Gross Profit/Net Sales | 0,23 | 0,23 |
| Operating Profit/Net Sales | 0,13 | 0,12 |
| EBIT/Net Sales | 0,13 | 0,12 |
| EBITDA/Net Sales | 0,20 | 0,19 |
| Net Financial Liabilities/Equities | 0,09 | 0,22 |

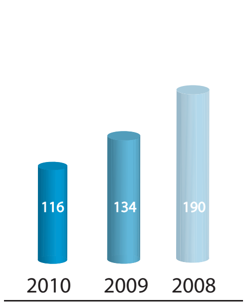
* Totals are expressed in Million TL and Million USD.

## SODA FACTORY

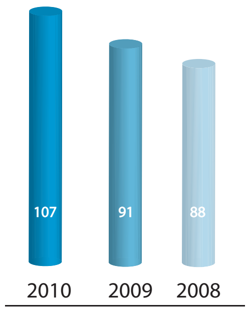
Total Production (000 Ton)



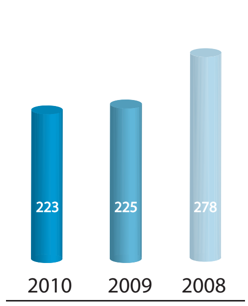

Domestic Sales (mio Fob/$)




Export (mio Fob/$)

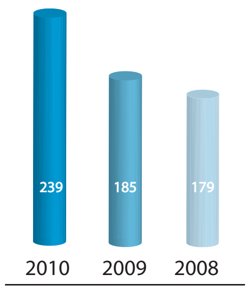



Total Sales (mio Fob/$)

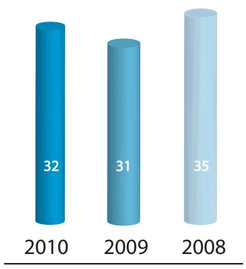



## KROM FACTORY

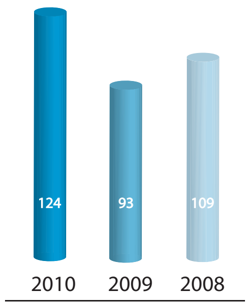
Total Production (000 Ton)



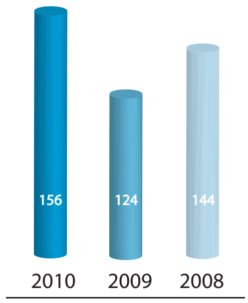

Domestic Sales (mio Fob/$)




Export (mio Fob/$)

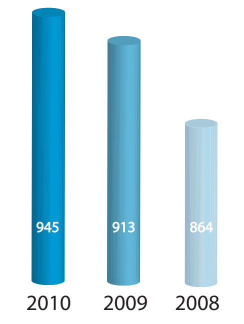



Total Sales (mio Fob/$)

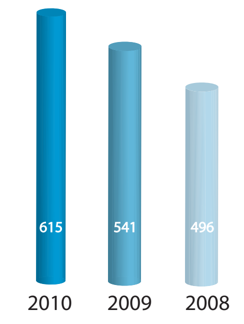



## CONSOLIDATED

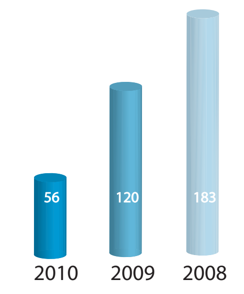
Total Assets (mio TL)



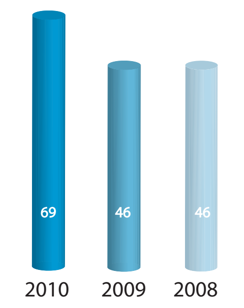

Equity (mio TL)



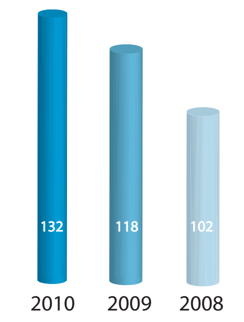

Net Financial Liabilities (mio TL)




Net Profit (mio TL)




EBITDA (mio TL)



## BOARD OF DIRECTORS

| | | |
|---|---|---|
| Chairman | Sabahattin Günceler* | 16.02.2011-22.04.2012 |
| Vice-Chairman | Levent Korba | 22.04.2009-22.04.2012 |
| Member | Tahsin Burhan Ergene** | 14.02.2011-22.04.2012 |
| Member | Aytaç Saniye Mutlugüller*** | 31.08.2010-22.04.2012 |
| Member | Gizep Sayın**** | 14.02.2011-22.04.2012 |
| Member | Candan Sevsevil Okay | 22.04.2009-22.04.2012 |
| Member | Zeynep Hansu Uçar***** | 02.08.2010-22.04.2012 |

(*) Elected to replace Dr. Tevfik Ateş Kut on 16.02.2011.
(**) Elected to replace Mehmet Nur Atukalp on 14.02.2011.
(***) Elected to replace Mehmet Ali Kara on 31.08.2010.
(****) Elected to replace Mehmet İhsan Orhon on 14.02.2011.
(*****) Elected to replace Özgün Çınar on 02.08.2010.

## BOARD OF AUDITORS

| | | |
|---|---|---|
| Auditor | Haşim Yeşilköy | 22.04.2010-22.04.2011 |
| Auditor | Salim Zaimoğlu | 22.04.2010-22.04.2011 |

Powers of Members of the Board of Directors and the Supervisory Board are determined according to the provisions of the Turkish Commercial Code and the Articles of Association of the Company.

## DIRECTORS

| | |
|---|---|
| Hidayet Özdemir | Vice-Chairman and General Manager of Production |
| Tahsin Burhan Ergene | Vice-Chairman of Marketing and Sales |
| Cihan Sırmatel | Group Finance Manager |
| İmran Eroğul | Group Human Resources Manager |

## BOARD OF DIRECTORS' REPORT

**Dear Shareholders;**
We would like to submit the audited consolidated balance sheets of Soda Sanayii A.Ş., who completed its 42nd year of activity, that is prepared within the framework of the Communiqué of the Capital Markets Board with Serial: XI, No: 29 and according to the IAS/IFRS regarding its activities for the period of 01.01.2010-31.12.2010 for your review and approval.

Our company is among the Türkiye Şişe ve Cam Fabrikaları A.Ş. Chemicals Group. In 2010, our organization, committed as always, endeavored to fulfill the duties and responsibilities it has undertaken in order to increase its contribution to strengthen the economy of our country, and it has completed its 42nd year of activity successfully despite all the problems that the world and our country have gone through.

### Developments and Expectations in the World and Turkey in 2010 and 2011

**A. World Economy**
Although the affects of the global crisis that took place in 2010 have decreased, it has been a year where the fear of a second bottom is not calmed down entirely. The uneasiness in the industrial and financial sectors continued particularly because the course of US economy was below expectations in spite of all the efforts for expansion and also because of the problems of some EU member countries that occurred in the second half of the year. USA had tried to solve the problem by issuing more money; on the other hand, EU had tried to solve the problem by providing support to member countries (or by undertaking to save them), who are finding it difficult to pay their debts.

Expansionary policies that were used to fight against crisis increased public debts and disturbed the budgetary equilibrium. Although it does not have the same priority in various economies, inflation threat has increased on a global level. This threat that is partially ruled out in some economies, particularly in the US, where the need for economic expansion is prioritized, caused more controlled budgetary and monetary policy implementations in the European region.

The disintegration between economies offered the opportunity to meet the need to achieve minimum expansion in crisis environment through developing economies; however, it made these countries more important in long term in terms of global expansion. It has become more significant that the economies need to develop structural advantages, instead of monetary and financial incentives in order to lead the field.



Developing economies have become the motor of expansion, and Turkey was among these economies. The quick recovery that the developing economies had shown raised the fear of overheating late in the year, and these countries have become the ear of short term capital movements. Eventually, deterrent measures such as the Tobin tax in Brazil, were added to the agenda against short term fund movements in order to manage the risks that are constituted in the balance of payments.

World economy that had shrunk 0.6% in the previous year expanded 4.8% in 2010. Developing countries led the field in this expansion with 7.1%; however, expansion stayed at the level of 2.7% in the developed countries.

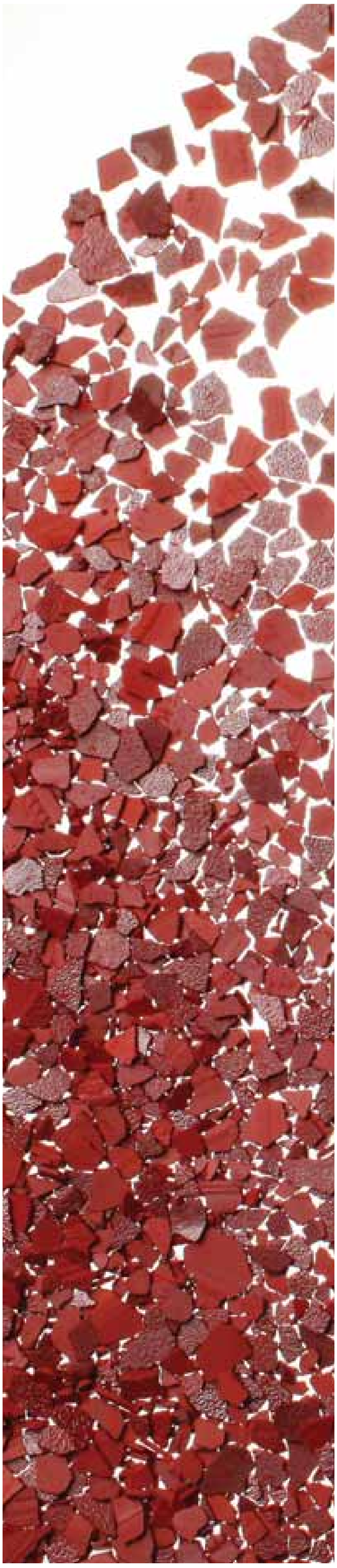
Developing economies that continuously increase their shares in the world economy in the last 30 years made good use of the crisis, and accelerated their developments, and their expanding consumption potentials and maturing markets had become attractive for international funds. This highly interesting situation is defined as “new realism” (or new normal) by the World Economic Forum. In 2010, China has taken the title of second largest economy in the world from the hands of Japan; according to OECD estimates, China shall dethrone the USA in 2030. In the new realism, in addition to the BRIC (Brazil, Russia, India, and China) countries; countries such as Mexico, Indonesia, Nigeria, Colombia, Turkey and South Africa are in the ascendant.

Developments have caused the world to be more optimistic about 2011. However, it is obvious that neither the industrialists nor the financial markets shall err on the side of caution and sensitivity towards the developments will continue. The cost of pioneering sponsorship of public shall be reflected on the economy in the end, and this shall create pressure on demand, particularly on the level of welfare. Issues such as unemployment, social welfare, income distribution that have become more significant with the crisis, shall impose different policies on the governments.

**B. Economy of Turkey**

Turkey has developed quickly in 2010, and the output gap is nearly rounded off as a result of the developments that are experienced in consumer credits, capacity usage and industrial production. The economy that had shrunk by 4.7% in 2009 has expanded 8.2% in the third quarter of the year based on base effect and revival in domestic demand. Although it is decelerated, the expansion is expected to be above 8 % by the end of the year. A limited increase was observed in employment, and unemployment ratio was dropped to 11,9 % by the end of 2010, while it used to be 14% in 2009.

Another much debated indicator is current deficit. Our current deficit which was 14 billion $ in the previous year has increased to 48.5 billion $ in 2010. It should not be surprising to observe current deficit increase in a period where our country, that is dependent on intermediate goods and energy importation, has reached to such a boom in development performance. Quickly dropping interests and credit facilities pushed the household to consume more, while it continued to yield positive real interest income to foreign investors because of the inflation difference between economies, and this had whet the appetite for short term portfolio investment. Briefly, development and booming were financed not by national savings, but by these low quality (short term) funds, and discussions on overvaluation of TL occurred along with fast growing current deficit and finance quality. Low valuation of exchange rates and booming in the domestic demand had increased our foreign trade deficit, the main cause of current deficit, in the ratio of 85%. According to the provisional data, our exportation increased in the ratio of 11,5%, and our importation increased in the ratio of 31,6%.



Inflation was uneven throughout the year. Consumer inflation that was stirred up by high food prices was realized as 6.4%. However, there was a higher cost increase in the manufacturers' prices, and the year end PPI  figure became 8,9%.

Exchange rates were uneven, and TL was devalued a little against Dollar during the year and it had gained value against Euro. In the end of 2010, Dollar had gained value rapidly in comparison to 2009, and there was a decrease in Euro exchange rate.

Budget performance of Turkey was very positive in 2010. Rapid increase in consumption was reflected on tax incomes, and as a result of limited increase in public expenditures and suitable loan facilities, a low budget deficit and considerable primary surplus emerged. Budget deficit decreased in the ratio of 25% in 2010, and became 39.6 billion TL, and primary surplus reached to 8.7 billion TL with an increase by 20 times. Although GDP figures for 2010 are not determined, with an assumption that there shall be a growth in the ratio of 8%, the ratio of budget deficit to GDP shall be around the level of 4%.

Strong performance that was displayed by the markets and macro economy, partial rating increase that took place during the year and the "yes vote" in the referendum had flamed the discussions that it is necessary to upgrade the credit rating of Turkey to an investable level; however, no official development emerged. Nevertheless, it is received favorably that the CDS intervals that show the risk of bankruptcy (country) were similar to those of investable countries.
2011 is a critical year for Turkey. Elections that are expected to be made in June and policies that shall be applied prior to the same carry importance for the internal dynamics as well as for the foreign investors, who cover the savings gap of Turkey.

In addition to the political agenda in our country, developments that are experienced in the geography that is critical from the perspective of our company must also be monitored carefully. Political mobility in the Middle East, particularly in Egypt, on whom we focus more gradually, creates important opportunities as well as uncertainties.

Main issue in terms of risks is that it is very difficult for Turkey to show a performance similar to 2010 without any impetus from the foreign economical world. Turkey must finically follow the requirements of the development policy, that the public adopted and that it shall follow in long term. Foreign investors shall continue to follow such a structural transformation and reform commitment in order to direct their resources to Turkey with higher amounts, for long term and permanently. At this point, industry shall take on a very critical mission, such as being the urgent impetus behind the development of Turkey.

**Our Activities in 2010**

In parallel with the global economic developments, Soda Sanayii completed 2010 in a stable and efficient status. Our activities were supported by our increasing performance in the markets of North Africa, Gulf, Middle East and Far East regions in consideration of the characteristics of our product groups.

Soda markets that were shrinking in comparison to pre 2008 as a result of global crisis were recovered in 2010 in parallel with the growth in economy that took place above expectations. It was observed in 2010 that the world soda manufacturers had decreased their stocks and increased their capacity utilizations as a result of a little increasing demand.

In Soda product group, we reached to our exportation and domestic market sales targets and we ensured high capacity utilization. We increased our efficiency on developing markets, such as North Africa, Middle East and the Arabian Peninsula.

Following the completion of investment, 200 thousand tons of capacity increase in our Mersin Soda Factory has been put into use. Also, our soda supply facility was increased as a result of extension investment that was realized in the Sodi facility in Bulgaria where we have a production sharing with the ratio of 25%.

Kromsan Chrome Compounds factory that has been operating for more than a quarter of a century had made great progress within this period, and it had become a strong actor in the sector with its capacity, technology and product portfolio. Kromsan, ahead of its competitors with its reputable status in terms of product quality, production technology and environment standards, is the biggest manufacturer of particularly Basic Chrome Sulphate in the world.

Leather and metal coating industries that are among sectors which were affected the most from the global crisis were in a process of recovery in 2010. This situation was reflected positively on the production and sales of our Kromsan Factory, and full capacity utilization was performed. Based on the developments, we ensured production increase in our production facility with maximum efficiency.

Kromsan, who added in its portfolio the Chrome III products that have been increasing their importance especially in the metal coating industry day by day, also achieved important developments in this product group in 2010, and strengthened its position in the market.

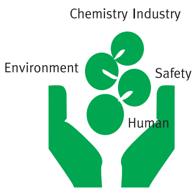
Our Group attended to the domestic and foreign organizations related with chrome chemicals, such as All China Leather Fair / Shanghai – China, Shoes & Leather Exhibition / Guangzhou – China, Vietnam Shoe & Leather Exhibition / HCMC – Vietnam, SF China / Shanghai – China, FIMEC Leather Fair / Brazil and Istanbul Leather Fair.
Registration procedures regarding soda and chrome products of our Group were completed in 2010 within the scope of REACH registration and authorisation system that has great importance in terms of sale of Chemical Products to European Union countries.

**Our Investments**
200 thousand tons of capacity increase investment that we made in our Mersin Soda Factory is completed, and put into use. In parallel to Soda capacity increase, we completed the investments of our Salt Corporation and its production was increased. Also, our constant modernization investments that are in the direction of strengthening operational performance of our factory in order to increase efficiency are continuing.

Our SSL factory, which is one of the most important steps of our global extension strategies in soda markets, increased its capacity three times as a result of investments that are made since 2006, the date when it was added to our body, till today. SSL continued to grow in 2010, and important investments were commissioned in our facility, such as compressor, carbonation column, calcinations unit, lime kiln, and refined sodium bicarbonate production capacity was increased. SSL has become one of the most important soda production centres of the region with its increasing production.

In our Kromsan Factory, we are continuously giving priority to investments that are in the direction of decreasing our input utilization, to use our raw material and energy input efficiently and therefore, to lower our expenditures and increase our efficiencies. We are continuing to make modernization investments in order to develop our competitive capacity, as well as making operations in order to increase production facilities.

**Dividend Ratios Distributed in the Last Three Years**
Following ratios of dividends were distributed per year; 4% in 2007, 10% in 2008 and 10% in 2009.




**Environment Health Safety Quality**
Soda Sanayi A.Ş. performed its operations by placing emphasis on technological breakthroughs since its foundation, and continued to apply management system implementations in order to manage all of its activities in consideration of environment, as well as health and safety of its employees, clients and immediate surroundings.

Following procedures took place in 2010;

- Certificate renewal audits were performed in Soda and Kromsan Factory in relation with the following certificates; ISO 9001:2008 Quality Management System, ISO 22000 Food Safety Management System regarding our refined bicarbonate product and FAMI-QS, GMP +, KOSHER and HELAL Certificate,

- We passed successfully from the monitoring audits that were in relation with the following; ISO 14001 Environment Management System and OHSAS 18001 Occupational Health and Safety Management System that were applied as "Integrated Management System".

In 2010, we continued to the Responsible Care works that were being enforced as a voluntary procedure in the world chemical industry. In addition to the management systems implementations, we performed the following procedures within the communication activities;

- Event where 2000 trees were planted,
- 9th Conventional Painting Contest between elementary schools with the subject of "nature and environment",
- Visit demands coming from schools and non-governmental organizations.

Also, we provided sponsorship to the sea turtle protection project in Kazanlı region organized by the Ministry of Environment and Forestry, as well as 2nd National Solid Waste Management congress that took place in Mersin University, and Mersin International Music Festival.

Soda Sanayii A.Ş., without compromising on quality, shall continue to enforce its activities by placing emphasis on environment, occupational health and safety implementations, and with a sense of social responsibility.

**REACH**
Soda Sanayii A.Ş. has become a rapidly growing sector both in soda and chrome products in the recent years. Accordingly, as a company that makes a critical amount of exportation to EU, we continued our works in order to meet our liabilities within the scope of REACH regulation that has great importance for the European Union, and we completed the registration of our products.

**Our Human Resources Activities**

Following amount of personnel is employed in our company as of 2010 year end;

1854 personnel in total, including 743 personnel with monthly wages, 1111 personnel with hourly pay.

As in the previous years, we continued to pay the wages and social allowances of our personnel with monthly and hourly pay, and applied the personal rights and continuance monitoring procedures for the same. Also, we performed other Human Resources activities, such as the following;

Personnel selection and placement, pricing and orientation implementations,

Implementation of Performance Assessment System for the Hourly Pay, and assessment of the results of the same,

Determination of the Training Needs, and organizing Training Plans.

Industrial Relations activities were enforced within the framework of our policies. A Collective Agreement with the duration of 2 years was concluded between Soda Sanayi A.Ş. and Oil Workers' Union.

## Research and Development Activities

Our R&D activities are being realized within the direction of following missions; to equip our current processes that are used in soda and chrome compounds production with environment-friendly and low cost technologies, to enrich product range with new products that have high added-value, to turn threats into opportunities via proactive projects, to bring the product and process development skill at a level where there shall be no need to import any complete “know-how” from abroad.

In 2010, for soda and chrome product group in common, we performed scope extension works in our laboratory that was awarded with the certificate of conformity for being in compliance with “ISO/IEC 17025 General Requirement for the Competence of Testing and Calibration Laboratories”, and we monitored the developments in the international regulation that is related with our products and processes (REACH, Kyoto Protocol, EU Directives, etc.), and we benefited from various R&D supports. We shall continue to these works in 2011.

## Information Regarding Our Companies in Consolidation

### Oxyvit Kimya Sanayii ve Ticaret A.Ş.

The company was founded in 1996 in Tarsus Organized Industrial Zone. Its activity area is to manufacture and market Vitamin K3 and derivatives. This product is a high value-added product that is used as an additive in feeding stuff, particularly for poultry. Oxyvit, which is one of the few manufacturers in the sector and that has an important place in terms of world capacity, is exporting more than 90% of its production. Foreign partner of Oxyvit is Cheminvest S.p.A., who is operating in industry of chemical trade. Soda Sanayii A.Ş. acquires 44% of the shares in the company.

### Şişecam Bulgaria Ltd.

This company, whose headquarters is located in Varna, is engaged in trading soda products in Bulgaria. Soda Sanayii A.Ş. acquires 100% of the company.

### Solvay Şişecam Holding A.G.

This company, whose headquarters is located in Vienna, is an equity company that is founded in 1997 in order to join Solvay Sodi AD in Bulgaria.

Soda Sanayi A.Ş. acquires 25% of the shares in the company capital, and the other shareholder Solvay Deutshland G.m.b.H. acquires 75% of the shares.

**Şişecam Soda Lukavac d.o.o.**

The company was founded in Tuzla Canton, Federation of Bosnia-Herzegovina in 2006.
We acquire 85,91% of the shares of the company. Other shares are acquired by a company that is affiliated to the Government of Tuzla Canton.

**Asmaş Ağır Makine Sanayii A.Ş.**

The company that was founded in Izmir in 1976 is one of the important manufacturers in its region in the heavy construction industry with its qualified technical personnel and certificates it acquires.

Asmaş is a preferred service provider with its quality and timing sensitivity on establishing complete facilities, producing projects and technologies, realizing production of equipment that are used in several industrial sectors, including soda sector. Iron-steel, cement, energy sectors and defence industry are among the other sectors to which Asmaş supplies service. Soda Sanayii A.Ş. added Asmaş into its affiliates in 2008, and we acquire 84, 98% of the shares in the company capital.

**Cromital S.p.A.**

The company was founded in Bergamo/Italy in 1992. 50% of the shares of the company were purchased by Soda Sanayii A.Ş. in 2005.

Cromital is a company that manufactures Basic Chrome Sulphate which is one of the main chemicals used in the leather sector and that markets its products mainly in Italy which has an important leather industry.

**Sintan Kimya Sanayi ve Ticaret A.Ş.**

The company was founded in Izmir Menemen Leather Free Zone in August, 2006.
The company is engaged in the following; production of leather chemicals, industrial chemicals and auxiliary chemicals and relative finished goods, semi-finished goods, raw materials and etc., to market the same within the country and abroad, to export and import the same. Soda Sanayii A.Ş. acquires 3% of the shares in the company.

**DISTRIBUTION OF THE CONSOLIDATED PROFIT FOR 2010**

It is decided to segregate our net consolidated balance sheet profit for 2010 with the total of 69.474.703 TL that is available in our consolidated balance sheet for 2010 that is prepared in accordance with the "Communiqué of the Capital Markets Board" ("CMB") with Serial No.: XI, No.: 29, titled "Rudiments Regarding Financial reporting in Capital Markets", according to the arrangements of the Capital Markets Board in relation with the profit distribution and Article No.: 31 of the Articles of Association of our company and to distribute the gross dividend with the amount of 19.057.500 TL to our Shareholders in cash on May 31, 2011.

It is also decided to submit this issue in relation with profit distribution to the opinion and approval of the Ordinary General Meeting of Shareholders that shall be held on April 08, 2011.

# Profit Distribution Table of Soda Sanayii A.Ş. for 2010 (TL)

| | | | | | |
|---|---|---|---|---|---|
| 1. | Paid-in/Issued Capital | | | 254.100.000,00 | 254.100.000,00 |
| 2. | Total Legal Reserve (According to the Legal Records) | | | 19.509.256,72 | 19.509.256,72 |
| | If there is concession in profit distribution according to the articles of association, information regarding the mentioned concession | | | | |
| | | | | **SPK'ya Göre (Konsolide)** | **Yasal Kayıtlara Göre (Solo)** |
| 3. | Profit for the Period | | | 90.412.525 ,00 | 115.547.175,02 |
| 4. | Taxes Payable (-) | | | (20.937.822,00) | (22.070.970,10) |
| 5. | **Net Profit for the Period** | | | **69.474.703,00** | **93.476.204,92** |
| 6. | Accumulated Losses (-) | | | | |
| 7. | Primary Legal Reserve (-) | | | (4.673.810,25) | (4.673.810,25) |
| 8. | **NET DISTRIBUTABLE PROFIT FOR THE PERIOD** | | | **64.800.892,75** | **88.802.394,67** |
| 9. | Donations Made During the Year | | | 70.556 ,00 | |
| 10. | Donations Where the First Dividend shall be Calculated added Net Distributable Profit For The Period | | | **64.871.448,75** | |
| 11. | First Dividend to Shareholders | | | | |
| | - Cash | | | **19.057.500,00** | |
| | - Free of Charge | | | | |
| | **- Total** | | | **19.057.500,00** | |
| 12. | Dividends Distributed to Deferred Share Holders | | | | |
| 13. | Dividends to Board Members, Employees etc. | | | | |
| 14. | Dividends Distributed to Redeemed Share Holders | | | | |
| 15. | Second Dividend to Shareholders | | | | |
| 16. | Secondary Legal Reserve | | | 635.250,00 | |
| 17. | Statutory Reserves | | | | |
| 18 | Special Reserves | | | | |
| 19. | **EXTRAORDINARY RESERVES** | | | **45.108.142,75** | **69.109.644,67** |
| 20. | **Other Resources Prescribed to be Distributed** | | | | |
| | - Previous Years' Profit | | | | |
| | - Extraordinary Reserves | | | | |
| | - Other Reserves that may be Distributed According to Laws and Articles of Association | | | | |
| | **INFORMATION ON THE PROFIT RATIO DISTRIBUTED (1)** | | | | |
| | **INFORMATION ON DIVIDEND PER SHARE** | | | | |
| | | GROUP | TOTAL DIVIDEND AMOUNT (TL) | DIVIDEND THAT CORRESPONDS TO THE SHARE WITH 1 TL PAR VALUE | |
| | | | | AMOUNT (TL) | RATE (%) |
| | GROSS | A | | | |
| | | B | | | |
| | | **TOTAL** | **19.057.500 ,00** | **0,07500** | **7,500** |
| | NET | A | | | |
| | | B | | | |
| | | **TOTAL** | **16.198.875,00** | **0,06375** | **6,375** |
| | DISTRIBUTED DIVIDEND IN PROPORTION TO DONATIONS ADDED NET DISTRIBUTABLE PROFIT FOR THE PERIOD | | | | |
| | AMOUNT OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TL) | DIVIDENDS DISTRIBUTED TO SHAREHOLDERS IN PROPORTION TO DONATIONS ADDED NET DISTRIBUTABLE PROFIT FOR THE PERIOD (%) | | | |
| | 19.057.500,00 | 29,38 | | | |

We would like to mention that we regard it as an honorable duty to thank all of our partners, clients and executives, officers and workers of our company for providing us assistance in collecting the results we submitted for your information.

Yours respectfully,

On behalf of the Board of Directors
Chairman
Sabahattin Günceler

# SODA SANAYİİ A.Ş.
# SUPERVISORY BOARD REPORT FOR 2010
# To the General Assembly of Soda Sanayii A.Ş.

| | | |
|---|---|---|
| **Title** | : | Soda Sanayii A.Ş. |
| **Headquarters** | : | Istanbul |
| **Capital** | : | 254.100.000,- TL |
| **Area of Activity** | : | To establish factories to produce light soda, heavy soda, sodium bicarbonate and other types of soda derivatives and other products that are related with soda, and to participate in the same. |
| **Names and terms of office of the Auditor(s) and whether they are the personnel of the Company or not** | : | Haşim Yeşilköy (22.04.2010-22.04.2011)<br>Salim Zaimoğlu (22.04.2010-22.04.2011)<br>Auditors are not shareholders or personnel of the Company. |
| **Number of Board Meetings Participated and Supervisory Board Meetings held** | : | Participated to the Board Meetings for 33 times, and Supervisory Board meetings were held for 4 times. |
| **Scope of the audit performed on the partnership accounts, books and documents, dates of audits and their results** | : | In the audits performed on the Company books and documents on 12.03.2010, 23.07.2010, 26.10.2010 and 22.12.2010, it is determined that the books were kept according to the laws and generally accepted accounting principles. |
| **Number of counts performed on the partnership cash desk according to the Clause No.: 1, Sub-Paragraph No.: 3 of the Article No.: 353 of the Turkish Commercial Code and results of the same** | : | Cash of the Company was counted 6 times in 2010, and the count results are in accordance with the records. |
| **Dates of audits performed according to the Clause No.: 1, Sub-Paragraph No.: 4 of the Article No.: 353 of the Turkish Commercial Code, and results of the same** | : | As a result of the audits performed on 21.01.2010-04.02.2010-16.03.2010-08.04.2010-25.05.2010-18.06.2010-20.07.2010-17.08.2010-24.09.2010-13.10.2010-25.11.2010-15.12.2010 and 18.01.2011, it is determined that the pledges or securities or all types of negotiable instruments that are entrusted to the Company's cash desk for safekeeping are according to the audits and records. |
| **Complaints and malpractices received, and procedures performed in relation with the same** | : | No complaint or malpractice took place. |

We audited the account and transactions of Soda Sanayii A.Ş. for the period between 01.01.2010-31.12.2010 according to the Turkish Commercial Code, articles of association of the partnership, other legislations, and generally accepted accounting principles and standards. Attached balance sheet that was arranged on 31.12.2010, whose context we adopted, reflects the financial status of the partnership for the aforementioned period, income sheet for the period between 01.01.2010-31.12.2010 reflects operating results for the aforementioned period with fair value, and the offer to distribute profit is deemed to be in accordance with the laws and articles of association of the partnership.

We kindly submit approval of the balance sheet and income sheet, as well as discharge of the Board for your vote.

**AUDITORS**

**Salim Zaimoğlu** **Haşim Yeşilköy**

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavir A.Ş.
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**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Soda Sanayii A.Ş.

1. We have audited the accompanying consolidated balance sheet of Soda Sanayii A.Ş., its subsidiaries and its joint ventures (collectively referred to as the "Group") as of 31 December 2010, and the related consolidated statement of comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

2. 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 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 requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

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

**Emphasis of matters**

5. The financial statements of the Group as of and for the year ending 31 December 2009 were audited by another independent auditor. Independent auditor's report dated 6 April 2010 expressed an unqualified opinion.

6. As described in Note 2.7, the accounting principles described in Note 2 to the consolidated financial statements (defined as the "CMB Financial Reporting Standards") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005 and presentation of basic financial statements and the notes to them. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Haluk Yalçın, SMMM
Partner

Istanbul, 21 March 2011

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
## Consolidated Balance Sheets at 31 December 2010 and 2009

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

| ASSETS | Notes | 31 December 2010 | 31 December 2009 |
|---|---|---|---|
| **Current Assets** | | **354.453.868** | **338.881.616** |
| Cash and cash equivalents | 6 | 139.446.225 | 129.523.480 |
| Financial investments | 7 | - | 3.777.534 |
| Trade receivables | 10 | 110.748.287 | 105.021.117 |
| -Due from related parties | 10, 37 | 82.484.625 | 73.193.798 |
| -Other trade receivables | 10 | 28.263.662 | 31.827.319 |
| Other receivables | 11 | 17.420.442 | 14.219.595 |
| -Due from related parties | 11, 37 | 15.079.483 | 12.681.634 |
| -Assets related to ongoing construction contracts | 11, 15 | 1.785.892 | 1.292.948 |
| -Other receivables | 11 | 555.067 | 245.013 |
| Inventories | 13 | 67.211.298 | 72.344.086 |
| Other current assets | 26 | 19.627.616 | 13.995.804 |
| **Non-Current Assets** | | **590.315.461** | **574.476.236** |
| Other receivables | 11 | 61.564 | 34.361 |
| Financial investments | 7 | 41.545.760 | 24.488.473 |
| Investments accounted for under equity method | 16 | 123.207.505 | 128.582.560 |
| Property, plant and equipment | 18 | 421.203.976 | 411.273.344 |
| Intangible assets | 19 | 2.540.298 | 3.257.427 |
| Deferred tax assets | 35 | 31 | 929 |
| Other non-current assets | 26 | 1.756.327 | 6.839.142 |
| **TOTAL ASSETS** | | **944.769.329** | **913.357.852** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
## Consolidated Balance Sheets at 31 December 2010 and 2009

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

| LIABILITIES | Notes | 31 December 2010 | 31 December 2009 |
|---|---|---|---|
| **Current Liabilities** | | **169.969.381** | **220.248.612** |
| Financial liabilities | 8 | 59.071.903 | 129.506.664 |
| Trade payables | 10 | 48.059.675 | 45.361.603 |
| -Due to related parties | 10, 37 | 16.612.355 | 20.909.025 |
| -Other trade payables | 10 | 31.447.320 | 24.452.578 |
| Other payables | 11 | 34.978.548 | 21.660.032 |
| -Due to related parties | 11, 37 | 30.096.261 | 19.500.870 |
| -Other payables | 11 | 4.882.287 | 2.159.162 |
| Corporate tax payable | 35 | 7.057.488 | 4.948.955 |
| Provisions | 22 | 2.793.046 | 2.941.142 |
| Provisions for employment termination benefits | 24 | 1.400.188 | 1.631.998 |
| Other liabilities | 26 | 16.608.533 | 14.198.218 |
| **Non-Current Liabilities** | | **159.376.893** | **152.112.160** |
| Financial liabilities | 8 | 121.821.736 | 113.112.673 |
| Other payables | 11 | 94.630 | - |
| Provisions for employee termination benefits | 24 | 18.599.615 | 17.906.758 |
| Deferred tax liabilities | 35 | 18.852.329 | 19.539.618 |
| Other liabilities | 26 | 8.583 | 1.553.111 |
| **TOTAL LIABILITIES** | | **329.346.274** | **372.360.772** |
| **EQUITY** | **27** | **615.423.055** | **540.997.080** |
| **Total Equity Attributable to Equity Holders of the Parent** | | **609.955.311** | **532.897.581** |
| Share capital | | 254.100.000 | 231.000.000 |
| Revaluation fund | | 13.347.695 | (2.853.218) |
| Foreign currency differences | | 26.069.093 | 34.414.301 |
| Restricted profit reserves | | 19.899.993 | 15.477.558 |
| Retained earnings | | 227.063.827 | 208.772.012 |
| Net profit for the period | | 69.474.703 | 46.086.928 |
| **Minority Interest** | | **5.467.744** | **8.099.499** |
| **TOTAL LIABILITIES AND EQUITY** | | **944.769.329** | **913.357.852** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

### Consolidated Statements of Income for the Years Ended 31 December 2010 and 2009

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

| | Notes | 1 January - 31 December 2010 | 1 January - 31 December 2009 |
|---|---|---|---|
| Sales revenue | 28 | 660.193.700 | 623.445.243 |
| Cost of sales (-) | 28 | (506.715.317) | (478.721.383) |
| **Gross Profit** | | **153.478.383** | **144.723.860** |
| Marketing, sales and distribution expenses (-) | 29-30 | (38.535.596) | (37.684.304) |
| General administrative expenses (-) | 29-30 | (38.173.524) | (36.670.234) |
| Research and development expenses (-) | 29-30 | (1.794.120) | (1.655.060) |
| Other operating income | 31 | 12.662.607 | 7.837.117 |
| Other operating expenses (-) | 31 | (2.690.335) | (1.630.447) |
| **Operating Profit** | | **84.947.415** | **74.920.932** |
| Share in net profit / (loss) of investments accounted for under equity method | 16 | 4.604.653 | (1.584.261) |
| Finance income | 32 | 43.879.852 | 31.207.812 |
| Finance expenses (-) | 33 | (45.805.599) | (42.844.817) |
| **Profit Before Taxation** | | **87.626.321** | **61.699.666** |
| Tax charge | | (20.937.822) | (18.421.485) |
| Current tax charge | 35 | (22.480.762) | (21.195.256) |
| Deferred tax income | 35 | 1.542.940 | 2.773.771 |
| **Profit for the Period** | | **66.688.499** | **43.278.181** |
| **Attributable to:** | | | |
| Minority interest | | (2.786.204) | (2.808.747) |
| Equity holders of the parent | | 69.474.703 | 46.086.928 |
| | | **66.688.499** | **43.278.181** |
| Earning Per Share | 36 | 0,273 | 0,181 |

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | 1 January - 31 December 2010 | 1 January - 31 December 2009 |
|---|---|---|---|
| **Profit for the period** | | **66.688.499** | **43.278.181** |
| **Other Comprehensive Income** | | | |
| Value increase of Financial Assets | 27 | 17.057.462 | 1.556.870 |
| Change in Currency Translation Reserves | | (8.703.085) | 2.271.888 |
| Tax charge relating to components of Other Comprehensive Income | | (856.549) | - |
| **Other Comprehensive Income After Tax** | | **7.497.828** | **3.828.758** |
| **Total Comprehensive Income** | | **74.186.327** | **47.106.939** |
| **Attributable to:** | | | |
| Minority interest | 27 | (3.144.081) | (2.734.222) |
| Equity holders of the parent | | 77.330.408 | 49.841.161 |
| | | **74.186.327** | **47.106.939** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
## Consolidated Statements of Changes in Equity for the Years Ended 31 December 2010 and 2009

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

| | Share Capital | Inflation adjustments to share Capital | Valuation Fund | Currency Translation Reserve | Restricted profit reserves | Retained Earnings | Net Profit for the Period | Total Equity Attributable to Equity Holders of the Parent | Minority Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of 1 January 2009** | **209.490.969** | **1.489** | **(4.410.088)** | **32.550.616** | **11.954.163** | **191.852.039** | **46.025.181** | **487.464.369** | **8.136.238** | **495.600.607** |
| Capital increase (Note 27) | 21.509.031 | (1.489) | - | - | - | - | (21.507.542) | - | - | - |
| Transfers to legal reserves | - | - | - | - | 3.522.259 | 20.995.380 | (24.517.639) | - | - | - |
| Change in equity holders of the parent (Note 27) | - | - | - | (333.678) | 1.136 | (1.862.442) | - | (2.194.984) | 2.194.984 | - |
| Change in consolidation structure (Note 16) | - | - | - | - | - | (2.212.965) | - | (2.212.965) | - | (2.212.965) |
| Subsidiary's share capital increase (Note 27) | - | - | - | - | - | - | - | - | 502.499 | 502.499 |
| Total comprehensive income/(loss) for the year | - | - | 1.556.870 | 2.197.363 | - | - | 46.086.928 | 49.841.161 | (2.734.222) | 47.106.939 |
| **Balance as of 31 December 2009** | **231.000.000** | **-** | **(2.853.218)** | **34.414.301** | **15.477.558** | **208.772.012** | **46.086.928** | **532.897.581** | **8.099.499** | **540.997.080** |
| **Balance as of 1 January 2010** | **231.000.000** | **-** | **(2.853.218)** | **34.414.301** | **15.477.558** | **208.772.012** | **46.086.928** | **532.897.581** | **8.099.499** | **540.997.080** |
| Capital increase (Note 27) | 23.100.000 | - | - | - | - | - | (23.100.000) | - | - | - |
| Transfers to legal reserves | - | - | - | - | 4.418.034 | 18.568.894 | (22.986.928) | - | - | - |
| Change in equity holders of the parent (Note 27) | - | - | - | - | 4.401 | (277.079) | - | (272.678) | 9.827 | (262.851) |
| Subsidiary's share capital increase (Note 27) | - | - | - | - | - | - | - | - | 502.499 | 502.499 |
| Total comprehensive income/(loss) for the year | - | - | 16.200.913 | (8.345.208) | - | - | 69.474.703 | 77.330.408 | (3.144.081) | 74.186.327 |
| **Balance as of 31 December 2010** | **254.100.000** | **-** | **13.347.695** | **26.069.093** | **19.899.993** | **227.063.827** | **69.474.703** | **609.955.311** | **5.467.744** | **615.423.055** |

# SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
## Consolidated Statements of Cash Flows for the Years Ended 31 December 2010 and 2009

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

| | Dipnot Referansları | 1 Ocak- 31 Aralık 2010 | 1 Ocak- 31 Aralık 2009 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net profit for the year | | 66.688.499 | 43.278.181 |
| Adjustments to reconcile net profit to net cash provided by operating activities | | 68.153.357 | 75.847.688 |
| -Depreciation and amortisation expenses | 18, 19 | 46.869.763 | 42.911.232 |
| -Income from sales of tangible assets | 31 | (582.586) | (562.474) |
| -Provision for employment termination benefits | 24 | 3.485.261 | 3.515.599 |
| -Interest expense and foreign currency differences related with | 32, 33 | 9.418.844 | 18.145.643 |
| financial liabilities | 32 | (5.066.898) | (10.523.653) |
| -Allowance for diminution in value of inventories | 13 | (2.102.286) | 2.284.709 |
| -Other provisions | | (185.610) | 54.036 |
| -Valuation (income) / expenses of Eurobond | 7 | - | 16.971 |
| -Dividend income | 32 | (16.300) | (121) |
| -Income from investments accounted for under equity method | 16 | (4.604.653) | 1.584.261 |
| -Accrued taxation | 35 | 20.937.822 | 18.421.485 |
| **Operating cash flows provided before changes in working capital** | | **134.841.856** | **119.125.869** |
| -Trade receivables | 10 | 3.604.229 | (4.514.384) |
| -Inventories | 13 | 7.235.074 | 42.809.106 |
| -Due from related parties | 37 | (9.290.827) | (9.207.010) |
| -Other receivables and current assets | 11 , 26 | (886.254) | 7.701.058 |
| -Assets related to ongoing construction contracts | 15 | (492.944) | 17.918.316 |
| -Trade payables | 10 | 6.994.742 | (17.805.837) |
| -Due to related parties | 37 | (7.917.460) | 5.202.961 |
| -Other payables and expense accruals | 11 , 26 | 3.135.060 | (9.787.940) |
| **Cash generated from operations** | | **137.223.476** | **151.442.139** |
| -Interest paid | | (7.645.833) | (18.135.882) |
| -Taxes paid | 35 | (20.372.229) | (22.097.184) |
| -Employment termination benefits paid | 24 | (2.792.404) | (3.027.153) |
| **Cash generated from operations** | | **106.413.010** | **108.181.920** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| -Changes in financial investments | 7 | 3.777.709 | (2.258.954) |
| -Effect of transactions under common control | 27 | (262.851) | - |
| -Dividends received | 32 | 16.300 | 121 |
| -Dividends received from affiliates | | 4.159.412 | 5.639.953 |
| -Interest received | 32 | 5.389.465 | 10.089.838 |
| -Acquisitions of tangible fixed assets | 18 | (62.479.336) | (59.086.929) |
| -Acquisitions of intangible assets | 19 | (117.131) | (2.499.932) |
| -Proceeds from sales of tangible fixed assets | 18 | 702.914 | 617.309 |
| -Change in currency translation reserve | | 507.740 | 4.646.753 |
| **Net cash used in financing activities** | | **(48.305.778)** | **(42.851.841)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| -Purchase of bank borrowings | | 133.343.509 | 329.685.238 |
| -Change in other receivables and other payables due from / due to related parties | | 8.197.542 | 24.810.192 |
| -Minorities' participation in capital increase of a subsidiary | 27 | 502.499 | 502.499 |
| -Repayment of bank borrowings | | (189.905.470) | (321.697.609) |
| **Net cash provided by financing activities** | | **(47.861.920)** | **33.300.320** |
| **Net change in cash and cash equivalents** | | **10.245.312** | **98.630.399** |
| **Cash and cash equivalents at the beginning of the period** | **6** | **129.030.009** | **30.399.610** |
| **Cash and cash equivalents at the end of the period** | **6** | **139.275.321** | **129.030.009** |

# SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

## 1. Organisation and Nature of Operations

Soda Sanayii Group (the "Group") comprises Soda Sanayii A.Ş. (the "Company") and its subsidiaries in which the Company owns majority of the shares or investment in associates which the Company exercises significant influence (3 subsidiaries, 1 investment in associates and 3 joint ventures).

The Group's operations comprise establishing and acquiring manufacturing facilities to manufacture light soda ash, dense soda ash, sodium bicarbonate, sodium bichromate, sodium sulphur, sodium sulfate, basic chromium sulfate (Tankrom AB, Tankrom SB, Tankrom OBM, Tankrom F24, Tankrom FS, Tankrom OB, Tankrom FO, Resintan M), chromic acid and derivatives of soda and other products derived from soda, and importing and exporting the production of these products and construction of industrial machinaries.

The Company was founded in 19 October 1969 and was registered in Istanbul/ Turkey according to Turkish Commercial Code. The headquarters of the firm is located in Istanbul (İş Kuleleri Kule 3, 4. Levent 34330 Beşiktaş / Istanbul / Turkey).

**Consolidated subsidiaries**

The nature of the businesses, the respective business segments of the consolidated subsidiaries and the Group's share of direct ownership are as follows:

| Company Name | Nature of Business | Registered Country | 31 December 2010 | 31 December 2009 |
|---|---|---|---|---|
| | | | Proportion of ownership | |
| Subsidiaries | | | | |
| Şişecam Soda Lukavac d.o.o | Soda manufacturing | Bosnia Herzegovina | 85.91 | 85.91 |
| Asmaş Ağır San. Mak. A.Ş. | Construction of industrial machinaries | Turkey | 84.98 | 84.02 |
| Şişecam Bulgaria Ltd. | Trading of soda products | Bulgaria | 100.00 | 100.00 |
| Joint Ventures | | | | |
| Cromital S.p.A. | Chrome derivates | Italy | 50.00 | 50.00 |
| Sintan Kimya San. ve Tic. A.Ş. | Chemical Products | Turkey | 36.92 | 36.92 |
| Oxyvit Kimya San. ve Tic. A.Ş. | Vitamin K-3 and its derivatives | Turkey | 44.00 | 44.00 |
| Associates | | | | |
| Solvay Şişecam Holding A.G. | Investing | Austria | 25.00 | 25.00 |

Since the direct and indirect ownership rates are the same, they were presented as single ownership rate on the above table.

Shareholders owning 10% of the capital and more are presented in Note 27. The Company has been quoted in the Istanbul Stock Exchange Market since 2000.

**Average number of personnel in the current and prior year:**

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Monthly salaried personnel | 743 | 777 |
| Hourly waged personnel | 1,111 | 1,095 |
| **Total** | **1,854** | **1,872** |

The Group's ultimate parent and the party controls the Group are T. Şişe ve Cam Fabrikaları A.Ş. and Türkiye İş Bankası A.Ş.

# SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

**Approval of Consolidated Financial Statements:**

The financial statements prepared as of and for the period ended have been approved and authorized for issue on 21 March 2011 by the Board of Directors. The General Assembly has the authority to amend financial statements.

## 2. Basis of Presentation of Consolidated Financial Statements

### 2.1 Basis of Presentation

Preparation of Financial Statements and Accounting Standards

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the prevailing legislation in those countries. These consolidated financial statements prepared in accordance with Financial Reporting Standards, the financial assets and liabilities at fair value, except on the basis of historical cost convention has been prepared in Turkish lira. The consolidated financial statements prepared in accordance with historical cost basis in accordance with CMB Financial Reporting Standards, in order to make the necessary adjustments and reclassifications have been reflected in the presentation.

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

As the differences between the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") have not been declared as of the date of this report, the accompanying financial statements and notes are prepared in accordance with IAS/IFRS as declared in the Communiqué Serial: XI, No: 29 with the required formats announced by the CMB on 17 April 2008 and 9 January 2009.

Presentation and Functional Currency

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

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

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

| | 31 December 2010 | | 31 December 2009 | |
|---|---|---|---|---|
| Currency | Period End | Period Average | Period End | Period Average |
| US DOLLAR (USD) | 1.54600 | 1.49904 | 1.50570 | 1.54569 |
| EURO (EUR) | 2.04910 | 1.98857 | 2.16030 | 2.15080 |
| CONVERTIBLE MARK (KM) | 1.04769 | 1.01674 | 1.10454 | 1.09969 |
| BULGARIAN LEVA (BGN) | 1.04769 | 1.01674 | 1.10454 | 1.09969 |

Preparation of Financial Statements in Hyperinflationary Periods

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

Going Concern

Consolidated financial statements have been prepared in accordance with the principle of going concern assuming that the Company and the consolidated associates, affiliates and joint ventures will obtain benefits from their assets and meet their liabilities in the following year and in the ordinary flow of activities.

Comparatives and restatement of prior periods

In order to give accurate trend analysis about the financial position and performance, the consolidated financial statements of the Group together with the consolidated statements of; income, comprehensive income, cash flows and equity are prepared comparatively. Where necessary, comparative figures have been reclassified to conform to the presentation of the current year consolidated financial statements.

Consolidation

Subsidiaries

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are companies over which the Company has capability to control the financial and operating policies for the benefit of Soda Sanayi, 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 consolidated financial statements for the years ended 31 December 2010 and 31 December 2009 incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries) as explained in Note 1.

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

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

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 shareholders' equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

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

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The details of the Group's associates as of 31 December 2010 are presented in Note 1.

Results and assets and liabilities of associates are incorporated in the accompanying consolidated financial statements using the equity method of accounting. Under the equity method, associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognized.

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

Interests in 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 Soda Sanayii A.Ş and its subsidiaries and one or more other parties. The Group's interest in joint ventures is accounted for using the equity method. Equity accounting is discontinued when the joint control over the joint venture is ceased.

The details of the Group's joint ventures as of 31 December 2010 are presented in Note 1.

#### 2.2 Changes in the Accounting Policies

Changes made in the accounting policies are applied retrospectively and the previous period's financial statements are restated accordingly. There has not been any significant change in accounting policies for the period 1 January - 31 December 2010.

#### 2.3 Changes in the Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. There has not been any significant change in accounting estimates of the Group for the period 1 January - 30 December 2010.

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

**2.4 Amendments in International Financial Reporting Standards**

**Standards, amendments and interpretations effective from 1 January 2010:**

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

**Standards, amendments and interpretations to existing standards that is not yet effective as of 1 January 2010:**

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

Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from 1 January 2011. The applications of the standarts and amendments above is not considered to have an effect on the consolidated financial statements of the Group.

**2.5 Summary of Significant Accounting Policies**

The consolidated financial statements have been prepared consistent with previous periods of significant accounting policies used are shown below. Unless otherwise specified in these accounting policies, consistently applied for the periods presented.

**Revenue**

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

<u>Sale of goods</u>

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

- The Group transfers all the significant risks and rewards of ownership of the goods to the buyer;
- The Group has no continuing managerial involvement associated with the ownership or significant control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

<u>Industrial machinaries manufacturing revenue</u>

Industrial machinaries manufacturing revenue is accounted for by using percentage of completion method in accordance with the accounting policy explained in "Construction Contracts" section.

Dividend and interest revenue

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

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

Rental income

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

**Inventory**

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are cost of purchase, cost of conversion and other costs incurred bringing the inventories their present location and condition. 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.

**Property, plant and equipment**

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

Cost includes professional fees. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

Normal maintenance and repair costs are accounted as expense. Investment costs which enhance capacity of property plant and equipment and increase future economic benefit are added to cost of related property plant and equipment and depreciated with remaining useful life of assets.

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

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

| | Useful life |
|---|---|
| Land improvements | 5-50 years |
| Buildings | 10-50 years |
| Machinerv and equipment | 4-20 years |
| Vehicles | 4-7 years |
| Fumiture and fixtures | 5-17 years |
| Leasehold improvements | 5 years |

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

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

**Intangible Fixed Assets**

Intangible fixed assets acquired

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

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

| | Useful life |
|---|---|
| Rights | 3-15 years |
| Other intangible assets | 3-10 years |

Software

Acquired 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).

**Impairment of Assets**

At each balance sheet date, Group assesses whether there is any indication that an asset other than goodwill may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognised immediately in profit or loss.

An impairment loss recognised in prior period for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognised. Such a reversal amount cannot be higher than the previously recognised impairment loss and shall not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognized as income in the consolidated financial statements.

**Borrowing Costs**

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

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

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

**Related Parties**

For the purpose of these consolidated financial statements, shareholders, key management personnel and

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

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".

**Offsetting**

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

**Financial Instruments**

Financial Assets

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

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

Effective interest method

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.
In case of the right to receive dividend of the Group, dividends related to available-for-sale equity instruments are recognized in profit or loss.

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

**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.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

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

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

**Cash and cash equivalents**

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

**Financial liabilities**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

**Financial liabilities at fair value through profit or loss**

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

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

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

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Transactions with minority shareholders**

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. Regarding the purchases from minority 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 minority interests are also accounted for in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also accounted for in equity.

**Foreign currency transactions**

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

**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 period 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.

**Events After Balance Sheet Date**

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

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

**Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

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

**Construction Contracts**

Contract costs are recognized when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized 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 recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they 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 recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the period 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 recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

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 recognized profits (less recognized losses).

**Government Incentives and Grants**

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

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

**Taxation and Deferred Income Taxes**

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

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

**Current tax**

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

**Deferred tax**

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

**Employee Benefits / Retirement Pay Provision**

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (Revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Foreign subsidiaries of the Group were subjected to relevant laws in their own country for employee termination benefits. Required provision for employee termination benefits, due to mentioned laws, presented in the financial statements of the subsidiaries of the Group.

**Statement of Cash Flows**

Cash flows are classified according to operating, investment and finance activities in the statement of cash flows.

# SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

Cash flows from operating activities reflect cash flows generated from soda, soda derivatives and chrome derivatives sales and construction of heavy machines.

Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

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

**Share Capital and Dividends**

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

### 2.6 Significant Accounting Estimates

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

Since the Group transfers all significant risks and rewards of ownership of the goods to the buyer at the stage of completion of the related transportation activities for certain portion export sales, the Group has deferred revenue associated with these transactions. The Group's management has made an estimation related to the goods invoiced but not transferred to buyers yet. In this respect, the Group has deferred revenue amount of TL 11,678,954 as of 31 December 2010 (31 December 2009: TL 10,746,637) (Note 26).

The Group recognises deferred tax assets and liabilities for temporary differences due to differences between the statutory financial statements and those prepared according to CMB Financial Reporting Standards. Group companies have deferred tax assets for unused portion of carry forward tax losses and other deductible temporary differences that can be deducted from future profits. Wholly or partially recoverable amounts of deferred tax assets have been estimated under current conditions. During the evaluation, future profit projections, losses incurred in the current period, the last date on which unused losses and other tax assets can be used, and tax planning strategies that can be used when needed, have been taken into consideration. As a result of the evaluation, it was estimated that there would be deferred tax assets of TL5,546,591 (31 December 2009: TL4,412,570) based on the temporary differences arising from tax deductions as of 31 December 2010, and that was thought to be used within the period during which the tax deduction right continues according to tax laws, and it was recognised (Note 35).

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

The consolidated financial statements (defined as "financial reporting standards accepted by the Capital Markets Board") differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the consolidated financial statements are not intended to present the financial position and results of operations of the Group in accordance with IFRS.

## 3. Business Combinations

In the current period any business combination has not taken place.

## 4. Joint Ventures

Joint venture investment is accounted for by using equity method in Group's consolidated financial statements (Note 16).

## 5. Segment Reporting

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

The chief operating decision maker reviews results and operations on a product line segment basis as well as on a geographic segment basis in order to monitor performance and to allocate resources. Product line segments of the Group are defined in the following categories: chrome derivatives, soda derivatives and other products. Geographic segments of the Group are defined in the following regions: Turkey and Europe. Some of the income and expense are not included in segment reporting as they are managed centrally.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

The segment analysis based on Group's internal reporting is as follows:

| **1 January-31 December 2010** | **Chrome derivatives** | **Soda and other derivatives** | **Total** | **Consolidation eliminations** | **Consolidated** |
|---|---|---|---|---|---|
| Sales Revenue | 229.903.599 | 448.128.206 | 678.031.805 | (17.838.105) | 660.193.700 |
| Cost of Sales (-) | (137.117.254) | (385.200.121) | (522.317.375) | 15.602.058 | (506.715.317) |
| Gross Profit | 92.786.345 | 62.928.085 | 155.714.430 | (2.236.047) | 153.478.383 |
| Purchases of tangible and intangible assets | 3.206.728 | 63.470.926 | 66.677.654 | (4.081.187) | 62.596.467 |
| **Tangible and intangible assets depreciation and amortisation** | **(9.968.127)** | **(38.555.116)** | **(48.523.243)** | **1.653.480** | **(46.869.763)** |

| **1 January-31 December 2009** | **Chrome derivatives** | **Soda and other derivatives** | **Total** | **Consolidation eliminations** | **Consolidated** |
|---|---|---|---|---|---|
| Sales Revenue | 185.852.037 | 460.854.498 | 646.706.535 | (23.261.292) | 623.445.243 |
| Cost of Sales (-) | (126.253.479) | (370.949.887) | (497.203.366) | 18.481.983 | (478.721.383) |
| Gross Profit | 59.598.558 | 89.904.611 | 149.503.169 | (4.779.309) | 144.723.860 |
| Purchases of tangible and intangible assets | 3.125.884 | 71.284.203 | 74.410.087 | (12.823.226) | 61.586.861 |
| **Tangible and intangible assets depreciation and amortisation** | **(9.774.225)** | **(33.702.644)** | **(43.476.869)** | **565.637** | **(42.911.232)** |

| **1 January-31 December 2010** | **Turkey** | **Europe** | **Total** | **Consolidation eliminations** | **Consolidated** |
|---|---|---|---|---|---|
| Net sales | 577.133.360 | 100.898.445 | 678.031.805 | (17.838.105) | 660.193.700 |
| Purchases of tangible and intangible assets | 43.709.221 | 22.968.433 | 66.677.654 | (4.081.187) | 62.596.467 |
| Tangible and intangible assets depreciation and amortisation | (37.875.481) | (10.647.762) | (48.523.243) | 1.653.480 | (46.869.763) |
| **Total Assets (31 December 2010)** | **850.563.746** | **167.932.522** | **1.018.496.268** | **(73.726.939)** | **944.769.329** |

| **1 January-31 December 2009** | **Turkey** | **Europe** | **Total** | **Consolidation eliminations** | **Consolidated** |
|---|---|---|---|---|---|
| Net sales | 552.998.725 | 93.707.810 | 646.706.535 | (23.261.292) | 623.445.243 |
| Purchases of tangible and intangible assets | 44.214.246 | 30.195.841 | 74.410.087 | (12.823.226) | 61.586.861 |
| Tangible and intangible assets depreciation and amortisation | (34.693.161) | (8.783.708) | (43.476.869) | 565.637 | (42.911.232) |
| **Total Assets (31 December 2009)** | **821.733.182** | **165.005.761** | **986.738.943** | **(73.381.091)** | **913.357.852** |

The Group prepares its internal reporting on the basis of net sales, purchases of tangible and intangible assets and tangible and intangible assets depreciation and amortisation. Other income statement and balance sheet items are considered as undistributed items.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

### 6. Cash and Cash Equivalents

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Cash on hand | 29.400 | 14.447 |
| Cash in banks | 139.416.825 | 129.463.862 |
| Demand deposits | 7.954.941 | 4.604.366 |
| Time deposits (with maturities of three months or less) | 131.461.884 | 124.859.496 |
| Other liquid assets | - | 45.171 |
| | **139.446.225** | **129.523.480** |

The nature and level of risks associated with cash and cash equivalents are explained in Note 38.

**Time deposits**

| Currency | Interest rate (%) | Maturity | 31 December 2010 |
|---|---|---|---|
| EUR | 0,50-2,00 | January 2011 | 5.333.773 |
| USD | 1,50-3,40 | January 2011 | 124.858.311 |
| BGN | 2,00 | January 2011 | 1.269.800 |
| | | | **131.461.884** |

| Currency | Interest rate (%) | Maturity | 31 December 2009 |
|---|---|---|---|
| EUR | 2,00-6,50 | January-March 2010 | 34.323.917 |
| USD | 0,50-3,25 | January 2010 | 88.510.957 |
| BGN | 6,00 | January 2010 | 2.024.622 |
| | | | **124.859.496** |

Cash and cash equivalents in the consolidated cash flows as of 31 December 2010 and 2009 are as follows.

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Cash and cash equivalents | 139.446.225 | 129.523.480 |
| Less: Interest accruals | (170.904) | (493.471) |
| | **139.275.321** | **129.030.009** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

## 7. Financial Investments

### a) Short-term financial investments

| Bank deposits with maturities more than 3 months | Currency | Interest rate (%) | Maturity | 31 December 2010 | 31 December 2009 |
|---|---|---|---|---|---|
| Time deposit | EUR | 6,00 | April 2010 | - | 2.258.954 |

| Held to maturity financial investments | Currency | Interest rate (%) | Maturity | 31 December 2010 | 31 December 2009 |
|---|---|---|---|---|---|
| Eurobond | USD | 1.000.000 | June 2010 | - | 1.518.580 |
| | | | | **-** | **3.777.534** |

### b) Long-term financial investments

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Available for sale financial investments | 41.545.760 | 24.488.473 |
| | **41.545.760** | **24.488.473** |

| Available for sale financial assets | Share % | 31 December 2010 | Share % | 31 December 2009 |
|---|---|---|---|---|
| Listed financial investments: | | | | |
| Denizli Cam San. Tic. A.Ş. (*) | 16,22 | 20.385.272 | 16,22 | 3.327.810 |
| | | 20.385.272 | | 3.327.810 |
| Unlisted financial investments: | | | | |
| Paşabahçe Cam San. ve Tic. A.Ş. | 4,74 | 20.948.535 | 4,74 | 20.948.535 |
| Şişecam Shangai Trade Co. Ltd. (**) | 100,00 | 655.448 | 100,00 | 655.448 |
| Camiş Elektrik Üretim A.Ş. | 0,08 | 42.914 | 0,08 | 42.914 |
| Nemtaş Nemrut Liman İşletmeleri A.Ş. | 0,02 | 158.241 | 0,02 | 158.241 |
| Other | - | 10.798 | - | 10.973 |
| Provision for impairment(-)(***) | | (655.448) | | (655.448) |
| | | 21.160.488 | | 21.160.663 |
| | | **41.545.760** | | **24.488.473** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

Current year movement of available for sale financial invesmets is as follows:

| | 2010 | 2009 |
|---|---|---|
| Opening balance, 1 January | 24.488.473 | 26.367.063 |
| Related with other comprehensive income | 17.057.462 | 1.556.870 |
| Change in consolidation method | - | (3.435.460) |
| Disposals | (175) | - |
| Closing balance, 31 December | **41.545.760** | **24.488.473** |

(*) Shares of this company are listed on the Istanbul Stock Exchange ("ISE") and the Group has valued such equity shares under the securities available for sale investments with market prices of the ISE. As a result of this valuation, the Group has accounted TL 14,050,205 of valuation increase by offsetting against TL 702,510 of deferred tax due to this valuation increase in "Revaluation Fund" under shareholders' equity (31 December 2009: TL 3,007,257 valuation decrease and TL 154,039 deferred tax).

(**) Şişecam Shangai Trade Co Ltd is founded for the purpose of undertaking activities of marketing and sales to especially North China and South Korea.

(***)The Group has recognized impairment for its investments in Şişecam Shangai Trading Co. Ltd. and made provision for total investment amount in Şişecam Shangai Trading Co. Ltd. (31. December 2009: TL 655,448).

The nature and level of risks associated with financial investments are explained in Note 38.

## 8. Financial Liabilities

| **Short-term financial liabilities** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Short-term bank borrowings | 24.444.739 | 102.976.768 |
| Short term portion of long-term bank borrowings | 34.627.164 | 26.529.896 |
| | 59.071.903 | 129.506.664 |

| **Long-term financial liabilities** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Long-term bank borrowings | 121.821.736 | 113.112.673 |
| **Total financial liabilities** | **180.893.639** | **242.619.337** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

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

| | | Weighted Average | 31 December 2010 | |
|---|---|---|---|---|
| | | Interest rate | Current | Non-current |
| Currency | Maturity | (%) | Liabilities | Liabilities |
| USD | 2011-2013 | 2,51 | 23.671.731 | 37.803.382 |
| EUR | 2011-2018 | 3,79 | 30.397.636 | 84.018.354 |
| TL | 2011 | 7,48 | 5.002.536 | - |
| | | | **59.071.903** | **121.821.736** |

| | | Weighted Average | 31 December 2009 | |
|---|---|---|---|---|
| | | Interest rate | Current | Non-current |
| Currency | Maturity | (%) | Liabilities | Liabilities |
| USD | 2010-2013 | 2,83 | 12.159.791 | 59.496.875 |
| EUR | 2010-2016 | 4,50 | 64.881.654 | 53.615.798 |
| KM | 2010 | 7,54 | 6.624.316 | - |
| TL | 2010 | 7,34 | 45.840.903 | - |
| | | | **129.506.664** | **113.112.673** |

Repayment schedules of borrowings are summarised below:

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Within 1 year | 59.071.903 | 129.506.664 |
| Within 1-2 years | 30.898.741 | 37.187.753 |
| Within 2-3 years | 37.882.830 | 35.202.142 |
| Within 3-4 years | 12.688.658 | 24.769.792 |
| Within 4-5 years | 19.860.508 | 7.976.492 |
| 5 years and more | 20.490.999 | 7.976.494 |
| | **180.893.639** | **242.619.337** |

## 9. Other Financial Liabilities

None.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

## 10. Trade Receivables and Payables

| Trade Receivables | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Trade receivables | 26.706.490 | 30.815.695 |
| Notes receivable | 2.667.393 | 2.162.417 |
| Due from related parties (Note 37) | 82.484.625 | 73.193.798 |
| Allowances for trade receivables (-) | (1.110.221) | (1.150.793) |
| | **110.748.287** | **105.021.117** |

For intra-group sales of Soda products, sale term is on a cash basis. For other sales, average term is 34 days (31 December 2009: 34 days). For overdue payments; interest rate of 3% is charged to customers on a monthly basis (31 December 2009: 3%). Average sale term for domestic sales of chrome products is 29 days on a foreign currency basis (31 December 2009: 22 days). Interest of 1% is charged for overdue payments on a monthly basis (31 December 2009: 1%). For export sales, the average term is 60 days regardless of the product line (31 December 2009: 60 days). Trade receivable related to industrial machinery sales are collected in accordance with the progress payment schedule.

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

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

| | 2010 | 2009 |
|---|---|---|
| Opening balance, 1 January | (1.150.793) | (1.486.279) |
| Foreign currency exchange differences | 3.058 | (8.306) |
| Cancelled | 37.514 | 343.792 |
| **Closing balance, 31 December** | **(1.110.221)** | **(1.150.793)** |

The nature and level of risks associated with trade receivables are explained in Note 38.

**Trade payables**

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Trade payables | 31.446.662 | 24.450.923 |
| Due to related parties (Note 37) | 16.612.355 | 20.909.025 |
| Other trade payables | 658 | 1.655 |
| | **48.059.675** | **45.361.603** |

Chromit and Anthracite purchases are on cash basis (31 December 2009: Cash basis). Average credit period for other trade payables is 30-45 days (31 December 2009: 30-45 days). Corporate risk management policies are in place to ensure that all of the payables are paid within payment terms.

# SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
## Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

## 11. Other Receivables and Payables

| **Other current receivables** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Other receivables from related parties (Note 37) | 15.079.483 | 12.681.634 |
| Assets related to ongoing construction contracts (Note 15) | 1.785.892 | 1.292.948 |
| Other current receivables | 480.093 | 150.602 |
| Deposits and guarantees given | 873 | 30.400 |
| Due from personnel | 74.101 | 64.011 |
| | **17.420.442** | **14.219.595** |

| **Other non-current receivables** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Deposits and guarantees given | 61.564 | 34.361 |
| | **61.564** | **34.361** |

| **Other current payables** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Due to related parties (Note 37) | 30.096.261 | 19.500.870 |
| Order advances received (other) | 2.604.963 | 921.329 |
| Deposits and guarantees received | 1.301.797 | 697.569 |
| Other current payables | 975.527 | 540.264 |
| | **34.978.548** | **21.660.032** |

| **Other non-current payables** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Deposits and guarantees received | 53.432 | - |
| Other non-current payables | 41.198 | - |
| | **94.630** | **-** |

The nature and level of risks associated with other receivables and other payables are explained in Note 38.

## 12. Receivables and Payables from Financial Sector Operations

None.

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

## 13. Inventories

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Raw materials | 40.817.781 | 33.899.627 |
| Work in process | 1.857.838 | 1.005.484 |
| Finished goods | 23.703.442 | 33.349.946 |
| Trade goods | 835.114 | 6.296.199 |
| Other inventories | 264.466 | 162.459 |
| Allowance for diminution in value of inventories (-) | (267.343) | (2.369.629) |
| | **67.211.298** | **72.344.086** |

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

| **The movements of allowance for diminution in value of inventories** | **2010** | **2009** |
|---|---|---|
| Opening balance, 1 January | (2.369.629) | (84.920) |
| Translation difference | 121.963 | - |
| Period charge | - | (2.369.629) |
| Current year disposals | 1.980.323 | 84.920 |
| **Closing balance, 31 December** | **(267.343)** | **(2.369.629)** |

## 14. Biological Assets

None.

## 15. Assets Related to Ongoing Construction Contracts

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Contract costs incurred for work performed | 60.054.303 | 85.766.979 |
| Revenue recognized less costs recognized (net) | (1.528) | (12.485) |
| | 60.052.775 | 85.754.494 |
| Less: Progress payments received (-) | (58.276.213) | (84.832.529) |
| | **1.776.562** | **921.965** |

| **Progress payments and costs realized in consolidated financial statements are as follows:** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Receivables from ongoing construction contracts (Note 11) | 1.785.892 | 1.292.948 |
| Allowance for projects in loss (Note 26) | (1.528) | (12.485) |
| Progress payments of ongoing construction contracts (Note 26) | (7.802) | (358.498) |
| | **1.776.562** | **921.965** |

As of 31 December 2010, the guarantee letters given to progress payments amount to TL 6,459,151 (31 December 2009: TL 7,470,564) and the advances received amount to TL 1,161,922 (31 December 2009: TL 100,670) (Note 11).

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

## 16. Investments Accounted for under the Equity Method

Share ratios of investments in associates and joint ventures accounted for under the equity method are disclosed in Note 1.

| | Share (%) | 31 December 2010 | Share (%) | 31 December 2009 |
|---|---|---|---|---|
| Investment in Associate | | | | |
| Solvay Şişecam Holding AG | 25,00 | 120.283.057 | 25,00 | 124.302.268 |
| Joint ventures | | | | |
| Cromital S.p.A. | 50,00 | - | 50,00 | - |
| Sintan Kimya San. ve Tic. A.Ş. | 36,92 | 52.346 | 36,92 | 204.620 |
| Oxyvit Kimya San. Ve Tic. A.Ş. | 44,00 | 2.872.102 | 44,00 | 4.075.672 |
| | | **123.207.505** | | **128.582.560** |

The summarised financial data of investment associate accounted for under the equity method is as follows:

| **Solvay Şişecam Holding AG** | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Total assets | 740.451.189 | 740.188.364 |
| Total liabilities | (259.318.961) | (242.979.293) |
| Net assets | 481.132.228 | 497.209.071 |
| **The Group's share in net assets** | **120.283.057** | **124.302.268** |

| | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Net profit for the period | 25.759.757 | 3.043.734 |
| **period** | **6.439.939** | **760.934** |

Solvay Şişecam Holding AG is established in Austria Vienna for the purpose of directly or indirectly owning and controlling Solvay Sodi AD established in Bulgaria - Devnya region in accordance with the Republic of Bulgaria legislations.

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

The summarized financial data of joint ventures accounted for by the equity method is as follows:

| Joint ventures | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Total assets | 78.395.530 | 76.736.865 |
| Total liabilities | (73.745.835) | (63.642.637) |
| Net assets | 4.649.695 | 13.094.228 |
| **The Group's share in net assets** | **2.924.448** | **4.280.292** |
| **Accrued liability (Note 26)** | **1.811.333** | **1.494.661** |

| | 1 January- 31 December 2010 | 1 January- 31 December 2009 |
|---|---|---|
| Net loss for the period | (3.827.966) | (4.674.610) |
| **The Group's share in loss for the period** | **(1.835.286)** | **(2.345.195)** |

Among the joint ventures accounted for under the equity method for the first time as of 31 December 2009;

Cromital S.p.A. is a joint venture that operates in Italy for the production and sale of mainly chromium derivatives and other chemical products.

Sintan Kimya San. ve Tic. A. Ş. is involved in production, marketing in both domestic and foreign markets, export and import of leather chemicals, industrial chemicals and other chemicals and production of finished goods, semi-finished goods, raw material and other materials.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

| | 2010 | 2009 |
|---|---|---|
| Opening balance, 1 January | 128.582.560 | 131.929.866 |
| Balance from method change | - | 359.792 |
| Income from associates and Joint ventures companies (*) | 5.152.210 | 94.657 |
| Dividend income (**) | (4.159.412) | (5.007.553) |
| Foreign currency differences | (6.367.853) | 1.205.798 |
| **Closing balance, 31 December** | **123.207.505** | **128.582.560** |

| | | |
|---|---|---|
| Income from associates and Joint ventures companies (*) | 5.152.210 | 94.657 |
| Joint ventures partnership expenses Related with liabilities (Not 26) | (547.557) | (1.678.918) |
| **Total** | **4.604.653** | **(1.584.261)** |

| | | |
|---|---|---|
| Dividen income from associates and Joint ventures companies (*) | (4.159.412) | (5.007.553) |
| Joint ventures dividend income Related with liabilities | - | (632.400) |
| **Total** | **(4.159.412)** | **(5.639.953)** |

## 17. Investment Property

None.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

## 18. Property, plant and equipment

| Cost | Land | Land improve-ments | Buildings | Machinery and Equipments | Vehicles | Furniture and fixture | Leasehold improve-ments | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| Opening balance, | | | | | | | | | |
| 1 January 2010 | 29.496.056 | 96.643.193 | 82.908.723 | 815.530.033 | 4.567.655 | 22.054.894 | 3.938.870 | 30.061.766 | 1.085.201.190 |
| Foreign Exchange differences | (729.488) | (170.941) | (1.292.815) | (3.915.172) | (61.645) | (14.772) | - | (1.270.658) | (7.455.491) |
| Additions | - | 868.760 | - | 2.388.381 | 36.361 | 571.553 | 426.943 | 58.187.338 | 62.479.336 |
| Disposals | (61.675) | - | - | (93.387) | (339.019) | (235.724) | - | - | (729.805) |
| Transfers from construction in progress | 778.893 | 4.763.637 | 3.322.236 | 66.921.548 | 1.258.930 | 294.369 | - | (77.339.613) | - |
| **Closing balance,** | | | | | | | | | |
| **31 December 2010** | **29.483.786** | **102.104.649** | **84.938.144** | **880.831.403** | **5.462.282** | **22.670.320** | **4.365.813** | **9.638.833** | **1.139.495.230** |
| **Accumulated depreciation** | | | | | | | | | |
| Opening balance, | | | | | | | | | |
| 1 January 2010 | - | (39.781.389) | (28.265.395) | (581.465.737) | (3.420.836) | (17.501.512) | (3.492.977) | - | (673.927.846) |
| Reclassification | - | (160.000) | 160.000 | (428.276) | (460) | 428.736 | - | - | - |
| Foreign Exchange differences | - | 22.259 | 90.212 | 947.143 | 24.580 | 7.070 | - | - | 1.091.264 |
| Charge for the period | - | (2.970.691) | (2.362.666) | (38.580.201) | (386.133) | (1.544.292) | (220.166) | - | (46.064.149) |
| Disposals | - | - | - | 61.195 | 339.019 | 209.263 | - | - | 609.477 |
| **Closing balance,** | | | | | | | | | |
| **31 December 2010** | **-** | **(42.889.821)** | **(30.377.849)** | **(619.465.876)** | **(3.443.830)** | **(18.400.735)** | **(3.713.143)** | **-** | **(718.291.254)** |
| **Net book value as of** | | | | | | | | | |
| **31 December 2010** | **29.483.786** | **59.214.828** | **54.560.295** | **261.365.527** | **2.018.452** | **4.269.585** | **652.670** | **9.638.833** | **421.203.976** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

| Cost | Land | Land improve-ments | Buildings | Machinery and Equipments | Vehicles | Furniture and fixture | Leasehold improve-ments | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| Opening balance, 1 January 2010 | 29.368.123 | 91.933.811 | 71.000.975 | 773.857.553 | 4.246.574 | 26.704.286 | 3.922.201 | 36.545.517 | 1.037.579.040 |
| Transfers | - | 17.433 | (17.433) | 646.312 | - | (646.312) | - | - | - |
| Foreign Exchange differences | 127.933 | 29.979 | 152.090 | 567.041 | 9.070 | 2.516 | - | 196.665 | 1.085.294 |
| Additions | - | 2.664.899 | 596.905 | 4.290.275 | 227.650 | 1.688.385 | 16.669 | 49.602.146 | 59.086.929 |
| Disposals | - | - | (10.740) | (6.730.205) | (102.319) | (5.706.809) | - | - | (12.550.073) |
| Transfers from construction in progress | - | 1.997.071 | 11.186.926 | 42.899.057 | 186.680 | 12.828 | - | (56.282.562) | - |
| **Closing balance, 31 December 2009** | **29.496.056** | **96.643.193** | **82.908.723** | **815.530.033** | **4.567.655** | **22.054.894** | **3.938.870** | **30.061.766** | **1.085.201.190** |
| **Accumulated depreciation** | | | | | | | | | |
| Opening balance, 1 January 2009 | - | (37.188.271) | (25.931.074) | (553.242.238) | (3.125.729) | (21.518.362) | (3.257.552) | - | (644.263.226) |
| Transfers | - | 79.999 | (79.999) | 211.294 | - | (211.294) | - | - | - |
| Foreign Exchange differences | - | (2.795) | (7.136) | (102.558) | (3.129) | (779) | - | - | (116.397) |
| Charge for the period | - | (2.670.322) | (2.250.696) | (35.030.559) | (394.298) | (1.462.161) | (235.425) | - | (42.043.461) |
| Disposals | - | - | 3.510 | 6.698.324 | 102.320 | 5.691.084 | - | - | 12.495.238 |
| **Closing balance, 31 December 2009** | **-** | **(39.781.389)** | **(28.265.395)** | **(581.465.737)** | **(3.420.836)** | **(17.501.512)** | **(3.492.977)** | **-** | **(673.927.846)** |
| **Net book value as of 31 December 2009** | **29.496.056** | **56.861.804** | **54.643.328** | **234.064.296** | **1.146.819** | **4.553.382** | **445.893** | **30.061.766** | **411.273.344** |

Depreciation expense of TL 43,674,356 (31 December 2009: TL 39,205,615) has been charged in cost of goods sold, TL 1,168,485 (31 December 2009: TL 1,274,545) in selling and marketing costs, TL 1,870,648 (31 December 2009: TL 2,270,724) in general administrative expenses and TL 156,274 (31 December 2009: TL 160,348) in research and development expenses.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

### 19. Intangible Assets

| Cost | Rights | Other intangible assets | Total |
|---|---|---|---|
| Opening balance, 1 January 2010 | 8.637.809 | 905.470 | 9.543.279 |
| Foreign Exchange differences | - | (46.526) | (46.526) |
| Additions | 94.829 | 22.302 | 117.131 |
| **Closing balance, 31 December 2010** | **8.732.638** | **881.246** | **9.613.884** |
| **Accumulated amortization** | | | |
| Opening balance, 1 January 2010 | (5.936.935) | (348.917) | (6.285.852) |
| Foreign Exchange differences | - | 17.880 | 17.880 |
| Charge for the period | (707.075) | (98.539) | (805.614) |
| **Closing balance, 31 December 2010** | **(6.644.010)** | **(429.576)** | **(7.073.586)** |
| **Net book value as of 31 December 2010** | **2.088.628** | **451.670** | **2.540.298** |

| Cost | Rights | Other intangible assets | Total |
|---|---|---|---|
| Opening balance, 1 January 2009 | 6.137.877 | 897.310 | 7.035.187 |
| Foreign Exchange differences | - | 8.160 | 8.160 |
| Additions | 2.499.932 | - | 2.499.932 |
| **Closing balance, 31 December 2009** | **8.637.809** | **905.470** | **9.543.279** |
| **Accumulated amortization** | | | |
| Opening balance, 1 January 2009 | (5.342.036) | (75.370) | (5.417.406) |
| Foreign Exchange differences | - | (675) | (675) |
| Charge for the period | (594.899) | (272.872) | (867.771) |
| **Closing balance, 31 December 2009** | **(5.936.935)** | **(348.917)** | **(6.285.852)** |
| **Net book value as of 31 December 2009** | **2.700.874** | **556.553** | **3.257.427** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

## 20. Goodwill

None.

## 21. Government Grant and Incentives

Expenses regarding industries having R&D quality projects which were qualified by expert organizations are reviewed and evaluated so that specific proportion of these expenses are considered as grants or are given support on the condition of payback within the context of the decision No: 94/6401 made on the government grants for exporting activities in accordance with the Money Credit Coordination Board's Communiqué No: 98/10 on Research and Development Grants published by the Under Secretariat of Foreign Trade based on the decision No: 98/16 made as at 9 September 1998.

Exports and other operations that bring foreign currencies into the country are exempt from trade duties and taxes, based on the systems and foundations set forth by the Ministry of Finance and the Undersecretary of Foreign Trade

The government grants are paid to support participating in international fairs in accordance with the decision No: 2004/11 of the Money Credit and Coordination Committee issued at 16 December 2004.

## 22. Provisions, Contingent Assets and Liabilities

### Provisions

| Short-term provisions | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Provision for cost expenses | 1.519.667 | 978.074 |
| Legal case provisions | 720.743 | 721.692 |
| Provision for other debts and liabilities | 552.636 | 1.241.376 |
| | **2.793.046** | **2.941.142** |

The movement table of litigation provision is as follows:

| | 2010 | 2009 |
|---|---|---|
| Provision at 1 January | 721.692 | 448.895 |
| Period charge | 102.363 | 278.097 |
| Payment | (87.599) | - |
| Provisions released | (15.713) | (5.300) |
| Provision at 31 December | **720.743** | **721.692** |

The Group management calculated the total expected amount paid for the lawsuits against the Group by obtaining the inputs from its legal advisors as TL 720,743 and booked provision for the amount (31 December 2009 : TL 721,692).

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

## 23. Commitments

### Share purchase/sale option

Based on the agreement between Cheminvest S.p.A., other shareholder of Cromital S.p.A. and Soda Sanayii A.Ş. dated 8 July 2005 and the additional protocol dated on 1 February 2008, Cheminvest S.p.A. has the option to sell to and buy from Soda Sanayii A.Ş for 50% Cromital S.p.A. shares, which are held by itself, between 1 July 2011 and 30 June 2012. The process for the application of option is still ongoing, and the Group management did not make a decision as of the report date.

### Other commitments

The Company established a construction right over its 32,552 square meters real estate, on behalf of Camiş Elektrik Üretim A.Ş. for 30 years (31 December 2009: 32,552 square meters).

According to agreements made with Botaş Boru Hatları and Petrol Taşıma A.Ş., the Group has 23,400,000 m3 natural gas purchase commitment between 1 January 2011 - 31 December 2011. Additionally; the ownership of the equipment for the connection of "Type A station to Botaş Telecommunication and Scada system" belongs to BOTAŞ (31 December 2009: 21,600,000 m3).

As of 31 December 2010 and 31 December 2009 Group's other commitments are as follows:

| | 31 December 2010 | | | |
|---|---|---|---|---|
| **Collaterals, pledge and mortgages given by the Company** | **Total (TL)** | **USD** | **EUR** | **TL** |
| A. Given Under the Group's Own Corporal Identity | 13.567.640 | 2.689.005 | 3.668.574 | 1.893.163 |
| B. Given In Favor of Fully Consolidated Subsidiaries | 55.104.704 | - | 26.892.150 | - |
| C. Continuation of Trading Operations | | | | |
| Given In Favor of Third Parties for the Regular | None | None | None | None |
| D. Total of Other Guarantees, Pledges and Mortgages | 231.305.180 | 74.807.739 | 56.440.591 | - |
| i. Given in Favor of Main Shareholder | 231.305.180 | 74.807.739 | 56.440.591 | - |
| ii. Given in Favor of Third Parties Not Covered By | | | | |
| B and C | None | None | None | None |
| iii. Given in Favor of Third Parties Not Covered by C | None | None | None | None |
| | **299.977.524** | **77.496.744** | **87.001.315** | **1.893.163** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

| | 31 December 2009 | | | |
|---|---|---|---|---|
| **Collaterals, pledge and mortgages given by the Company** | **Total (TL)** | **USD** | **EUR** | **TL** |
| A. Given Under the Group's Own Corporal Identity | 13.993.210 | 3.624.273 | 1.757.974 | 4.738.390 |
| B. Given In Favor of Fully Consolidated Subsidiaries | 20.501.372 | - | 9.406.736 | 180.000 |
| C. Continuation of Trading Operations | | | | |
| Given In Favor of Third Parties for the Regular | None | None | None | None |
| D. Total of Other Guarantees, Pledges and Mortgages | 270.857.454 | 90.721.962 | 62.147.570 | - |
| i. Given in Favor of Main Shareholder | 270.857.454 | 90.721.962 | 62.147.570 | - |
| ii. Given in Favor of Third Parties Not Covered By | | | | |
| B and C | None | None | None | None |
| iii. Given in Favor of Third Parties Not Covered by C | None | None | None | None |
| | **305.352.036** | **94.346.235** | **73.312.280** | **4.918.390** |

The other granted collaterals, pledge and mortgages' ratio over the capital is 37.58% as of 31 December 2010 (50.07% as of 31 December 2009).

## 24. Provision for Employment Termination Benefits

### Short-term employee benefits

| | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Due to personnel | 1.022.339 | 1.178.452 |
| Unusued vacation provisions | 377.849 | 453.546 |
| | **1.400.188** | **1.631.998** |

### Long-term employee benefits

Retirement pay provisions

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to of the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

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

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

The liability is not funded, as there is no funding requirement in Turkey. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel 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 financial statements as of 31 December 2009 and 30 June 2008, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5.10% and a discount rate of 10%, resulting in a real discount rate of approximately 4..66% (31 December 2009: 5.92%). The anticipated rate of forfeitures is considered. The retirement pay provision ceiling is revised semi-annually, and TL 2,623.23 which is effective from 1 January 2011, is taken into consideration in the calculation of provision for employment termination benefits (1 January 2010: TL 2,427.03).

The movement of the employment termination benefits is as follows:

| | 2010 | 2009 |
|---|---|---|
| Opening balance, 1 January | 17.906.758 | 17.418.312 |
| Service costs | 1.537.833 | 2.242.084 |
| Interest costs | 1.107.889 | 1.089.432 |
| Exchange differences | 839.539 | 184.083 |
| Payments | (2.792.404) | (3.027.153) |
| Closing balance, 31 December | **18.599.615** | **17.906.758** |

All of the total current provision has been charged to general administrative expenses.

## 25. Pension Plans

None.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

## 26. Other Assets and Liabilities

| Other current assets | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Prepaid expenses | 258.627 | 247.017 |
| Prepaid taxes and dues | 12.561 | 138.788 |
| Order advances given | 7.930.538 | 7.566.400 |
| VAT carried forward | 3.507.567 | 1.869.082 |
| Recoverable VAT from foreign sales | 7.906.384 | 3.622.615 |
| Other | 11.939 | 551.902 |
| | **19.627.616** | **13.995.804** |

| Other non-current assets | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Prepaid expenses | 584.418 | 376.702 |
| Advances given | 1.171.909 | 6.462.440 |
| | **1.756.327** | **6.839.142** |

| Other short-term liabilities | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Deferred revenue | 11.678.954 | 10.746.637 |
| The liability related to joint ventures ( Note 16) (*) | 1.811.333 | - |
| Taxes and dues payables | 1.880.802 | 1.914.649 |
| Social security premiums payable | 1.173.916 | 1.119.851 |
| Allowance for construction projects in loss (Note 15) | 1.528 | 12.485 |
| Progress payments of ongoing construction contracts (Note 15) | 7.802 | 358.498 |
| Other | 54.198 | 46.098 |
| | **16.608.533** | **14.198.218** |

| Other long-term liabilities | 31 December 2010 | 31 December 2009 |
|---|---|---|
| The liability related to joint ventures ( Note 16) | - | 1.494.661 |
| Deferred revenue | 8.583 | 15.017 |
| Other | - | 43.433 |
| | **8.583** | **1.553.111** |

(*)The liability related to joint ventures belongs to Cromital S.pA.

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

## 27. Equity

### a) Capital / Treasury Shares

Shareholder structure as of 31 December 2010 and 31 December 2009 is stated as below:

| Shareholder | % | 31 December 2010 | % | 31 December 2009 |
|---|---|---|---|---|
| Türkiye Şişe ve Cam Fabrikaları A.Ş. | 70,8 | 179.815.220 | 70,8 | 163.468.381 |
| Anadolu Cam Sanayii A.Ş. | 14,2 | 36.189.875 | 14,2 | 32.899.886 |
| Camiş Madencilik A.Ş. | 0,0 | 97.020 | 0,0 | 88.200 |
| Publicly held part | 15,0 | 37.997.885 | 15,0 | 34.543.533 |
| Nominal capital | **100,0** | **254.100.000** | **100,0** | **231.000.000** |

The total number of common stock shares of the Company at 31 December 2010 is 25,410,000,000 (31 December 2009: 23,100,000,000) with a par value of TL 0.01 per share (31 December 2009: TL 0.01 per share).

### b) Investment revaluation reserve

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Investment revaluation reserve | 13.347.695 | (2.853.218) |
| | **13.347.695** | **(2.853.218)** |

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

### c) Restricted Profit Reserves

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Legal reserves | 19.899.993 | 15.477.558 |
| | **19.899.993** | **15.477.558** |

Legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions; however, holding companies are not subject to this application.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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**d) Retained Earnings**

The Group's retained earnings amounting to TL 227,063,827 as of 31 December 2010 consists of differences of shareholders' equity amounting to TL 146,477,098, extraordinary reserves amounting to TL 93,015,254 and prior year's loss amounting to TL 12,431,223 (31 December 2009: TL 208,772,012, TL 146,476,540 differences of shareholders' equity, TL 74,446,360 extraordinary reserves and TL 12,150,888 prior years' profits).

However, in accordance with the Communiqué Volume: XI, No: 29 issued on 1 January 2008 and other related CMB's announcements, "Paid-in capital", "Restricted profit reserves" and "Premium in excess of par" should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Communiqué should be associated with:

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;
- "Retained earnings/ Accumulated loss", if such differences are arising from "Restricted profit reserves" and "Premium in excess of par" and has not been subjected to profit distribution or capital increase.

Dividend Distribution

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

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

With the Board Decision, dated 9 January 2009, it was decided that the total amount of the profit for the period remaining after deducting the previous year's losses stated in the legal records of companies and other sources that can be subject to dividend distribution, should be stated in the notes to the financial statements to be prepared and announced to the public in accordance with Communiqué Serial XI No. 29, and for the Company, this amount is TL244,313,417. The amount that can be distributed by the Company according to IFRS entries is TL145,384,924.

In its General Assembly Meeting, dated 22 April 2010, the Company decided that of the 2009 consolidated balance sheet profit amounting to TL46,086,928, shares to be issued by adding dividends amounting to TL23,100,000, corresponding to 10% of the issued capital, be distributed to shareholders at no charge. The free share distribution was completed by 30 June 2010.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

**e) Minority Interest**

The movement of minority interest is as follows:

| | 2010 | 2009 |
|---|---|---|
| Opening balance, 1 January | 8.099.499 | 8.136.238 |
| Exchange differences | (357.877) | 74.525 |
| Change in consolidation structure | 9.827 | 2.194.984 |
| Capital increase of subsidiary | 502.499 | 502.499 |
| Minority interest on operating results of the period | (2.786.204) | (2.808.747) |
| Closing balance, 31 December | **5.467.744** | **8.099.499** |

Subsidiary of the Group, Şişecam Soda Lukavac's capital was increased in cash in 2009. The Company's effective share participation rate at the capital of Şişecam Soda Lukavac was increased from 78.34% to 85.91%. Minority interest increased by TL 2,162,508 and share of the parent company is decreased by TL 2,162,508 as a result of capital increase.

Asmaş's capital was increased in cash at 2009. The Company's effective share participation rate was increased from 84.02% to 84.98% as other shareholders are not participated to the cash capital increase (31 December 2009: 84.02%). Minority interest increased by TL 9,827 and share of the parent company is decreased by TL 9,827 as a result of capital increase. (31 December 2009: TL 32,476).

## 28. Sales and Cost of Sales

| **Sales** | **1 January-31 December 2010** | **1 January-31 December 2009** |
|---|---|---|
| Sales | 664.206.016 | 627.551.873 |
| Other revenues | 267.063 | 771.754 |
| Sales returns (-) | (521.920) | (291.716) |
| Sales discount (-) | (3.752.968) | (4.536.845) |
| Other deductions from sales (-) | (4.491) | (49.823) |
| | **660.193.700** | **623.445.243** |

| **Cost of Sales** | **1 January-31 December 2010** | **1 January-31 December 2009** |
|---|---|---|
| Direct materials | (162.542.309) | (115.999.141) |
| Direct labor | (20.398.249) | (20.242.858) |
| Production overhead | (182.572.874) | (213.061.741) |
| Depreciation expenses | (43.674.356) | (39.205.615) |
| Change in work-in-process inventories | 852.354 | (914.638) |
| Change in finished goods inventories | (9.646.504) | (8.209.160) |
| **Cost of goods sold** | **(417.981.938)** | **(397.633.153)** |
| | | |
| Cost of merchandise sold | (88.733.379) | (81.088.230) |
| | **(506.715.317)** | **(478.721.383)** |

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

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

| | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Marketing, selling, and distributing expenses (-) | (38.535.596) | (37.684.304) |
| General administrative expenses (-) | (38.173.524) | (36.670.234) |
| Research and development expenses (-) | (1.794.120) | (1.655.060) |
| | **(78.503.240)** | **(76.009.598)** |

## 30. Expenses by Nature

| | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Direct materials | (2.020.092) | (2.385.077) |
| Personnel expenses | (28.060.641) | (24.593.006) |
| Miscellaneous expenses | (25.448.137) | (20.984.984) |
| Services rendered by third parties | (18.370.370) | (22.352.574) |
| Duties, taxes and levies | (1.408.593) | (1.988.340) |
| Depreciation and amortisation expenses | (3.195.407) | (3.705.617) |
| | **(78.503.240)** | **(76.009.598)** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

## 31. Other Operating Income/(Expenses)

| Other Operating Income | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Service income | 4.792.062 | 3.228.014 |
| Price differences | 1.481.065 | - |
| Profit on sale of property, plant and equipment | 582.586 | 562.474 |
| Other ordinary income and profits | 5.806.894 | 4.046.629 |
| | **12.662.607** | **7.837.117** |

| Other Operating Expenses and Losses | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Commission expenses | (8.222) | (4.957) |
| Cancellation of order | (1.039.482) | - |
| Other expense and losses | (1.642.631) | (1.625.490) |
| | **(2.690.335)** | **(1.630.447)** |

## 32. Finance Income

| | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Dividend income | 16.300 | 121 |
| Marketable securities sales profit | 564 | - |
| Interest income | 5.066.898 | 10.523.653 |
| Foreign exchange gains | 37.584.693 | 19.980.625 |
| Foreign exchange gains from bank borrowings | 1.206.543 | 699.426 |
| Discount income | 4.854 | 3.987 |
| | **43.879.852** | **31.207.812** |

## 33. Finance Expenses

| | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Interest expense | (10.371.116) | (18.845.069) |
| Foreign exchange losses on bank borrowings | (254.271) | - |
| Discount expenses | (3.144) | (399.728) |
| Foreign exchange losses | (35.177.068) | (23.600.020) |
| | **(45.805.599)** | **(42.844.817)** |

## 34. Assets Held for Sale and Discontinued Operations

None.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

## 35. Tax Assets and Liabilities

Tax provision as of 31 December and 31 December 2009 are as follows:

| Current year tax liability: | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Current corporate tax liability | 22.480.762 | 21.195.256 |
| Less: Advance taxes | (15.423.274) | (16.246.301) |
| **Tax provision in the balance sheet** | **7.057.488** | **4.948.955** |

| | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Current corporate tax liability | (22.480.762) | (21.195.256) |
| Deferred tax benefit | 1.542.940 | 2.773.771 |
| **Taxation in the statement of income** | **(20.937.822)** | **(18.421.485)** |

**Corporate Tax**
The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the six months period.

Şişecam Soda Lukavac d.o.o the subsidiary of the Group located in Bosnia Herzegovina is exempt from taxation due to the tax regulations of Bosnia Herzegovina as total export amount of Şişecam Soda Lukavac d.o.o exceeds 30% of its total sales.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2010 is 20% (31 December 2009: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2010 is 20% (31 December 2009: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 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. The rate of income withholding tax was 10% starting from 24 April 2003. This rate was changed to 15% by Article 15 in the Code numbered 5520 commencing from 22 June 2006. However, until the resolution of council of ministers, it was used as 10%. After the resolution declared in the Official Gazette on 23 July 2006, this rate has been changed to 15% effective from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

**Deferred Tax**

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements prepared in compliance with IFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS financial statements and statutory tax financial statements and are set out below.

Deferred tax assets and liabilities are calculated at 20% (31 December 2009: 20%).

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

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

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Deferred tax assets | (31) | (929) |
| Deferred tax liabilities | 18.852.329 | 19.539.618 |
| **Deferred tax liabilities (net)** | **18.852.298** | **19.538.689** |

| **Deferred tax (assets) / liabilities** | **31 December 2010** | **31 December 2009** |
|---|---|---|
| Restatement and depreciation / amortization differences of property, plant and equipment | 21.355.312 | 22.948.308 |
| Retirement pay provisions | (3.719.923) | (3.581.352) |
| Restatements of inventories | (647.488) | (42.113) |
| Impairment of available for sale financial asset | 702.510 | (154.039) |
| Deferred revenue | (805.784) | (540.681) |
| Foreign subsidiary dividend witholding provision | 570.410 | 197.005 |
| Losses from previous years | (5.546.591) | (4.412.570) |
| Other | (152.451) | (226.316) |
| **Deferred tax liabilities** | **11.755.995** | **14.188.242** |
| Provision for deferred tax asset (*) | 7.096.303 | 5.350.447 |
| **Deferred tax liability as of balance sheet date** | **18.852.298** | **19.538.689** |

(*)The Group's associate Asmaş only accounted the portion of carry forward tax loss which nets off its deferred tax liability.

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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The Group's subsidiary Asmaş has TL 27,732,953 carry forward tax loss as of balance sheet date (31 December 2009: TL 22,062,852). Maturity of carry forward tax loss is as follows:

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| 2012 | 4.967.555 | 4.967.555 |
| 2013 | 13.654.177 | 13.654.177 |
| 2014 | 3.441.120 | 3.441.120 |
| 2015 | 5.670.101 | - |
| | **27.732.953** | **22.062.852** |

| **Movement of deferred tax liabilities** | **2010** | **2009** |
|---|---|---|
| Opening balance, 1 January | 19.538.689 | 22.312.460 |
| Deferred Tax accounted for under the equity method | 856.549 | - |
| Deferred tax income | (1.542.940) | (2.773.771) |
| **Closing balance, 31 December** | **18.852.298** | **19.538.689** |

| **Reconciliation of taxation** | **1 January-31 December 2010** | **1 January-31 December 2009** |
|---|---|---|
| Profit before taxation and minority interest | 87.626.321 | 61.699.666 |
| Effective tax rate | 20% | 20% |
| **Expected taxation** | **(17.525.264)** | **(12.339.933)** |
| | | |
| **Tax effects of** | | |
| - Non-deductible expenses | (130.958) | (284.575) |
| - Dividends and other non-taxable income(*) | 124.019 | 192.025 |
| - Previous period's losses exempt from tax | (1.134.021) | (688.224) |
| - Tax exemption (**) | (2.854.253) | (2.982.177) |
| - Effects of foreign subsidiaries subject to different tax rates | 96.929 | 431.627 |
| - Effect of investments accounted for under the equity method | (227.091) | (1.172) |
| - Other | 712.817 | (2.749.056) |
| **Taxation in the statement of income** | **(20.937.822)** | **(18.421.485)** |

(*) Foreign dividend income is shown after it is netted off.
(**)Şişecam Soda Lukavac d.o.o the subsidiary of the Group located in Bosnia Herzegovina is exempt from taxation due to the tax regulations of Bosnia Herzegovina as total export amount of Şişecam Soda Lukavac d.o.o exceeds 30% of its total sales.

## 36. Earnings Per Share

| **Earnings per share** | **1 January-31 December 2010** | **1 January-31 December 2009** |
|---|---|---|
| Average number of shares in circulation during the period | 25.410.000.000 | 25.410.000.000 |
| Net profit for the period attributable to equity holders of the parent | 69.474.703 | 46.086.928 |
| Earning per 1 TL nominal share from continued operations | 0,273 | 0,181 |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

## 37. Related Party Transactions

Details of balances and transactions between the Group and other related parties are disclosed below.

| Deposits at T. İş Bankası A.Ş. | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Demand deposit | 6.107.478 | 3.993.363 |
| Time deposit | 105.881.766 | 102.997.949 |
| | **111.989.244** | **106.991.312** |

| Loans received from related parties | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Bank borrowings from İş Bankası | 3.484.149 | 23.260.829 |
| Bank borrowings through Şişecam Dış Ticaret A.Ş. | 3.368.605 | 67.533.142 |
| Bank borrowings through T.Şişe ve Cam Fabr. A.Ş | 74.635.633 | 88.930.387 |
| | **81.488.387** | **179.724.358** |

| Trade receivables from related parties | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Şişecam Dış Ticaret A.Ş. | 76.553.304 | 68.457.353 |
| Trakya Glass Bulgaria EAD | 376.759 | 887.387 |
| Trakya Cam Yenişehir San. A.Ş. | 872.889 | 1.222.873 |
| Trakya Cam San. A.Ş. | 1.838.661 | 1.678.729 |
| T.Şişe ve Cam Fabrikaları A.Ş. | 33.818 | - |
| Anadolu Cam San. A.Ş. | 668.039 | 164.259 |
| Anadolu Cam Yenişehir San. A.Ş. | 506.365 | 206.167 |
| Paşabahçe Eskişehir Cam San.ve Tic. A.Ş. | 97.518 | - |
| Paşabahçe Cam San. ve Tic. A.Ş. | 367.574 | 446.267 |
| Camiş Madencilik A.Ş. | 15.213 | - |
| Oxyvit Kimya San. ve Tic. A.Ş. | 55.044 | 39.319 |
| Denizli Cam San. ve Tic. A.Ş. | 20.957 | 21.810 |
| Cam Elyaf San. A.Ş. | - | 4.026 |
| Cromital S.p.A. | - | 46.230 |
| Solvay Sodi AD | 849.623 | - |
| Sintan Kimya San. ve Tic.A.Ş. | 223.306 | 19.378 |
| Other | 5.555 | - |
| | **82.484.625** | **73.193.798** |

| Other receivables from related parties | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Trakya Cam San. A.Ş. | - | 338.627 |
| T.Şişe ve Cam Fabr. A.Ş. | - | 8.768.122 |
| Camiş Madencilik A.Ş. | 2.346.789 | 1.046.402 |
| Paşabahçe Mağazaları A.Ş. | 184.174 | 37.284 |
| Oxyvit Kimya San. ve Tic. A.Ş. | 788.451 | 194.805 |
| Anadolu Cam San. A.Ş. | - | 170.232 |
| Camser Madencilik A.Ş. | 1.535.830 | 955.283 |
| Camiş Elektrik Üretim A.Ş. | 8.140.330 | - |
| Anadolu Cam Yenişehir San. A.Ş. | 197.610 | 323.833 |
| Cam Elyaf San. A.Ş. | - | 341.216 |
| Sintan Kimya San. ve Tic. A.Ş. | 1.451.114 | 280.979 |
| Trakya Cam Yenişehir A.Ş. | 435.185 | 224.851 |
| | **15.079.483** | **12.681.634** |

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

| Trade payables to related parties | 31 December 2010 | 31 December 2009 |
|---|---|---|
| T. Şişe ve Cam Fabr. A.Ş. | 737.686 | 568.998 |
| Solvay Sodi AD | 2.614.570 | 4.005.527 |
| Trakya Cam San. A.Ş. | - | 100.670 |
| Paşabahçe Cam San. ve Tic. A.Ş. | - | 6.111 |
| Şişecam Dış Ticaret A.Ş. | - | 4.292.924 |
| Camiş Menkul Değerler A.Ş. | 88 | - |
| İş Merkezleri Yönetim ve İletişim A.Ş. | 3.693 | 2.657 |
| Camiş Madencilik A.Ş. | 19.651 | - |
| Camiş Elektrik Üretim A.Ş. | 13.207.542 | 11.908.386 |
| Camiş Ambalaj San. A.Ş. | 29.125 | 23.752 |
| | **16.612.355** | **20.909.025** |

| Non-trade payables to related parties | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Şişecam Sigorta Aracılık Hizmetleri A.Ş. | 173.740 | 280.074 |
| Camiş Elektrik Üretim A.Ş. | - | 14.810.306 |
| Anadolu Cam San. A.Ş. | 1.040.027 | - |
| Denizli Cam Sanayi A.Ş. | 93.521 | 8.307 |
| Trakya Cam San. A.Ş. | 1.473.096 | - |
| Paşabahçe Mağazaları A.Ş. | 853.202 | - |
| Paşabahçe Cam San. ve Tic. A.Ş. | - | 833.068 |
| Paşabahçe Eskişehir Cam San. ve Tic. A.Ş. | 1.082.298 | 643.993 |
| Cam Elyaf San.A.Ş. | 434.775 | - |
| Çayırova Cam San. A.Ş. | 969.236 | 298.380 |
| Camiş Ambalaj San. A.Ş. | 2.588 | 27.808 |
| T.Şişe ve Cam Fabr. A.Ş. | 20.108.599 | - |
| Şişecam Dış Ticaret A.Ş. | 3.857.463 | 2.591.162 |
| Other | 7.716 | 7.772 |
| | **30.096.261** | **19.500.870** |

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

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

| Sales to related parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Trakya Cam San. A. Ş. | 35.228.373 | 36.520.482 |
| Paşabahçe Cam San. ve Tic. A. Ş. | 8.490.881 | 9.634.232 |
| Paşabahçe Eskişehir Cam San. ve Tic. A.Ş. | 6.305.768 | 7.130.941 |
| Denizli Cam San. ve Tic. A. Ş. | 397.110 | 191.441 |
| Camiş Ambalaj San. A.Ş. | - | 28 |
| Sintan Kimya San.Tic.A.Ş. | 562.278 | 77.398 |
| Cam Elyaf San. A. Ş. | 186.117 | 473.899 |
| Anadolu Cam San. A. Ş. | 17.442.834 | 18.804.419 |
| Trakya Cam Yenişehir A. Ş. | 26.906.350 | 31.145.579 |
| Anadolu Cam Yenişehir A. Ş. | 14.783.714 | 12.828.707 |
| Şişecam Dış Ticaret A. Ş. | 358.096.365 | 289.353.493 |
| Trakya Glass Bulgaria EAD | 16.230.791 | 18.358.225 |
| Oxyvit Kimya San. ve Tic. A. Ş. | 1.039.718 | 761.708 |
| | **485.670.299** | **425.280.552** |

| Purchases from related parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Oxyvit Kimya San. ve Tic.A.Ş. | 463.208 | 336.956 |
| Camiş Madencilik A. Ş. | 830 | 1.074 |
| Camiş Elektrik Üretim A. Ş. | 121.568.866 | 126.198.101 |
| Solvay Sodi AD | 72.803.369 | 69.401.678 |
| | **194.836.273** | **195.937.809** |

| Finance income from related parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Trakya Cam San. A. Ş. | 90.481 | 25.401 |
| Trakya Cam Yenişehir A. Ş. | 15.624 | 2.746 |
| Anadolu Cam San. A. Ş. | 64.541 | 40.231 |
| Anadolu Cam Yenişehir A. Ş. | 66.071 | 20.746 |
| T.Şişe ve Cam Fabr. A.Ş. | 107.152 | 7.152.333 |
| Paşabahçe Cam San. ve Tic. A. Ş. | 4.208 | 2.530 |
| Sintan Kimya San.Tic.A.Ş. | 34.666 | - |
| Oxyvit Kimya San. ve Tic.A.Ş. | 49.105 | 603 |
| Şişecam Dış Ticaret A. Ş. | - | 75.493 |
| Cam Elyaf San. A. Ş. | 28.906 | 15.902 |
| Camiş Madencilik A. Ş. | 56.550 | 66.617 |
| Camiş Elektrik Üretim A. Ş. | 110.239 | 163.615 |
| Cam-Ser Madencilik A.Ş. | 104.619 | 79.625 |
| T.İş Bankası A. Ş. | 3.095.638 | 1.410.727 |
| İşbank Gmbh | 134.986 | 217.220 |
| Other | 10.673 | 221 |
| | **3.973.459** | **9.274.010** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
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(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

| Finance expense to Related Parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Şişecam Dış Ticaret A. Ş. | 137.009 | 242.409 |
| Camiş Ambalaj Sanayi A.Ş. | 5.502 | - |
| Oxyvit Kimya San. ve Tic. A. Ş. | - | 5.991 |
| Anadolu Cam San. A. Ş. | 6.764 | 3.043 |
| Çayırova Cam San. A. Ş. | 52.863 | 14.494 |
| Paşabahçe Cam San. ve Tic. A. Ş. | 124.850 | 48.826 |
| T.İş Bankası A. Ş. | 1.202.474 | 834.345 |
| İşbank Gmbh | 793.239 | 1.306.327 |
| T.Şişe ve Cam Fabr. A. Ş. | 2.603.911 | 3.246 |
| Paşabahçe Eskişehir Cam San. ve Tic. A.Ş. | 48.383 | 17.647 |
| Camiş Elektrik Üretim A.Ş. | 594.060 | 558.414 |
| Trakya Cam San.A.Ş. | 19.420 | 19.569 |
| Other | 10.735 | 71.631 |
| | **5.599.210** | **3.125.942** |

| Dividend Income from Related Parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Camiş Elektrik Üretim A. Ş. | 15.937 | - |
| İş Merk.Yön ve İşlt. A. Ş. | 363 | 121 |
| | **16.300** | **121** |

| Commision expense to related parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| T.Şişe ve Cam Fabr. A. Ş. | 251.201 | 247.217 |
| Şişecam Dış Ticaret A. Ş. | 1.806.307 | 1.488.711 |
| | **2.057.508** | **1.735.928** |

| Service expense to related parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| T.Şişe ve Cam Fabr. A. Ş. | **5.701.575** | **5.179.092** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

| Other income from related parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Cam Elyaf San. A. Ş. | 915.554 | 1.023.450 |
| Camiş Madencilik A. Ş. | 1.813.238 | 1.885.956 |
| Camser Madencilik A. Ş. | 332.917 | 320.130 |
| Paşabahçe Cam San. ve Tic. A. Ş. | 566.705 | 556.837 |
| T.Şişe ve Cam Fabr. A. Ş. | 142.470 | 125.489 |
| Trakya Cam San. A. Ş. | 1.730.747 | 2.664.797 |
| Trakya Cam Yenişehir A. Ş. | 194.246 | 190.949 |
| Anadolu Cam Yenişehir A. Ş. | 2.021.477 | 1.535.805 |
| Camiş Elektrik Üretim A. Ş. | 5.320.879 | 4.618.734 |
| Anadolu Cam San. A. Ş. | 1.848.406 | 1.817.247 |
| Oxyvit Kimya San. Ve Tic. A. Ş. | 654.236 | 590.736 |
| Sintan Kimya San.ve Tic. A. Ş. | 114.769 | 203.697 |
| Solvay Sodi AD | 2.490.046 | - |
| Other | 2.724 | 22.471 |
| | **18.148.414** | **15.556.298** |

| Other expense to related parties | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| T.İş Bankası A. Ş. | 501.030 | 349.397 |
| Cam Elyaf San. A. Ş. | 26.285 | 18.482 |
| İş Merkezleri Yön. ve İşl. A. Ş. | 468.592 | 462.530 |
| Camiş Ambalaj San.A.Ş. | 262.463 | 170.515 |
| Paşabahçe Mağazaları A.Ş. | 28.599 | 25.840 |
| Şişecam Shanghai Trading Co.Ltd. | 902.511 | 871.367 |
| T.Şişe ve Cam Fabrikaları A.Ş. | 448.458 | 386.910 |
| Çayırova Cam San. A. Ş. | 468.415 | 547.176 |
| Anadolu Anonim Türk Sig. Şti. | 75.448 | 145.868 |
| Trakya Cam San. A. Ş. | - | 24.990 |
| Camiş Menkul Değerler A.Ş. | 15.413 | 13.500 |
| İş Gayrimenkul Yat.Ort.A.Ş. | 1.052.457 | 928.326 |
| Other | - | 59.273 |
| | **4.249.671** | **4.004.174** |

Compensation to key management is follows:

| Compensation to key management | 1 January-31 December 2010 | 1 January-31 December 2009 |
|---|---|---|
| Equity holders of the parent | 1.822.816 | 1.597.296 |
| Other companies subject to consolidation | 602.570 | 473.634 |
| | **2.425.386** | **2.070.930** |

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

## 38. Nature and Level of Risks Derived from Financial Instruments

### a) Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Note 8 and 10, cash and cash equivalents disclosed in Note 6 and equity comprising issued capital, reserves and retained earnings as disclosed in Note 27.

The management of the Group considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is the calculated as net debt divided by the total equity amount. Net debt is calculated as total liability amount (comprises of financial liabilities and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 31 December 2010 and 31 December 2009, the Group's net debt / total equity ratios are as follows:

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Total liabilities | 329.346.274 | 372.360.772 |
| Less: Cash and cash equivalents | 139.446.225 | 129.523.480 |
| **Net debt** | **189.900.049** | **242.837.292** |
| Total equity | 615.423.055 | 540.997.080 |
| **Net debt / total equity ratio** | **31%** | **45%** |

### (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.

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

(b.1) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates 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.

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

**Credit risks exposed through types of financial instruments**

| | Receivables | | | | | |
|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | |
| **31 December 2010** | Related Parties | Third Parties | Related Parties | Third Parties | Bankalardaki Deposits | Other |
| Maximum credit risk exposed as of balance sheet date (*) | 82.484.625 | 28.263.662 | 15.079.483 | 2.402.523 | 139.416.825 | - |
| - The part of maximum risk under guarantee with collaterals, etc. | (48.974.276) | (6.812.196) | - | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired | 75.022.206 | 24.502.474 | 15.079.483 | 2.402.523 | 139.416.825 | - |
| - The part under guarantee with collaterals, etc. | (45.010.859) | (5.471.402) | - | - | - | - |
| B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired | - | - | - | - | - | - |
| C. Carrying value of financial assets that are past due but not impaired | 7.462.419 | 3.761.188 | - | - | - | - |
| - The part under guarantee with collaterals, etc. | (3.963.417) | (1.340.794) | - | - | - | - |
| D. Net book value of impaired assets | - | - | - | - | - | - |
| - Past due (gross carrying amount) | - | 1.110.221 | - | 193.014 | - | - |
| - Impairment (-) | - | (1.110.221) | - | (193.014) | - | - |
| - The part under guarantee with collaterals, etc. | - | - | - | - | - | - |
| - Not past due (gross carrying amount) | - | - | - | - | - | - |
| - Impairment (-) | - | - | - | - | - | - |
| - The part under guarantee with collaterals, etc. | - | - | - | - | - | - |
| E. Off-balance sheet items with credit risk | - | - | - | - | - | - |

(*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation

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

**Credit risks exposed through types of financial instruments:**

| | Receivables | | | | | |
|---|---|---|---|---|---|---|
| | Trade Receivables | | Other Receivables | | | |
| **31 December 2009** | Related Parties | Third Parties | Related Parties | Third Parties | Bankalardaki Deposits | Other |
| Maximum credit risk exposed as of balance sheet date (*) | 73.193.798 | 31.827.319 | 12.681.634 | 1.572.322 | 129.463.862 | - |
| - The part of maximum risk under guarantee with collaterals, etc. | (41.537.977) | (8.312.043) | - | - | - | - |
| A. Net book value of financial assets that are neither past due nor impaired | 55.061.797 | 25.953.598 | 12.681.634 | 1.572.322 | 129.463.862 | - |
| - The part under guarantee with collaterals, etc. | (29.840.173) | (5.728.051) | | | | |
| B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired | - | - | - | - | - | - |
| C. Carrying value of financial assets that are past due but not impaired | 18.132.001 | 5.873.721 | - | - | - | - |
| - The part under guarantee with collaterals, etc. | (11.697.804) | (2.583.992) | - | - | - | - |
| D. Net book value of impaired assets | - | - | - | - | - | - |
| - Past due (gross carrying amount) | - | 1.150.793 | - | - | - | - |
| - Impairment (-) | - | (1.150.793) | - | - | - | - |
| - The part under guarantee with collaterals, etc. | - | - | - | - | - | - |
| - Not past due (gross carrying amount) | - | - | - | - | - | - |
| - Impairment (-) | - | - | - | - | - | - |
| - The part under guarantee with collaterals, etc. | - | - | - | - | - | - |
| E. Off-balance sheet items with credit risk | - | - | - | - | - | - |

(*) Factors that increase the credit reliability, such as; guarantees received, are not considered in the calculation.

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

Total of trade receivables not due as of 31 December 2010 is TL 99,524,680 (31 December 2009: TL 81,015,395).

Guarantees received from the customers by the Group are as follows:

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Guarantee letter | 6.571.365 | 7.907.362 |
| Cash | - | 204.681 |
| Mortgages | 240.831 | 200.000 |
| | **6.812.196** | **8.312.043** |

As of 31 December 2010, trade receivables amounting to TL 11,223,607 which is past due was not considered as impaired and no provision has been booked (31 December 2009: TL 24,005,722). The Group does not anticipate collection risk for the trade receivables considering the dynamics and circumstances of the industry in which it operates. The current status of overdue trade receivables is a result of the characteristics of the industry and is similar to the prior period status.

As of 31 December 2010, trade receivables amounting to TL 1,110,221 (31 December 2009: TL 1,150,793) was considered as doubtful receivable, all of the balance (31 December 2009: TL 1,150,793) as doubtful receivable provision for the receivable. The provisions on doubtful receivables have been estimated based on the experience from previous years considering the collection issues associated with these receivables. The group manages its credit risk by reducing the average counterparty limits and obtaining collaterals if needed. Credit risk is mostly related to trade receivables. The Group manages its credit risk for dealers by capping dealers' limit with the collaterals received. The utilization of credit limits is continuously monitored; and the customers' credit quality is monitored by evaluating customers' financial position, the experience from previous years and other factors. Trade receivables are evaluated by considering the Group policies and procedures and are presented on the balance sheet net of the doubtful receivable provision.

Trade receivables that past due but not impaired are as stated below:

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Overdue up to one month | 7.498.682 | 13.206.639 |
| Overdue for 1-3 months | 2.044.266 | 9.711.512 |
| Overdue for 3-12 months | 1.680.659 | 1.067.959 |
| Overdue for 1-5 years | - | 19.612 |
| Total overdue receivables | 11.223.607 | 24.005.722 |
| The part under guarantee with collateral etc. | (5.304.211) | (14.281.796) |

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

As of balance sheet date collaterals for the trade receivables that past due but not impaired are as stated below:

| | 31 December 2010 | 31 December 2009 |
|---|---|---|
| Guarantee letter | 1.301.669 | 2.583.992 |
| Mortgages | 39.125 | - |
| Commercial letter of credit | 274.647 | 3.984.110 |
| Eximbank export insurance | 3.688.770 | 7.713.694 |
| | **5.304.211** | **14.281.796** |

(b.2) Liquidity risk management

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

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

The following table details the Group's expected maturity for its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the balance sheet.

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

| 31 December 2010<br>Maturities in accordance with contracts | Carrying value | Total cash outflows in accordance with contracts( I+II+III+IV) | Not Due (I) | Less than 3 months (II) | 3-12 months (III) | 1-5 years (IV) | More than 5 years (V) |
|---|---|---|---|---|---|---|---|
| **Non derivative financial liabilities** | | | | | | | |
| Bank borrowings | 180.893.639 | 197.318.645 | - | 27.883.153 | 35.036.350 | 112.423.044 | 21.976.098 |
| Trade payables | 31.447.320 | 31.576.939 | - | 31.564.708 | 12.231 | - | - |
| Due to related parties (Note 37) | 46.708.616 | 46.708.616 | - | 46.708.616 | - | - | - |
| Other payables | 4.976.917 | 4.976.917 | - | 1.338.018 | 3.638.899 | - | - |
| Total liabilities | **264.026.492** | **280.581.117** | **-** | **107.494.495** | **38.687.480** | **112.423.044** | **21.976.098** |

| 31 December 2009<br>Maturities in accordance with contracts | Carrying value | Total cash outflows in accordance with contracts( I+II+III+IV) | Not Due (I) | Less than 3 months (II) | 3-12 months (III) | 1-5 years (IV) | More than 5 years (V) |
|---|---|---|---|---|---|---|---|
| **Non derivative financial liabilities** | | | | | | | |
| Bank borrowings | 242.619.337 | 260.460.321 | 704.016 | 49.844.768 | 84.814.671 | 115.661.504 | 9.435.362 |
| Trade payables | 24.452.578 | 24.611.235 | - | 24.611.235 | - | - | - |
| Due to related parties (Note 37) | 40.409.895 | 40.409.895 | - | 40.409.895 | - | - | - |
| Other payables | 2.159.162 | 2.159.162 | - | 2.159.162 | - | - | - |
| Total liabilities | **309.640.972** | **327.640.613** | **704.016** | **117.025.060** | **84.814.671** | **115.661.504** | **9.435.362** |

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

(b.3) Market risk management

The Group faces financial risks relating to fluctuations in the exchange and interest rates due to its activities. Market risks of the Group are measured on the basis of sensitivity analyses. There has been no change in the market risk the Group faces or method of handling the risks met or method of measuring such risks, compared to the previous year.

(b.3.1) Foreign currency risk management

Certain transactions denominated in foreign currencies results in foreign currency. The breakdown of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

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

| | 31 December 2010 | | | |
|---|---|---|---|---|
| | TL Equivalent | US Dollar | Euro | Other |
| 1. Trade receivables | 81.686.523 | 34.012.540 | 13.857.268 | 708.208 |
| 2a. Monetary financial assets(cash and banks account included) | 135.110.936 | 82.033.777 | 4.036.689 | 15.137 |
| 2b. Non monetary financial assets | - | - | - | - |
| 3. Other receivables | 94.240 | 48.730 | 9.225 | - |
| 4. Current assets(1+2+3) | 216.891.699 | 116.095.047 | 17.903.182 | 723.345 |
| 5. Trade receivables | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - |
| 6b. Non monetary financial assets | - | - | - | - |
| 7. Other receivables | - | - | - | - |
| 8. Non current assets (5+6+7) | - | - | - | - |
| 9. Total assets (4+8) | 216.891.699 | 116.095.047 | 17.903.182 | 723.345 |
| 10. Trade payables | 4.837.943 | 1.138.026 | 1.495.530 | 14.064 |
| 11. Financial liabilities | 29.981.649 | 15.311.599 | 3.079.360 | - |
| 12a. Other monetary liabilities | 2.512.608 | 773.047 | 642.954 | - |
| 12b. Other non monetary liabilities | - | - | - | - |
| 13. Short term liabilities (10+11+12) | 37.332.200 | 17.222.672 | 5.217.844 | 14.064 |
| 14. Trade payables | - | - | - | - |
| 15. Financial liabilities | 46.477.904 | 24.452.381 | 4.233.333 | - |
| 16a. Other monetary liabilities | - | - | - | - |
| 16b. Other non monetary liabilities | - | - | - | - |
| 17. Long term liabilities (14+15+16) | 46.477.904 | 24.452.381 | 4.233.333 | - |
| 18. Total liabilities (13+17) | 83.810.104 | 41.675.053 | 9.451.177 | 14.064 |
| 19. Net assets /(liability)position of off balance sheet derivative items (19a-19b) | - | - | - | - |
| 19a. Total amount of assets hedged | - | - | - | - |
| 19b. Total amount of liabilities hedged | - | - | - | - |
| 20. Net foreign assets / (liability) position(9-18+19) | 133.081.595 | 74.419.994 | 8.452.005 | 709.281 |
| 21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a) | 132.987.355 | 74.371.264 | 8.442.780 | 709.281 |
| 22. Fair value of derivative instruments used in foreign currency hedge | - | - | - | - |
| 23. Foreign currency hedged assets | - | - | - | - |
| 24. Foreign currency hedged liabilities | - | - | - | - |
| 25. Export | 430.836.120 | 153.285.440 | 98.615.257 | 4.951.773 |
| 26. Import | 141.613.857 | 38.412.401 | 42.066.918 | 379.120 |

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

| | 31 December 2009 | | | |
|---|---|---|---|---|
| | TL Equivalent | US Dollar | Euro | Other |
| 1. Trade receivables | 72.010.047 | 33.321.651 | 10.108.613 | - |
| 2a. Monetary financial assets(cash and banks account included) | 126.481.824 | 61.178.552 | 15.870.984 | 79.192 |
| 2b. Non monetary financial assets | - | - | - | - |
| 3. Other receivables | 772.588 | 48.730 | 1.900 | 695.111 |
| 4. Current assets(1+2+3) | 199.264.459 | 94.548.933 | 25.981.497 | 774.303 |
| 5. Trade receivables | - | - | - | - |
| 6a. Monetary financial assets | - | - | - | - |
| 6b. Non monetary financial assets | - | - | - | - |
| 7. Other receivables | 873 | 580 | - | - |
| 8. Non current assets (5+6+7) | 873 | 580 | - | - |
| 9. Total assets (4+8) | 199.265.332 | 94.549.513 | 25.981.497 | 774.303 |
| 10. Trade payables | 4.592.819 | 1.588.643 | 981.673 | 80.091 |
| 11. Financial liabilities | 43.741.912 | 8.075.839 | 14.619.322 | - |
| 12a. Other monetary liabilities | 574.202 | 187.977 | 134.780 | - |
| 12b. Other non monetary liabilities | - | - | - | - |
| 13. Short term liabilities (10+11+12) | 48.908.933 | 9.852.459 | 15.735.775 | 80.091 |
| 14. Trade payables | - | - | - | - |
| 15. Financial liabilities | 73.230.212 | 39.514.429 | 6.357.143 | - |
| 16a. Other monetary liabilities | - | - | - | - |
| 16b. Other non monetary liabilities | - | - | - | - |
| 17. Long term liabilities (14+15+16) | 73.230.212 | 39.514.429 | 6.357.143 | - |
| 18. Total liabilities (13+17) | 122.139.145 | 49.366.888 | 22.092.918 | 80.091 |
| 19. Net assets /(liability)position of off balance sheet derivative items (19a-19b) | - | - | - | - |
| 19a. Total amount of assets hedged | - | - | - | - |
| 19b. Total amount of liabilities hedged | - | - | - | - |
| 20. Net foreign assets / (liability) position(9-18+19) | 77.126.187 | 45.182.625 | 3.888.579 | 694.212 |
| 21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a) | 76.352.726 | 45.133.315 | 3.886.679 | (899) |
| 22. Fair value of derivative instruments used in foreign currency hedge | - | - | - | - |
| 23. Foreign currency hedged assets | - | - | - | - |
| 24. Foreign currency hedged liabilities | - | - | - | - |
| 25. Export | 364.918.054 | 114.158.223 | 85.324.375 | 4.949.165 |
| 26. Import | 110.050.427 | 19.110.878 | 37.430.694 | 4.997 |

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

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

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of the balance sheet date 31 December 2010: USD Dollar 1 = TL 1.5460 and Euro 1 = TL 2.0491 (31 December 2009: USD Dollar 1 = TL 1.5057 and Euro 1 = TL 2.1603).

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

Foreign currency sensitivity

| | **31 December 2010** | | | |
|---|---|---|---|---|
| | **Profit / Loss** | | **Equity** | |
| | **Foreign currency appreciation** | **Foreign currency devaluation** | **Foreign currency appreciation** | **Foreign currency devaluation** |
| | Change of US Dollar against TL by 10% | | | |
| 1 - US Dollars net assets / liabilities | 11.505.331 | (11.505.331) | - | - |
| 2 - US Dollars hedged from risks (-) | - | - | - | - |
| **3 - US Dollars net effect (1 + 2)** | **11.505.331** | **(11.505.331)** | **-** | **-** |
| | Change of Euro against TL by 10% | | | |
| 4 - Euro net assets / liabilities | 1.731.900 | (1.731.900) | 12.028.306 | (12.028.306) |
| 5 - Euro hedged from risks (-) | - | - | - | - |
| **6 - Euro net effect (4 + 5)** | **1.731.900** | **(1.731.900)** | **12.028.306** | **(12.028.306)** |
| | Change of other currencies against TL by 10% | | | |
| 7 - Other currencies net assets / liabilities | 70.928 | (70.928) | - | - |
| 8 - Other currencies hedged from risks (-) | - | - | - | - |
| **9 - Other currencies net effect (7 + 8)** | **70.928** | **(70.928)** | **-** | **-** |
| **Total (3 + 6 + 9)** | **13.308.159** | **(13.308.159)** | **12.028.306** | **(12.028.306)** |

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

| | 31 December 2009 | | | |
|---|---|---|---|---|
| | Profit / Loss | | Equity | |
| | Foreign currency appreciation | Foreign currency devaluation | Foreign currency appreciation | Foreign currency devaluation |
| Change of US Dollar against TL by 10% | | | | |
| 1 - US Dollars net assets / liabilities | 6.803.148 | (6.803.148) | - | - |
| 2 - US Dollars hedged from risks (-) | - | - | - | - |
| **3 - US Dollars net effect (1 + 2)** | **6.803.148** | **(6.803.148)** | **-** | **-** |
| Change of Euro against TL by 10% | | | | |
| 4 - Euro net assets / liabilities | 840.050 | (840.050) | 12.430.227 | (12.430.227) |
| 5 - Euro hedged from risks (-) | - | - | - | - |
| **6 - Euro net effect (4 + 5)** | **840.050** | **(840.050)** | **12.430.227** | **(12.430.227)** |
| Change of other currencies against TL by 10% | | | | |
| 7 - Other currencies net assets / liabilities | 69.421 | (69.421) | - | - |
| 8 - Other currencies hedged from risks (-) | - | - | - | - |
| **9 - Other currencies net effect (7 + 8)** | **69.421** | **(69.421)** | **-** | **-** |
| **Total (3 + 6 + 9)** | **7.712.619** | **(7.712.619)** | **12.430.227** | **(12.430.227)** |

(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 fixed rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the interest rates were increased / decreased by 1% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and minority interest would decrease / increase by TL 1,742,379 as of 31 December 2010 (31 December 2009: TL 2,400,010).

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

**Interest rate sensitivity**

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

| | 31 December 2010 | | | |
|---|---|---|---|---|
| **Financial Assets** | **Floating ınterest** | **Fixed Interest** | **Non-Interest Bearing** | **Total** |
| Cash and cash equivalents | - | 131.461.884 | 7.984.341 | 139.446.225 |
| Available for sale financial assets | - | - | 41.545.760 | 41.545.760 |
| Trade receivables | - | 110.748.287 | - | 110.748.287 |
| Other receivables | - | 17.482.006 | - | 17.482.006 |
| **Financial Liabilities** | | | | |
| Bank borrowings | 175.891.103 | 4.894.168 | 108.368 | 180.893.639 |
| Trade payables | - | 48.059.675 | - | 48.059.675 |
| Other payables | - | 35.073.178 | - | 35.073.178 |

| | 31 December 2009 | | | |
|---|---|---|---|---|
| **Financial Assets** | **Floating ınterest** | **Fixed Interest** | **Non-Interest Bearing** | **Total** |
| Cash and cash equivalents | - | 125.359.497 | 4.163.983 | 129.523.480 |
| Available for sale financial assets | - | - | 24.488.473 | 24.488.473 |
| Held to maturity financial assets | - | 3.777.534 | - | 3.777.534 |
| Trade receivables | - | 105.021.117 | - | 105.021.117 |
| Other receivables | - | 14.253.956 | - | 14.253.956 |
| **Financial Liabilities** | | | | |
| Bank borrowings | 194.682.895 | 47.232.426 | 704.016 | 242.619.337 |
| Trade payables | - | 45.361.603 | - | 45.361.603 |
| Other payables | - | 21.660.032 | - | 21.660.032 |

The Group is exposed to market price risk due to its equity share investments. Equity share investments are held for strategic purposes rather than trading purposes.

Equity price sensitivity

Sensitivity analysis presented below is determined based on the equity share price risks as of the reporting date.
As of the reporting date, if the equity share prices were increased / decreased by 10% with the assumption of keeping all other variables constant:

- As of 31 December 2010, if equity share investments classified as available for sale assets would not be disposed of or as long as not impaired, net profit/loss would not be affected,

- Increases/decrease in the other equity funds would amount to TL 2,038,527 (31 December 2009: increase/decrease amounts to TL 332,781). This change is caused by the fair value change of equity share investments classified as available for sale.

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

## SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
### Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010

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

## 39. Fair Value of Financial Instruments and Hedge Accounting

| 31 December 2010 | Held to maturity | Loans and receivables | Available for sale financial assets | Financial liabilities at amortized cost | Carrying value | Note |
|---|---|---|---|---|---|---|
| **Financial asset** | | | | | | |
| Cash and cash equivalents | - | 139.446.225 | - | - | 139.446.225 | 6 |
| Financial assets | - | - | 41.545.760 | - | 41.545.760 | 7 |
| Trade receivables | - | 110.748.287 | - | - | 110.748.287 | 10 |
| Other receivables | - | 17.482.006 | - | - | 17.482.006 | 11 |
| **Financial liabilities** | | | | | | |
| Financial liabilities | - | - | - | 180.893.639 | 180.893.639 | 8 |
| Trade payables | - | - | - | 48.059.675 | 48.059.675 | 10 |
| Other payables | - | - | - | 35.073.178 | 35.073.178 | 11 |

| 31 December 2009 | Held to maturity | Loans and receivables | Available for sale financial assets | Financial liabilities at amortized cost | Carrying value | Note |
|---|---|---|---|---|---|---|
| **Financial asset** | | | | | | |
| Cash and cash equivalents | - | 129.523.480 | - | - | 129.523.480 | 6 |
| Financial assets | 3.777.534 | - | 24.488.473 | - | 28.266.007 | 7 |
| Trade receivables | - | 105.021.117 | - | - | 105.021.117 | 10 |
| Other receivables | - | 14.253.956 | - | - | 14.253.956 | 11 |
| **Financial liabilities** | | | | | | |
| Financial liabilities | - | - | - | 242.619.337 | 242.619.337 | 8 |
| Trade payables | - | - | - | 45.361.603 | 45.361.603 | 10 |
| Other payables | - | - | - | 21.660.032 | 21.660.032 | 11 |

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

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**
**Notes to the Consolidated Financial Statements for the Year Ended 31 December 2010**

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

Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as follows:

- Level 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

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

| | | Financial assets at fair value as of reporting date | | |
|---|---|---|---|---|
| **Financial assets** | **31 December 2010** | **Level 1 TL** | **Level 2 TL** | **Level 3 TL** |
| Financial assets available for sale | 20.385.272 | 20.385.272 | - | - |
| **Total** | **20.385.272** | **20.385.272** | **-** | **-** |

| | | Financial assets at fair value as of reporting date | | |
|---|---|---|---|---|
| **Financial assets** | **31 December 2009** | **Level 1 TL** | **Level 2 TL** | **Level 3 TL** |
| Financial assets available for sale | 3.327.810 | 3.327.810 | - | - |
| **Total** | **3.327.810** | **3.327.810** | **-** | **-** |

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

## 40. Events after the Balance Sheet Date

The Group has fulfilled it's capital commitment by paying TL 42.470 on 19 January 2011 for the company named Dost Gaz Depolama A.Ş. which was established on 28 December 2010 to provide natural gas storage.

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

None.

# CORPORATE GOVERNANCE ADAPTATION REPORT

## 1. Adaptation Declaration to Corporate Governance Principles

This declaration renders the liabilities of Soda Sanayii Anonim Şirketi (Soda) on the subjects of organization of relations with the company share and stakeholders, determination of the duties, powers and responsibilities of the Board of Directors and the committee and executives who are working under the same, within the framework of the regulations, provisions and principles that are available in the Capital Markets Legislation, Articles of Association of the Company and Corporate Governance Principles of Capital Markets Board.

Soda, which was founded as a Şişecam Group and Türkiye İş Bankası Organization in 1969, is engaged in Soda Products and Chrome Chemicals Sectors. Soda presents heavy and light soda, refined sodium bicarbonate and self-produced sodium silicate products that are manufactured in its Soda Factory in Mersin and that are supplied from Solvay Sodi that was established in Bulgaria in 1997, and from Şişecam Soda Lukavac d.o.o., in which Soda has a share, that was established in Tuzla Canton, Bosnia-Herzegovina Federation in 2006 to the utilization of several domestic and foreign industrial sectors, particularly glass, textile, detergent, chemistry, food and animal feed sectors.

Soda, which is among one of the few manufacturers of Chrome Chemicals in the world, presents sodium bichromate, basic chrome sulphate, chromic acid, sodium sulphur and sodium sulfhydrate products that are manufactured in its Kromsan Factory in Mersin and that are supplied from Cromital S.p.A. firm, in which Soda has a share, in Italy to the service of important domestic and foreign industrial sectors, such as leather, impregnated wood, chemicals and paper sectors.

Soda renders services to establish complete facility, to manufacture project technology and its equipments in iron-steel, cement energy and defence industry sectors, including soda sector via Asmaş Ağır Makine Sanayii A.Ş. that was founded in Izmir and that was added among the affiliates of Soda in 2008.

Soda is in top 9 among the biggest suppliers of the world and in top 4 in Europe in Soda sector, and it is listed among the top 3 manufacturers of the world in Chrome Chemicals sector. Because of its critical position, it has established its management mentality on the basis of equality, transparency, accountability and liability principles. Proofs of this management mentality may be observed explicitly from the size that Soda acquires today and it is also a proof of its strong management mentality that it is listed among the outstanding manufacturers of Europe and the World in its field with its specialisation and competitive power.

Soda gives great importance to continuity in efficiency increase and cost decrease and it realizes such objectives by supporting the same with modernization and R&D investments.

Soda, which has a high level of sensitivity on the issues of environment and personnel health, performs its activities in relation with these issues within the scope of Responsible Care System that is implemented on the basis of volunteering by the chemical sectors of developed countries.
Issues that brought Soda to its current position, such as modern management and industrialism principles, high institutionalization level, orientation on market and R&D, growth, efficiency increase, product and service quality constitute the basic foundations of stronger Soda of the future. Soda aims to strengthen its current position by adopting corporate governance principles.

In the activity period ended on 31.12.2010, our company has fully fulfilled its liabilities in relation with share and stakeholders on the issue of adaptation to corporate governance principles. “Investor Relations” section available at the web site of www.sodakrom.com that was established in order to enlarge the right to information of the shareholders was kept up-to-date, and investors continued to be informed, and infrastructure, information and training works continued in order to fulfill the requirements of risk management. Details of works that were performed within this scope are presented below in the relative sections of our report.

## SECTION I

## SHAREHOLDERS

### 2. Shareholder Relations Department

Within the framework of the provisions and regulations available in the Turkish Commercial Legislation, Capital Markets Legislation and Articles of Association of our Company; all of our obligations that are in the direction of facilitating the utilization of shareholding rights are fully fulfilled up to today by the departments within the body of our company in the direction of the perspective of Corporate Governance Principles of the Capital Markets Board.

Main activities that are performed within this scope during the year are as follows;

a) We met the verbal and written information requirements of our shareholders in relation with the company, except for the information related to our Company that are not disclosed to the public, and that are confidential and in the nature of business secret,
b) We performed the general assembly meeting according to the applicable legislation, articles of association and other intercorporate regulations,
c) We prepared documents that the shareholders may benefit during the general assembly meeting,
d) We kept a record of the election results, and we sent reports related with the results to the shareholders,
e) We considered and monitored all types of issues that are related with public disclosure, including legislation and company disclosure policy,
f) We kept the records related with the shareholders healthily, safely and up-to-date.

All of the applications that were made by our shareholders within the period were replied within the framework of applicable legislation, and we contacted the shareholders via notice by newspaper ads, letters, telephone and internet in accordance with the applicable legislation, articles of association and other intercorporate regulations.

Department officers, who are assigned to contact shareholders, are as follows;

| Name & Surname | Duty / Title | Telephone | E-mail |
|---|---|---|---|
| Cihan Sırmatel | Group Finance Manager | 0212 350 35 92 | csirmatel@sisecam.com |
| Ahmet Bayraktaroğlu | Finance Manager | 0212 350 36 40 | abayraktar@sisecam.com |
| Bala Zaimoğlu | Financial Resources Manager | 0212 350 35 94 | bzaimoglu@sisecam.com |

**3. Utilization of Shareholders' Right to Information**

In order to extend shareholders' right to information, all types of information are presented to the information and utilization of shareholders within the framework of applicable legislation via notices in newspapers that are published throughout Turkey, special occasion disclosures, internet site of our company. Also, contact information is communicated to the company shareholders via letter, telephone and electronic mail.

There was no written information requirement within the period, and information requirements that were communicated verbally or by telephone were focused on capital increases and profit distribution, and such requirements were responded by the company officers immediately. Also, "Investor Relations" section was established at the internet site of our company at www.sodakrom.com as from the second half of 2004 in order to extend shareholders' right to information, and this section was presented to the usage of shareholders as up-to-date.

Minority shareholders' right to require from the General Assembly to assign a special auditor is arranged by legal legislation. Shareholders, who hold minimum one tenth of the capital, may require from the general assembly to assign a special auditor in order to review the conditions that are stipulated by the law.

There is no regulation in the articles of association of our company in relation with the assignment of a special auditor, and no requirement was made within the period in relation with the assignment of a special auditor.

**4. General Assembly Information**

Ordinary general assembly meeting for 2009 was held within the period on April 22, 2010 with the quorum of 85, 01 %. Stakeholders and press members participated to the general assembly meeting.

Following were declared by the notices and declarations made in relation with the General Assembly Meetings;

– Agenda of the general assembly, meeting place, date, hour, voting by proxy form,

– Also, it was declared that the Management and Supervisory Board Reports and Independent External Audit Organization Reports, Balance Sheet, Income Sheet and offer of the Board regarding Distribution of Net Profit will be available at the Company Headquarters and internet site of the Company at www.sodakrom.com 15 days prior to the meeting date in order to be reviewed by the shareholders,

– It was declared that the shareholders, who will not be able to personally attend to the meeting, may obtain the copy of sample proxy form from Company Headquarters or internet site of the Company at www.sodakrom.com, and that they must submit their power of attorneys, whose signatures are notarized, after fulfilling the issues stipulated by the Communiqué of the Capital Markets Board with Serial No.: IV, No.: 8,

- It was declared that the shareholders, whose shares are saved in their investor accounts under Intermediary Firms before the Central Registry Agency and who are willing to attend to the general assembly meeting, must act within the framework of provisions that organize

  "General Assembly Blockage" procedures related with Works and Transaction Rules of Central Registry Agency available at the internet site of Central Registry Agency at http://www.mkk.com.tr/wps/wcm/connect/e684d01c-974a-4ae5-a7df-8a41440cb2b1/is+ve+bilisim+uygulama+ilke+ve+kurallar%C4%B1.pdf?MOD=AJPERES, and they must register themselves to the General Assembly Blockage List. It was also declared that the shareholders, who did not register themselves to the "Blockage List" under the care of Central Registry Agency, are prohibited to attend to the meeting legally,

- It was declared that, as it is determined in the General Letter No.: 294 of the Central Registry Agency, shareholding investors may not use their shareholding rights by attending to General Assemblies, unless they dematerialized their shares according to the Provisional Article No.: 6 of the Capital Markets Law. General Assembly participation applications of our shareholders who did not have their share certificates dematerialized can only be considered following the dematerialization of their shares. We notified our shareholders that our shareholders, who physically hold their shares, must apply to Camiş Menkul Değerler A.Ş., who performs the dematerialization procedures on behalf of our Company, in order to dematerialize their shares.

Shareholders used their rights to ask questions in the general assembly meeting and these questions were answered by the company authorities in the general assembly meeting. No motion was made by the shareholders in the general assembly meeting.

Important resolutions must be adopted by the general assembly, such as split-off, sell, purchase and leasing of property with critical amount. Also, no provision was put into the articles of association since it was never needed.

In order to increase participation to general assembly meetings, general assembly notices are published in the Turkish Trade Registry Gazette, in two newspapers that are published throughout Turkey and at the internet site of our Company at least 15 days prior to the date of general assembly, and hours of general assembly's are determined considering the factors, such as traffic, transportation and similar environmental factors, and it is cared to not to hold general assembly's at rush hours.

**5. Voting Rights and Minority Rights**

There is no concession on the voting rights of the shareholders of our Company, and there is no company among our partners, who is in reciprocal shareholding.

Each share gives one vote right according to our articles of association.

Our Shareholders may use their voting rights in person at the general assembly or by a third party, who holds a share or who does not hold a share.

Each real person shareholder may be represented by only one person in the general assembly. In case legal person shareholders are represented by more than one person, only one of them may vote. Vote certificate must show the person, who is authorized to vote.

Minority shares are not represented in the management. Cumulative voting system that is optional from the perspective of our company is not available in the articles of association.

**6. Profit Distribution Policy and Profit Distribution Period**

Profit distribution principles of our company are available in our articles of association, and our articles of association is published at our internet site, and submitted to the information of our shareholders.

A profit distribution policy was adopted within the scope of Corporate Governance Principles. Accordingly;

In the articles of association of our company, we adopted to distribute a primary dividend from the distributable profit in the ratio and amount that is determined by the Capital Markets Board.

Profit distribution offers that are submitted to the approval of our General Assembly by our Board are prepared within the scope of a profit distribution policy that considers the following;

a) Not to impair the sensitive balance between shareholders expectations and our Company's need for growth,
b) Profitability status of our Company.

We adopted a profit distribution policy that is based on the basis of offering our General Assembly to distribute the distributable profit that may be distributed by our Board at least in the ratio of minimum profit distribution rate that was determined by the Capital Markets Board in the form of bonus share and/or in cash.

There are no preferred shares on the subject of taking share from profit.

In our articles of association, there is not an implementation to distribute dividend to our Board Members and Employees via founder dividend share.

We take great care in realizing our dividend payments within their legal periods, and in case it is decided to distribute all of the dividends in cash within this scope, such procedure is completed until the end of $5^{th}$ month following the financial year, and in case it is decided to be distributed in the form of bonus share, such procedure must be completed until the end of $6^{th}$ month following financial year.

There is no regulation in our articles of association that stipulates distribution of profit share advance.

**7. Transfer of Shares**

There are no provisions in the articles of association of our company that limits transfer of shares.

**SECTION II**

**PUBLIC DISCLOSURE AND TRANSPARENCY**

**8. Company Policy on Disclosure of Information**

As a result of the communiqué of Capital Markets Board with Serial No.: VIII, No.: 54, titled "Communiqué Regarding Disclosure of Special Occasions to Public" that was published in the Official Gazette with No.: 27133, dated February 06, 2009, partnerships whose share are traded at the stock exchange are obliged to constitute a public disclosure policy, as well as to notify the public on the partnership via internet site of the company.

**"Disclosure Policy",** that was constituted within this scope and that was approved in the meeting No.: 13 of our Board dated 28.04.2009, was disclosed to the public in the "Investor Relations" section of the web site of our company at www.sodakrom.com.

Cihan Sırmatel Group Finance Manager, Bala Zaimoğlu Financial Resources Manager, Ahmet Bayraktaroğlu Finance Manager and Head Accountants Ayşe Arzu Beler and Gül Demirhan were authorized to establish the data communication and coordination with stock exchange.

**9. Disclosure of Special Occasions**

18 special occasion disclosure was made within the period within the scope of the communiqué of Capital Markets Board with Serial No.: VIII, No.: 54, titled "Communiqué Regarding Disclosure of Special Occasions to Public", and 2 supplementary disclosures were made in relation with these disclosures in the direction of the request of Istanbul Stock Exchange (IMKB). No sanctions were imposed in relation with these special occasion disclosures that were made within the scope of the aforementioned Communiqué.

**10. Internet Site of the Company and its Content**

In order to extend the share and stakeholders' right to information, "Investor Relations" section that includes the following content is available at the internet site of our company at www.sodakrom.com both in Turkish and English, and it is submitted in up-to-date condition to the usage of share and stakeholders.

- Corporate governance principles
- Annual activity reports,
- Interim financial statement and independent audit reports,
- Trade registry certificates,
- Partnership structure,

- Members of the Board and Supervisory Board,
- Agendas of general assemblies,
- Minutes of general assemblies,
- General assembly list of attendants,
- Voting by proxy form,
- Current form of the articles of association,
- Explanation note and public offer circulars,
- Special occasion disclosures,
- Information Policy,

**11. Disclosure of Real Person Ultimate Controlling Shareholder(s)**

Our company's partnership structure is as below, and there are no real person ultimate controlling shareholders among the shareholders of our company.

| Shareholders | Share Total (TL) | Share Ratio (%) |
|---|---|---|
| T. Şişe ve Cam Fabrikaları A.Ş. | 179.815.219,49 | 70,77 |
| Anadolu Cam Sanayii A.Ş. | 36.189.875,02 | 14,24 |
| Camiş Madencilik A.Ş. | 97.020,13 | 0,04 |
| Other | 37.997.885,36 | 14,95 |
| **Total** | **254.100.000,00** | **100,00** |

**12. Announcement of Persons who have Access to Intercorporate Information**

As a result of the communiqué of Capital Markets Board with Serial No.: VIII, No.: 54, titled "Communiqué Regarding Disclosure of Special Occasions to Public" that was published in the Official Gazette with No.: 27133, dated February 06, 2009, Companies or real or legal persons who act on account or for the Companies, are obliged to make a list of the persons, who are bounded by a labour contract or in any other form and who are able to access to the intercorporate information regularly, as well as to keep this list up-to-date within the body of company. In this context, we organized a **"List of persons who have Access to Intercorporate Information"** within the body of our company, valid from May 01, 2009. Also, listed persons are informed in written format in order to ensure that they accept the liabilities that are within the law and relative legislation in relation with these information that are acquired internally, and also, to ensure that they are informed about the impositions in relation with the misuse or inappropriate distribution of these information.

As of report date, there are 54 persons in total that are listed within the scope of Persons who have Access to Intercorporate Information, and the names and duties of the Board and Supervisory Board Members and senior executives of our company are specified below.

| Name & Surname | Duty / Title |
|---|---|
| Sabahattin Günceler | Chairman of the Board |
| Levent Korba | Vice-Chairman |
| Tahsin Burhan Ergene | Board Member |
| Aytaç Saniye Mutlugüller | Board Member |
| Candan Sevsevil Okay | Board Member |
| Gizep Sayın | Board Member |
| Zeynep Hansu Uçar | Board Member |
| Haşim Yeşilköy | Supervisory Board Member |
| Salim Zaimoğlu | Supervisory Board Member |
| Hidayet Özdemir | Vice-Chairman and General Manager of Production |
| Cihan Sırmatel | Group Finance Manager |
| Altuğ Rıfat Şener | Assistant General Manager of Production |
| Mehmet Gürbüz | Assistant General Manager of Energy and Technical Works |

## SECTION III

## STAKEHOLDERS

### 13. Informing Stakeholders

Within the framework of applicable legislation, important occasions and developments are submitted for the information of stakeholders via press, media, internet and special occasion disclosures. For example, important developments in collective bargaining negotiations are published at company web site, and also, communicated to the employees via e-mail.

### 14. Participation of Stakeholders to Management

No model is established on participation of stakeholders to management.

### 15. Human Resources Policy

Recruitment, working conditions, rating systems, wage management, monetary and social rights, performance assessment, career management and principles and rules for termination of labour contract are established within the scope of our company's human resources systems. Relations with the company employees are being fulfilled without any problems by the human resources department.

Company executives received no complaints on the issue of discrimination.

### 16. Information on Relation with Clients and Suppliers

Our company continues to be a value representing trust centre that generates value for its partners, employees, clients, suppliers and society within the framework of its stable values that are in the nature of primarily being "people oriented" and "trust centre". In this context, demands of our clients and consumers are met with sensibility and liability in the direction of ensuring customer satisfaction in marketing and sales of goods and services. Important events, developments and legal amendments that concern our clients and suppliers are shared with our clients and suppliers via fastest communication tools. Also, our Company has the following;

- TS-EN-ISO 9001 Quality Management System Certificate that documents production of products that are in the quality that is always promised to our clients, customer satisfaction, delivery guarantee,
- TS-EN-ISO 22000 Food Safety Management System Certificate that provides evidence of food safety according to the technical analysis and critical control points,
- FAMI-QS Feed Safety Management System Certificate related with good production implementations for animal feed materials,
- Q-S Food Type Bicarbonate-Dioxin Free Certificate for Food Type Refined Bicarbonate that is among our products,
- TS-EN-ISO 14000 Environment Management System Certificate in relation with Environment Management System,
- ISG-OHSAS-TS 18001 Occupational Safety Management System Certificate for Occupational Health and Safety Management System

### 17. Social Responsibility

As an institution which is aware of its responsibilities towards the laws and environmental values, our company believes in the need to leave a liveable world to the next generations. We consider this approach which we regard as one of the main factors of our strategic management, at every stage of our activities. Our aim is to perform the environment protection works that are continuing in our Company, within the perspective of environment management system, as well as to ensure that it is continuously improved by receiving the support of all of the employees.

In this context, our Company has executed the Responsible Care Program that is peculiar to the chemical industry, that is implemented in 47 countries of the world and that is based on volunteering.

Soda performs intense studies in order to fully meet the requirements of "Responsible Care" policy where it had undertaken to "Manage all of its operations in a way to guard the health and safety of environment and its employees, clients and immediate surroundings." One of the most important goals of our company is to make progress on activities related with Responsible Care Program, as well as to reinforce its image in public.

## SECTION IV

## BOARD OF DIRECTORS

### 18. Structure, Composition of the Board of Directors and Independent Members

Board of Directors is comprised of 7 members, whose names are determined below, within the framework of applicable legislation and provisions of the articles of association. Members of the Board are not in charge at the Executive Board, except for 2 members. There are no members in the Board that carry the independency criteria that are set forth in the Corporate Governance Principles of Capital Market Board.

| Name & Surname | Duty |
|---|---|
| Sabahattin Günceler | Chairman |
| Levent Korba | Vice-Chairman |
| Tahsin Burhan Ergene (*) | Member |
| Aytaç Saniye Mutlugüller (**) | Member |
| Candan Sevsevil Okay | Member |
| Gizep Sayın | Member |
| Zeynep Hansu Uçar (**) | Member |

(*) Member in charge at the Executive Board
(**) Members of the Supervisory Board

Since there was no situation in order to preserve or limit board members from taking charge(s) in external positions, no rules were stipulated in order to preserve or limit board members from taking charge(s) in external positions.

### 19. Qualifications of Board Members

As a principle, persons, who have high level of knowledge and experience, qualified persons with a certain amount of experience and history are nominated to the membership of the Board, and those who are sentenced because of attempting or compliciting in any of the crimes that are determined in the Article No.: 3.1.2, Section No.: IV, Corporate Governance Principles of Capital Market Board may not be nominated for membership to the Board. Following minimum requirements are also looked for in the nominees for membership to the Board; capability to read and analyse financial statements and reports, having basic knowledge on the legal regulations that our company is subjected to both during its daily and long term procedures and disposals, and having the opportunity and determination to participate in all of the meetings set forth by the board for the relative financial year.
However, principles regarding these are not available in the articles of association of the company.

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

Vision of our company is determined as; "to ensure full customer satisfaction by producing environment friendly, quality and cost effective products in the field of soda products and chrome chemicals, and to be in continuous improvement in the world markets and in our region".

Strategic goals are constituted in a way to cover following 5 years in "Strategic Plan" meetings that are held every year with the participation of Company Executives. Initial year of the strategic goals are submitted to the approval of Parent Company Board prior to being implemented as budget goals. The Board of Directors reviews and assesses monthly operations (sales, production, stock, number of employees, profit/loss etc.) and previous period performance of the Company.

### 21. Risk Management and Internal Audit Mechanism

Risk management and internal audit activities are coordinated by the Risk Management and Internal Audit Directorates in our company that are within the body of Risk Management and Internal Audit Department that is affiliated to the Parent Company Board.

Risk Management Directorate aims to determine, prioritize, measure current and potential risks that are met during operations of the Group, and to take necessary measures in relation with the same and to develop effective control mechanisms. "Şişecam Group Risk Management Regulation" and "Risk Policies" became effective in 2007 in order to activate risk management on group basis, and in the direction of these regulation and policies the risks that are available in the Risk Catalogue are prioritized according to their impacts and severities, and detailed analyses works of these prioritized risks are completed.

Compliance of the operations of our company to laws, articles of association, intercorporate regulations and procedures are being monitored periodically by the audit personnel of the Internal Audit Directorate, and findings are reported to the Parent Company Board.

**22. Powers and Responsibilities of the Board Members and Executives**

Powers and responsibilities of the board members and executives are organized in the Articles No.: 8-15 of the articles of association of the company. The company may be governed or represented by the board of directors that shall be elected among the shareholders by the general assembly of shareholders and that may be comprised of maximum nine members in accordance with the provisions of the Turkish Commercial Code.

Board of Directors elects a chairman and a vice-chairman following each general assembly. However, in case the chairman and/or vice-chairman resign for any reason, the Board of Directors makes a re-election for the vacant position. Article No.: 315 of the Turkish Commercial Code is reserved.

Vice-Chairman chairs the Board of Directors in the absence of the Chairman. In case the Vice-Chairman is also absent, a provisional Chairman, who shall be elected among the persons in the board, chairs that meeting. Meeting date and agenda of the board are determined by the Chairman. Vice-Chairman fulfils these duties in the absence of the Chairman. However, meeting date may also be determined with the resolution of the board. The Board of Directors assembles when the company businesses and procedures require such meeting. However, it is obligatory for the board to assemble minimum once a month.

The Board of Directors may assign its powers partially or fully to several of its members or to several executive directors or to the company general manager and managers, and it may also decide to assign tasks to some of its members in the company.

**23- Activity Principles of the Board**

Meeting agendas of the board are determined in consideration of company requirements, developments that are experienced in our country and in the world. 35 board meetings were held within the period. Meeting invitations are made in written format, and meeting agenda and documents are sent to the board members at least one week prior to the date of meeting, and members attend to the meetings in fact.

There is not a secretariat that is affiliated to the chairman of the board and that is in the nature determined in the Corporate Governance Principles of Capital Market Board. However, works and procedures that are set forth in the Article No.: 2.19, Section IV, Corporate Governance Principles of Capital Markets Board, are fulfilled with no problems by our employee in charge according to the principles stipulated by the corporate governance principles.

**24. Prohibition of Competition and Performing Transactions with the Company**

As a result of the Resolution of the General Assembly, Board Members were authorized in accordance with the Articles No.: 334 and 335 of the Turkish Commercial Code. However, no conflict of interest occurred as a result of the authorizations given within this scope.

**25. Codes of Conduct**

By the decree of Board of Directors of the Parent Company dated 20.07.2010 and numbered 49, "Codes of Conduct of Şişecam Group" that was arranged within the framework of the general principles of honesty, transparency, confidentiality, objectivity and compliance to laws became effective and guideline arrangements that shall give direction to the relations between all the Group employees and clients, suppliers, shareholders and other stakeholders are implemented.

General framework of codes of conduct is given below.

**a) General Principles**

- In Şişecam Group, we act with accuracy and honesty in our relations with employees, clients, suppliers, shareholders and all of the stakeholders.
- Şişecam Group is transparent and open to all of its stakeholders.
- In Şişecam Group, no discrimination is made between stakeholders because of reasons such as religion, language, race, sex, health status, marital status, political opinion. We treat fairly and equally to everybody, and we refrain from biased behaviors.
- In Şişecam Group, we show attention to protect personal information of the employees, clients and suppliers, and we do not give permission to share this information with the third parties.

- Şişecam Group performs all of its activities according to the laws. The Group monitors the laws and regulations closely, and takes necessary measures in order to comply with the laws.

**b) Responsibilities**
The Board of Directors and the Committee in Charge of Audit are responsible at highest level for the implementation of Codes of Conduct of Şişecam Group throughout the Group. All of the Group employees are obliged to act according to the Codes of Conduct of Şişecam Group.

**c) Implementations**
- In Şişecam Group, we always show attention to use the sources of the Group effectively and efficiently, and we consider the principle of saving in all of our activities. Group employees use the sources of the Group only for the benefit of the Group, and they protect the same.
- In Şişecam Group, we show ultimate attention to protect all types of information that are not open to the public. Regulations and procedures related with the safety of the information belonging to the Group are fully implemented, and necessary measures are taken in order to preserve, archive this information carefully, and to keep the same undisclosed.
- Employees of Şişecam Group are loyal to the interests of the Group in the duties they are performing within the framework of legal and inter-Group regulations, and they show attention to refrain from conflict of interests.
- In Şişecam Group, we do not accept presents sent by clients, suppliers and other institutions that are not in a reasonable size. However, presents that have symbolic values, such as plaques and plates, and that are given in meetings and seminars participated in representation of the Group are accepted.
- In case it is inevitably necessary for the employees of Şişecam Group to establish business relationship with their family members, close relatives and friends, no conflict of interest is allowed to occur.
- In Şişecam Group, we consider the rules of respect, equality, courtesy and justice in our relations with clients and suppliers, and we comply with the laws and codes of conduct at maximum level. We do not exhibit deceptive and delusive behaviors towards the clients and consumers.
- In Şişecam Group which does not compromise from the principles of honesty and accuracy, we comply with the rules and laws of competition in the countries where our Group is active.
- Şişecam Group's relations with government agencies are always clear and transparent. All types of information and document required by the government agencies are provided accurately, fully and timely, and we strictly do not allow to exhibit deceptive and delusive behaviors before government agencies.

**d) Compliance to Codes of Conduct of Şişecam Group**
Group employees show ultimate attention to comply with the Codes of Conduct of Şişecam Group. We monitor whether the Codes of Conduct are pursued in the activities of Group by using the communication channels effectively.

**26. Quantity, Structure and Independency of the Committees that are comprised in the Board of Directors**

"Committee in Charge of Audit" that is comprised of two members, who are not assigned any tasks in the executive board, is established in order to enable the Board to fulfill its duties and responsibilities healthily. This committee has no independent members with characters that are set forth in the Corporate Governance Principles of Capital Market Board. The committee assembles minimum once in every three months, and it audits the financial and operational activities of the company according to the generally accepted standards.

**27. Financial Rights Provided to the Board of Directors**

All types of rights, interests and fees that are provided to the Board Members are determined by the general assembly every year as it is determined in our articles of association.

In the 2009 Ordinary General Assembly Meeting of our company that was held on April 22, 2010, monthly allowances that shall be paid to the board members were declared to the public.

No loan and credit is given to the board members and executives, and no credit made available through a third party under the title of personal credit or no securities are given such as bail in favor.

**SODA SANAYİİ A.Ş.**
**AGENDA OF**
**ORDINARY GENERAL ASSEMBLY MEETING OF SHAREHOLDERS FOR 2010**

1. Election of Executive Board and assignment of power to the Executive Board to sign the Minutes of General Assembly,

2. Reading of Board and Supervisory Board Reports, and Independent Auditor Report in relation with transactions performed by our Company in 2010,

3. Review, Discussion and Approval of Balance Sheet and Income Sheet Accounts for 2010,

4. Discharge of Board and Supervisory Board Members,

5. Adopting a Resolution on the Distribution Method and Distribution Date of the Profit for 2010,

6. Approval of the appointments that are made in place of the Board Members, who resigned during the year,

7. Election of Board Members,

8. Election of Supervisory Board Members,

9. Giving permission to Board Members according to the Articles No.: 334 and 335 of the Turkish Commercial Code,

10. Determination of the fees of Board Members,

11. Determination of the fees of Supervisory Board Members,

12. Giving information to shareholders on the donations that were made during the year,

13. Giving information to shareholders on the securities, mortgages and pledges that are given in favor of third parties.

**08.04.2011** **Time: 14:30**

**Place: İş Kuleleri, Kule-3, 34330 4. Levent-Beşiktaş/İstanbul**

# NOTES

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ŞİŞECAM Subsidiary.