

SODA SANAYİİ A.Ş.

COMMUNICATION DETAILS

Soda Sanayii A.Ş.

Management Sales Center

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Soda Sanayii A.Ş.

Soda Factory

Kazanlı Bucağı Yanı P.K. 654 33004

MERSİN

Phone : (324) 241 66 00

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Soda Sanayii A.Ş.

Kromsan Krom Bileşikleri Fabrikası

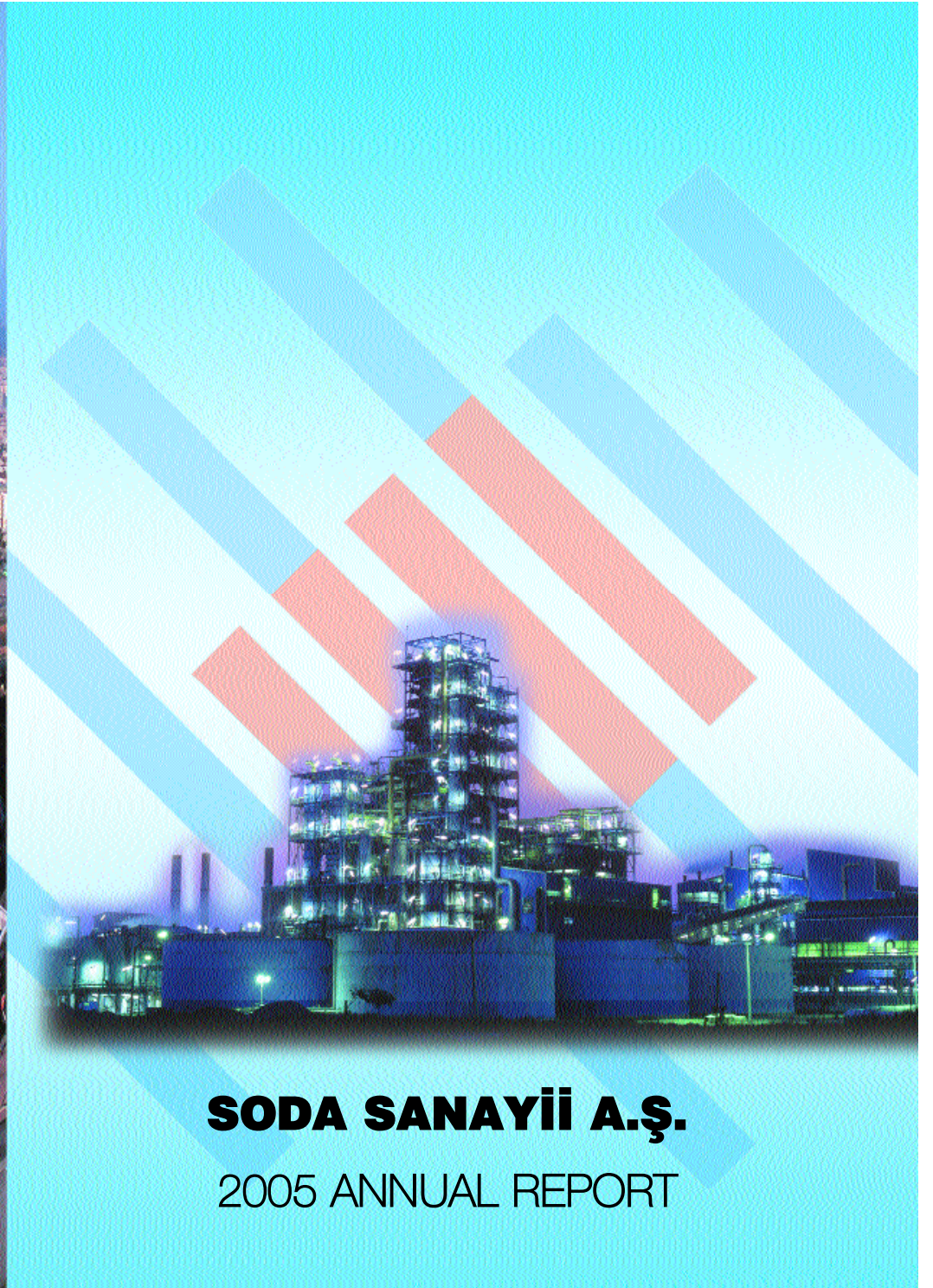
(Chrome Compounds Factory)

Kazanlı Bucağı Yanı P.K. 421 33003

MERSİN

Phone : (324) 241 66 00

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SODA SANAYİİ A.Ş.

2005 ANNUAL REPORT

SODA SANAYİİ A.Ş.

Soda Sanayii A.Ş. is an organization of the Şişecam Group and Türkiye İş Bankası. It carries out activity in soda products and chrome chemicals sectors. Acting in the soda sector since 1969, Soda Sanayii A.Ş. offers heavy and light soda, refined sodium bicarbonate produced in its Soda Factory in Mersin and which is supplied from Solvay Sodi in Bulgaria, its partner since 1997 as well as sodium silicate products of its own production for use by many industrial sectors at home and abroad, including in particular glass, textile, detergent, chemicals, food and animal feed sectors.

Soda Sanayii A.Ş. is placed among the top ten suppliers of the world and the top five suppliers of Europe in the soda sector. Depending on its successful performance in the domestic and international markets, it is able to make use of the full capacity at its facilities.

Also among the limited number of producers in the world in the sector of chrome chemicals, Soda Sanayii A.Ş. provides sodium bichromate, basic chrome sulfates, chromic acid, sodium sulfur and sodium sulfate products to important sectors at home and abroad such as the leather, wood processing, chemicals and paper industry sectors. Our production facility, Kromsan Chrome Compounds Factory, has been using the state-of-the-art and environmentally friendly technology developed by its own R&D operation in the production of sodium bichromate since 1998. Full capacity is used in respect of sodium bichromate, the main product, and basic chrome sulfate and chromic acid which are the basic products.

Soda Sanayii A.Ş. stands out with its exporter identity within the scope of its activities. Approximately 38 percent of the sale of soda products, 69 percent of chrome chemicals are exported to more than 40 countries, providing an important amount of foreign currency input to our country.

Our organization evidences its superior position in its quality of products and service with its ISO 9001, Hazard Analysis and Critical Control Point (HACCP) and Good Manufacturing Practice (GMP) certificates.

Attaching great importance to continuous capacity increase and reduction of costs, Soda Sanayii A.Ş. achieves these objectives by supporting modernization and R&D investments. We assure that our investments benefit from investment and of R&D incentives to the maximum extent possible.

Having adopted environmental and employee health issues as a major concern, Soda Sanayii A.Ş. is carrying out its activities in this regard within the scope of the Responsible Care system which is applied by the chemicals sectors of developed countries on a voluntary basis. In this context, ISO 14000 Environmental Management System and OHSAS 18000 Occupational Health and Safety Management System have been established as an "Integrated Management System"

Soda Sanayii A.Ş. represents our country successfully and with its modern facilities and a modern understanding of operation in the soda and chrome sectors which are ranked among the basic chemicals and which are important for other industrial sectors.

Contents: Important Developments of Year 2005 **01**• Summarized Consolidated Statements which have been prepared according to the UFRS **02**• Members of the Board of Directors and Managers **03**• Board of Directors Report **04**• Information Related to Companies included in the Consolidation and Distribution of the Consolidated Dividends of Year 2005 **12**• Board of Auditors Report **13**• Independent Audit Report **14**• Company Consolidated Financial Statements and Footnotes **15**•Corporate Management Compliance Report **50**. Agenda **59**

Important Developments of Year 2005

The Company started to use natural gas in production in May 2005 and has been the first industrial organization starting to use natural gas in Mersin region.

The construction of the Cogeneration Facility which is carried out by Camiř Elektrik Üretim A.ř., an affiliate of Sisecam, continues in accordance with the investment program. Our Soda Factory plans to drive its costs down with the completion of this project at the end of 2006 by using the steam to be supplied from this company.

Our Company has started expansion investments in order to increase our production capacity by 15% in order to meet the increasing soda demand in our region.

Efforts to buy facilities abroad in order to increase our soda production capacity have also been continued during year 2005.

In July 2005, we concluded a 50% partnership with the company Cromital S.p.A, one of the local companies of Italy, which is an important market in Chrome Chemicals Sector.

The project for increasing the efficiency of furnaces, which will provide savings on production costs and increase efficiency in the Chrome Factory has covered both furnaces.

Within the scope of the Responsible Care application, Kromsan Factory has won one of the Project Awards of Year 2005 in the Responsible Care competition organized by the Chemical Industrialists Association of Turkey.

Our company has raised its interest in Solvay Sisecam Holding A.G. which was founded in Austria from 19,13% to 21,44% by buying 24 shares owned by EBRD on April 15th, 2005.



SODA SANAYİİ A.Ş.

Summarized Consolidated Balance Sheets Prepared According to UFRS*

	2005		2004	
	TRY	USD	TRY	USD
Current Assets	136	101	93	69
Fixed Assets	358	267	364	271
Total Assets	495	369	457	341
Short Term Liabilities	68	51	46	34
Long Term Liabilities	61	45	59	44
Minority Shares			-	0
Shareholders Equity	366	273	351	262
Total Liabilities	495	369	457	341

Summarized Consolidated Income Statements Prepared According to UFRS*

	2005		2004	
	TRY	USD	TRY	USD
Net Sales	335	250	307	229
Cost of Sales	278	208	274	205
Gross Profit	57	43	32	24
Operating Expenses	45	34	45	34
Operating Profit	12	9	(13)	(10)
Income and Profits from Other Activities	16	12	20	15
Expenses and Losses from Other Activities	10	7	6	5
Financial Expenses	3	2	9	7
Profit/ (Loss) Prior to Taxes and Monetary	16	12	(9)	(6)
Monetary Gain	-	-	12	9
Profit / (Loss) Prior to Taxes and After Monetary Gain	16	12	3	2
Tax Correspondence according to the Turkish Tax Legislation	(1)	-	-	-
Deferred Tax Correspondence according to UMS 12	(2)	(2)	(2)	(1)
Minority Shares	-	-	-	-
Net Profit / (Loss)	13	10	1	1
Earnings Before Interest and Taxes (EBIT)	18	14	12	9
Depreciations	26	19	26	19
Earnings Before Interest, Taxes Depreciation and Amortization (EBITDA)	44	33	38	28
Cash Obtained from Operational Activities	37	27	17	12
Net Financial Liabilities	(42)	(32)	(13)	(10)
Profit Per Share (corresponding to a share with a value of YTL 1)	0.203		0.015	

Financial Ratios

	2005	2004
Current Assets / Short Term Liabilities	2,01	2,01
Total Liabilities / Total Assets	0,26	0,23
Total Liabilities / (Shareholders' equity + Minority Shares)	0,35	0,30
Net Financial Liabilities/TotalAssets	-0,09	-0,03
Gross Profit/Net Sales	0,17	0,11
Operating Profit/Net Sales	0,04	-0,04
EBIT/Net Sales	0,05	0,04
EBITDA/ Net Sales	0,13	0,12
Net Financial Liabilities/Shareholders' Equity	-0,12	-0,04

* The amounts have been expressed in Million YTL and Million USD according to the purchasing power of the Turkish Lira on December 31st, 2005.,

BOARD OF DIRECTORS

Chairman	Dr. Tevfik Ateş KUT	18.04.2005-18.04.2008
Vice- Chairman	Dilek Çamlı	18.04.2005-18.04.2008
Member	Mehmet Nur Atukalp	18.04.2005-18.04.2008
Member	Ufuk Ersoy	18.04.2005-18.04.2008
Member	Mehmet Ali Kara	18.04.2005-18.04.2008
Member	Mehmet İhsan Orhon	18.04.2005-18.04.2008
Member	İnci Yılmaz	18.04.2005-18.04.2008

BOARD OF AUDITORS

Auditor	Mehmet Alphan	18.04.2005-10.04.2006
Auditor	Yılmaz Mete	18.04.2005-10.04.2006

The authorities of the Members of the Board of Directors and the Board Of Auditors have been determined according to the provisions of the Turkish Commercial Code and the Articles of Association of the Company.

MANAGERS

Atilla DİDİN (*)	Vice-President, Production (General Manager)
Mehmet Nur ATUKALP	Vice-President, Marketing and Sales
Mehmet İhsan ORHON	Vice-President, Human and Financial Resources
Ayhan YILMAZ (*)	Manager, Chrome Factory
Hidayet ÖZDEMİR (*)	Manager, Soda Factory

(*) Atilla Didin has been assigned as Group President Advisor, Ayhan Yılmaz as General Manager, and Hidayet Özdemir as General Manager Assistant as of February 1st, 2006.



BOARD OF DIRECTORS REPORT

Dear Shareholders;

We hereby present the consolidated financial statements of Soda Sanayii A.Ş., which has completed 37th year of operation, for its operations in the period between 01.01.2005-31.12.2005 prepared according to the Directive of the Capital Market Board, Series XI, Number 25 and International Financial Reporting Standards which have been adopted according to temporary article 1 of the said Directive for your review and approval.

The company is within the Chemicals Group of Türkiye Şişe ve Cam Fabrikaları A.Ş. Our company has used the same care in 2005 to carry out its duties and obligations it has assumed in order to increase its contribution to the strengthening of our national economy, and has completed its 37th year of operation successfully, despite all the disadvantages suffered in our country.

Developments and Expectations in the World and in Turkey for the Years 2005 and 2006

2005 has been a year marked by terror and natural catastrophes, but in which the economy has preserved its balances.

The world economy which overcame the stagnancy experienced in year 2001 with the momentum caused by the budget deficit and current account deficit in US economy has continued the pace of growth and trade in 2005. While USA grew by 3.5%, the high level of growth of China and India continued, which in return preserved the pressure of demand on energy and metal markets. The heavy winter conditions and the instability in production regions such as Iraq and Iran have carried oil prices above 70 \$. Payment balances of primary energy exporter countries such as Russia have shown a fast improvement accordingly. Some liveliness appeared in Japan, but the European economies stayed below the global growth performance.

USA increased interest rates up to 4.5% in order to control deficits and to eliminate inflationist pressures, therefore the dollar gained value. Nevertheless the international liquidity surplus continued, developing countries were able to meet foreign resource needs easily with low interest rates. The Hong Kong meeting of the World Trade Organization passed with discussions on agricultural subventions between developed and developing countries, but no conclusion has been achieved so far.

In political terms, we can summarize the important developments of 2005 as follows: While leftist governments came to power in Latin America, in Iran the conservative Mahmud Ahmedinecad was elected President. The first elections after the intervention of USA in Iraq were held and Celal Talabani became the President, while in the Northern Republic of Cyprus M. Ali Talat became the 2nd president, and Angela Merkel was the first woman elected Prime Minister in Germany. The terror assaults in London and Egypt, the Pakistan earthquake, the Katrina storm in New Orleans and the immigrant revolt in Paris are some of the other important events.

The expectations in 2006 are particularly exposed to the threat of oil prices. The tension between USA and Iran, the inability of using the reserves of Iraq, the oppressive approaches of Russia, China's and India's increasing demand for energy are all events feeding this threat. The raising of interest rates by USA further leading to the narrowing of international funds, political instability and terror, disturbances related to the social security system in EU economies, the pressure of the growing asset prices globally are all potential risks.

Turkey, however, has left a successful year behind in terms of growth, decrease in inflation and interests, budget discipline, exportation, handling of debts, foreign capital, and privatization Turkey dropped six zeros of its currency and changed over to the New Turkish Lira (YTL) at the beginning of 2005 and continued its tight monetary and finance policies and reduced inflation in the Consumer Price Index to 7.72%, and in Producer Price Index to 2.66%. The decrease in interests continued, the stocks exchange rose, and the objective of primary surplus in the budget was achieved.



SODA SANAYİİ A.Ş.

The rate of use of capacity in the production industry was 80.6% and the industrial production grew by 8.7%. While the textile and ready-to-wear sectors suffered difficulty, other sectors were successful in 2005. The growth in Turkish economy which has been continuing uninterruptedly for 15 quarters was realized as 7.6% in 2005. In 2005, when especially the public investment expenses were narrowed, while the private sector consumption and investment expenses increased in general, the liveliness in the industry and particularly in the construction sector has been the driver of growth. The increasing domestic demand supported the trade, the agricultural production increased due to positive weather conditions, and the tourism income increased.

In 2005 the exports reached 73 Billion Dollars, the imports reached 116 Billion Dollars, while the foreign trade deficit grew by 25% and reached 43 Billion Dollars. The basic causes of this deficit are valuation of YTL, the rise in oil prices, and the relatively cheaper importation. However, the international liquidity surplus has increased the entry of hot money, which secured the financing of a current deficit of 22.9 Billion Dollars. Serious achievements were recorded in privatization, and the privatization of Tüpraş, Telekom, and Ereğli were concluded. The entry of direct foreign capital has come close to 10 Billion \$. The employment problem has not been solved despite the developments in economy and the growth of investments. The unrecorded economy continued to exist. Social security expenses turned into permanent burdens in the budget. Nevertheless, the solution of the other structural problems has been left to the years ahead.

The negotiation process for a full membership of EU which was scheduled to start in December 2004 has actually begun in October 2005. Again, the stand-by agreement which terminated in 2005 has been renewed and thus the trust of the international financial markets was refreshed. Thanks to the budget discipline, the ratio of both the consolidated debts and the budget deficits to the national income has been decreased below the Maastrich criteria (60% and 3%). In addition, the government has been active in developing the political and commercial activities of Turkey with her neighbors, and taken a great distance in establishing an environment of mutual trust. These achievements in international relations will speed up Turkey's development in economic, political, and social fields in the years to come.

The Central Bank introduced the Inflation Targeting Program for the new year, and determined the end-of-year target of inflation as 5%. The growth is expected to take place at the same level.

The objective of rendering achieved economic successes permanent and making them continue in 2006 will depend on the success in realizing structural conversions of the public on the one hand, and the strengthening of industrialists' competitive power, on the other hand. Except external risks such as energy prices, international liquidity, and political instability, legal arrangements determining competitive power such as wage, taxes, premiums, and structural conversions which will improve the investment/production environment will be as determinant as the efficiency efforts.

The Şişecam Group, a leading industrial organization of our country, has closed the year 2005 with a high performance. The publicly-traded company shares and the values of the companies increased. Our group has started investments in flat glass, glass household articles and glass packaging at home and abroad, mainly in Bulgaria and Russia, commissioned the production facilities the investment of which has been completed, thus increased its production, sales, and profit. Glass production which gained an international nature reached the level of 2.2 million tons. A production facility partnership was formed abroad for the first time in the chemicals sector. Planning to speed up fixed capital investments for growth and development in 2006, Our Group will make use of acquisition and cooperation opportunities, and will continue its claim to be a leading company in its vital geography.

Our Activities in 2005

In soda products and chrome chemicals, price increases occurred with the influence of the increase in demand in the market and the increasing energy costs and shipping charges in 2005. In 2005 we achieved a successful performance in our domestic and international markets.

Both our factories worked at full capacity with the help of productive maintenance applications, and while the efficiency in using inputs increased important savings were achieved in costs due to the change-over to natural gas.



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We increased the productions of Cromital S.p.A. a company in Italy, which we became a partner of in 2005, thus our regional effectiveness in the chrome chemicals sector was increased.

Rates of Dividends Distributed during the past three years.

The dividends distributed in 2002 was 10%. No dividends were distributed in 2003 and 2004.

Our Investments

Our company which has an important position in the world soda and chrome chemicals markets attached much importance to its investments aimed at decreasing costs, modernization and removing bottlenecks in year in order to increase its competitive power and its market share. We use the same degree of care in our investments related to environment.

Soda Sanayii A.Ş. Soda Factory started an investment which will increase its present production facility capacity by 15 percent as a result of the growth trend in the sector at its region having reached above the global average in those sectors consuming soda, mainly in the glass sector in addition to the positive developments in the world soda markets. We expect that the investment will be completed by the end of 2006.

Soda Sanayii A.Ş. stopped using fuel oil and started to use natural gas in production on May 13th, 2005 in order to save on production costs, and thus became the first industrial organization that started to use natural gas in Mersin. Natural gas use results in less production costs compared with fuel oil; and the use of this clean fuel has been beneficial for both the facility and people of the region.

With the change-over to natural gas, we aim to commission the cogeneration facility investment carried out by the Camiř Elektrik Üretim A.Ş., an organization of Şişecam, which forms the second step of our plan for steam and power supply at the end of the year of 2006. The Soda Factory will supply its steam and power requirement from this facility, and plans to create an additional positive effect. A direct loan has been secured for the Project from the resources of European Investment Bank for the first time directly in Turkey.

Kromsan continued to strengthen its position in its markets based on the developments. We increased our activity in China, which is one of the most important leather chemicals markets of the world thanks to the quality of our products and services.

In Italy, another important leather chemicals market, we concluded a 50 percent partnership with the local producer Cromital S.p.A on July 8th, 2005, The Company's sales increased at an important rate during the period succeeding the partnership. We aim to develop our activity in the market further in the period ahead.

The project of increasing the efficiency of the furnaces, which will decrease the production costs in the Chrome Factory and thus increase efficiency, were commissioned in both furnaces, and the expected positive results were achieved. For the purpose of benefiting in derivatives from the increase in main products assured by this project, our project for increasing basic chrome sulfate capacity was introduced. In addition, this project was ranked 1st in "1st Quality Awards" competition organized by the Sisecam Group.

Environment-Health-Safety



In order to fulfill the requirements of the "Health Safety Environment" policy which has been specified as "Undertakes to manage all its activities keeping in mind the environment and the health and safety of its employees, customers, and its close environment", ISO 14000 Environmental Management System and OHSAS 18000 Occupational Health and Safety Management System, which are included among the most important elements of the Responsible Care application, have been established as an "Integrated Management System". This Management System, which is planned to be certified in the near future, has been employed successfully, an important indicator of environmental sensitiveness and the priority and importance we attach to the health of people.



SODA SANAYII A.Ş.

In addition, our company shares all of its activities with the public in line with the principle of transparency adopted. We also use efforts to inform all the related parties correctly.

Accordingly, we organize various activities or we contribute to organized activities in order to strengthen the communication and solidarity especially with the people of the close regions and our young people at any level of education.

Within the scope of Responsible Care, our studies which are the fruits of intensive efforts, have been awarded in Project Branch in the Responsible Care Award Competition organized by Chemical Industrialists Association, and the one of the Project Awards of 2005 has been awarded to Soda Sanayii A.Ş..

The Project is also participating in the competition organized by the European Chemical Industry Council Cefic.

These achievements provide an important power to carry our efforts which have been focused on protecting and developing the environment and human health to further points at Soda Sanayii A.Ş., continues its activities carefully in compliance with the Responsible Care guidelines

Our Activities in Human Resorces

At the end of the year of 2005, at our company;

A sum of 936 people are working, including 436 personnel with monthly salary, 500 personnel with hourly wages.

We continued to pay the wages, salaries and social contributions of our personnel working with monthly salary and hourly wages, as in the past years, and moreover;

- Personnel selection, placement, compensation and orientation applications,
- Performance Evaluation System applications for Personnel with Monthly Salary and Hourly Wages and evaluation of results,
- Preparation of Organizational Substitution Plans based on the results of Career Planning System applications,
- Determining the training requirements and planning the training, measuring the effectiveness of training,
- Other similar Human Resources activities such as the Employee Satisfaction Questionnaire have also been realized.

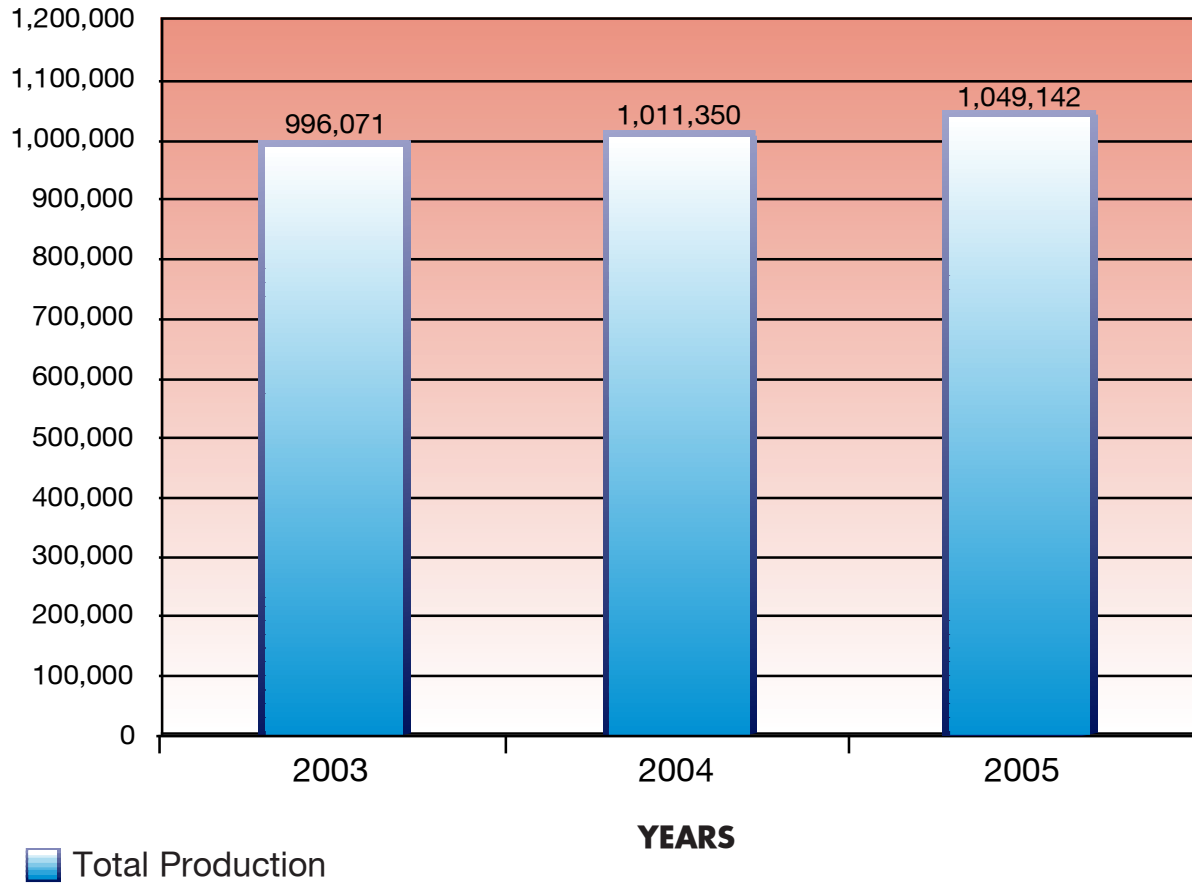
Research and Development Activities

The first stage of a new technology increasing the productivity in the sodium bichromate production has been commissioned in 2005. By using the technology, the production capacity has been increased without using any additional raw materials and power, marginal and industrial costs have significantly dropped.

In the production of soda and chrome compounds, the efforts for decreasing costs and increasing quality are underway.



TOTAL PRODUCTION (TONS)



■ Total Production

PRODUCTION (TONS / YEAR)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Soda Factory	834.965	846.147	868.955
Kromsan Factory	161.106	165.203	180.187
TOTAL	996.071	1.011.350	1.049.142

IMPORT (TONS / YEAR)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Soda *	237.909	247.289	244.187
Sodium Sulfur **	4.655	4.595	5.250
Sodium Sulfidrate ***			385

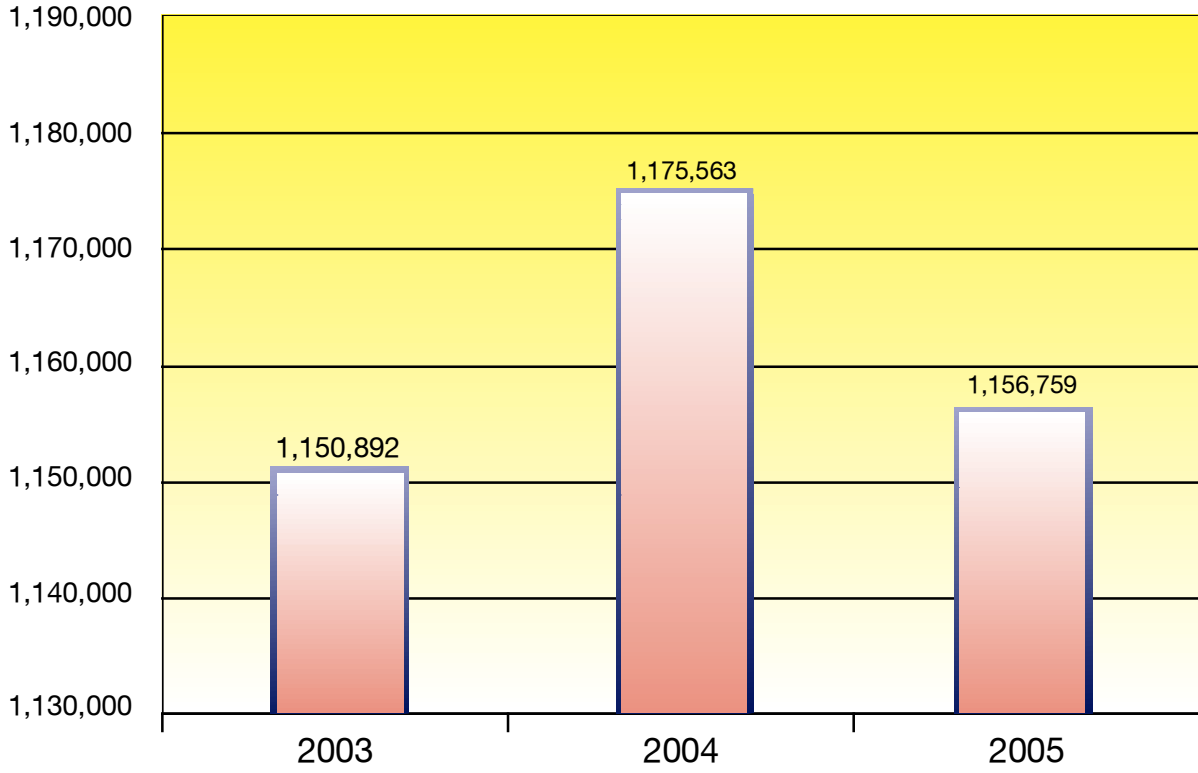
* Import from the Sodi factory which was established in Bulgaria in partnership with the Belgian Solvay Company

** Import from the firm Tessenderlo Chemie NV. established in Belgium

** Import from the firm Tessenderlo Chemie NV. established in Belgium in 2005



TOTAL SALES (TONS)



Sum of Sales

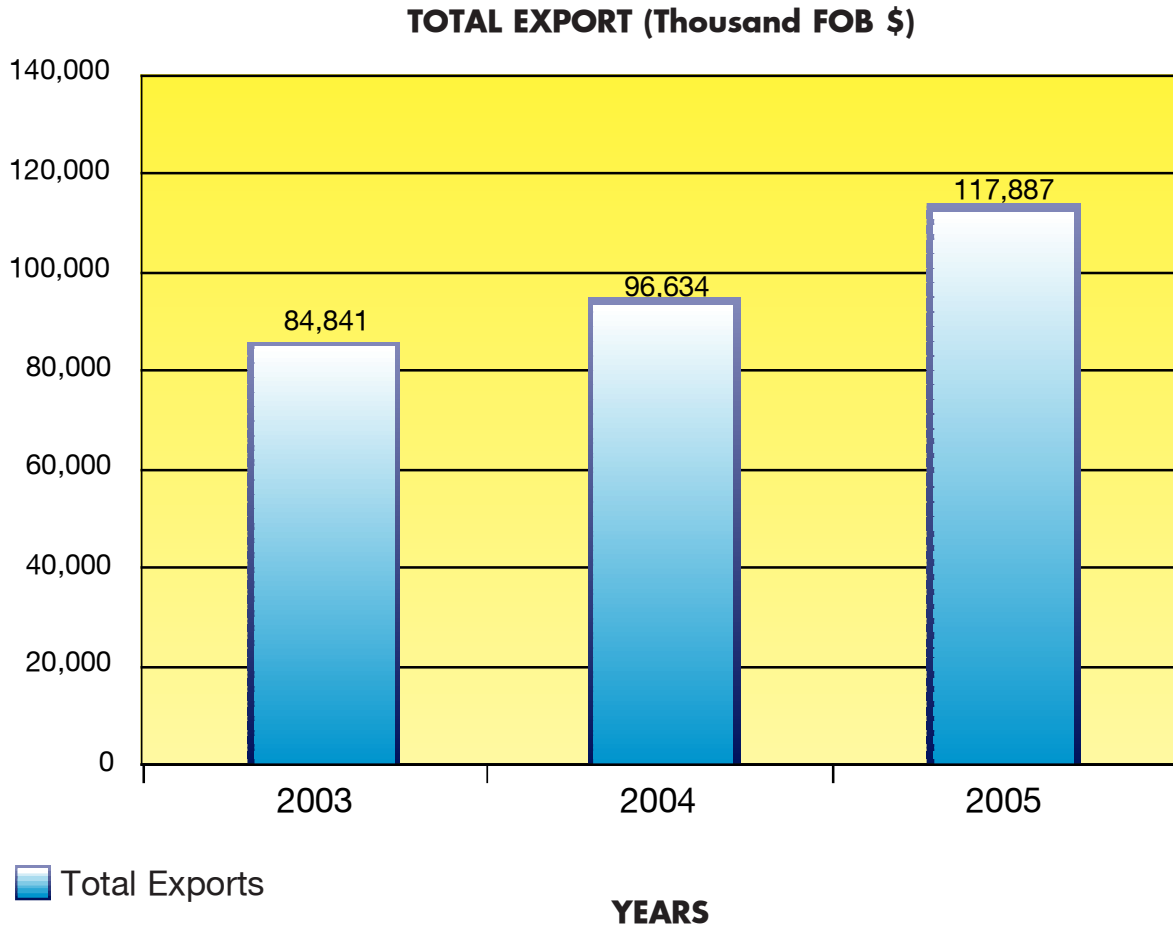
YEARS

SALES (TONS / YEAR)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Soda Factory	1.029.951	1.040.740	1.036.919
Kromsan Factory	120.941	134.823	119.840
TOTAL	1.150.892	1.175.563	1.156.759



SODA SANAYİİ A.Ş.

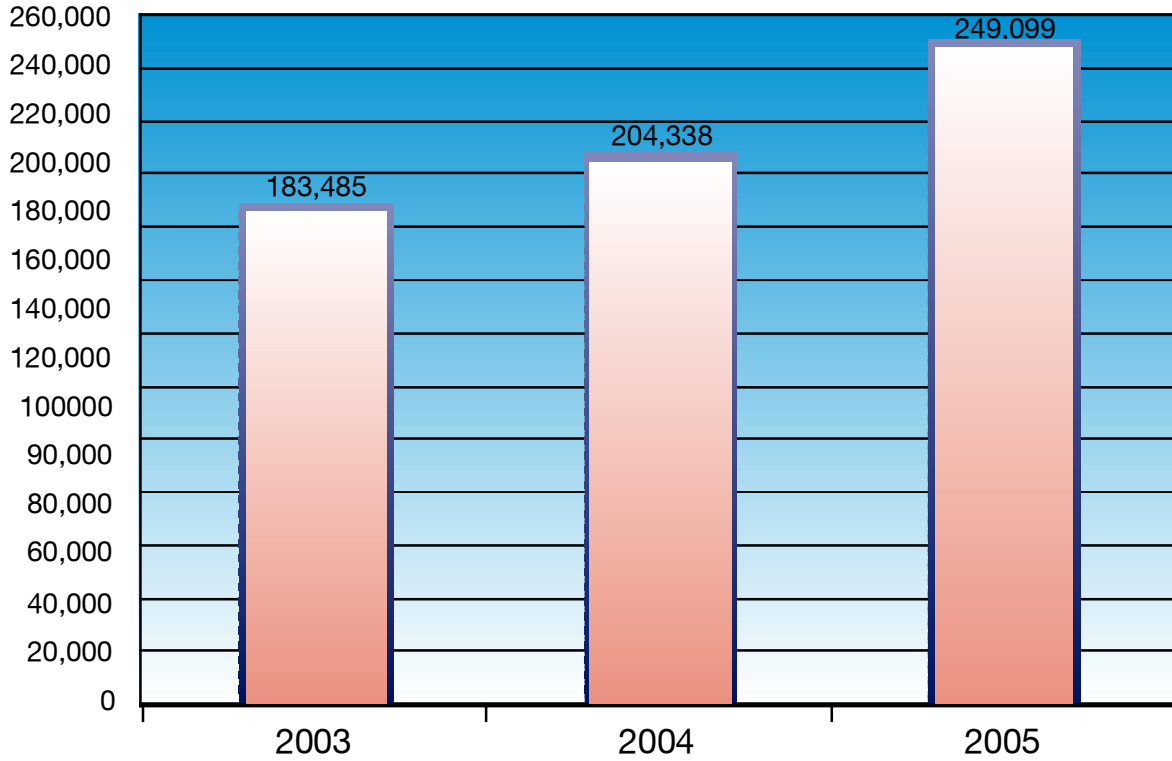


EXPORT (THOUSAND FOB \$ / YEAR)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Soda Factory	54.538	57.544	64.109
Kromsan Factory	30.303	39.090	53.778
TOTAL	84.841	96.634	117.887



TOTAL SALES (Thousand \$)



■ Total Sales

YEARS

TOTAL SALES (THOUSAND \$ / YEAR)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Soda Factory	137.859	149.563	170.740
Kromsan Factory	45.626	54.775	78.359
TOTAL	183.485	204.338	249.099

- FOB \$ amounts for the domestic sales have been obtained by using the foreign exchange selling rates of the T.R. Central Bank prevailing on the date of invoice.
- Sales abroad are FOB sales amounts.



INFORMATION ABOUT COMPANIES INCLUDED IN CONSOLIDATION

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

The company was established in the Tarsus Organized Industrial Zone in 1996. Its field of activity is the production and marketing of Vitamin K3 and its derivatives. This is a product with a high added value, and is used as an additive material in animal feed, mainly bird feed. Oxyvit, which is one of the rare producers in the sector and which occupies an important place in the world capacity, is exporting more than 90% of its production. The foreign partner of Oxyvit is Cheminvest S.p.A, which is active in the trade of chemicals. The interest of Soda Sanayii A.Ş. in the company is 44%.

Şişecam Bulgaria Ltd.

This company headquartered in Varna is engaged in the trade of soda products in Bulgaria. 100% of the shares of the company belong to Soda Sanayii A.Ş..

Solvay Şişecam Holding A.G.

The company headquartered in Vienna is a capital stock company which was established in 1997 in Bulgaria in order to participate in Solvay Sodi AD.

The ratio of Soda Sanayi A.Ş. in the capital of the company is 21,44%, and the other big shareholder is Solvay Deutschland GmbH, with an interest of 63,47%.

DISTRIBUTION OF THE CONSOLIDATED PROFIT OF THE YEAR 2005

We kindly propose that:

YTL 12.740.556, the amount of profit indicated in our consolidated balance sheet for Year 2005 which was prepared according to International Financial Reporting Standards (UFRS) referred to in the Directive of the Capital Market Board, Series: XI, No.25 be distributed as follows in accordance with article 31 of our articles of association within the framework of the decision of the Capital Market Board dated January 27th, 2006 and Number 4/67 governing distribution of profits, taking into account from the profits which are carried to our company's consolidated financial statements from the profits of subsidiaries, enterprises and affiliates under joint control, and those amounts which fall onto the share of our company from those profits of our subsidiaries, enterprises and affiliates under joint control which the General Assemblies thereof has decided to distribute,

- A gross dividend equal to YTL 7.828.750 which corresponds to 12,5% of the issued capital shall be distributed in cash so that an amount of YTL 0,125 falls onto each share with a nominal value of YTL 1,
- the gross dividend shall be allocated as net to our shareholders who are not subject to withholding without any deductions, and those of our shareholders who are subject to withholding shall be paid YTL 0,113068 (11,3068%) as net after withholding the income taxes over this amount,
- the date for the payment of dividends shall be set as April 17th, 2006.

Subject to your review and approval.

Distribution of the Net Consolidated Profit of Year 2005

Net Profit After Taxes	12.740.556
Ist Series Legal Reserves	902.261
Total Dividends to the Shareholders	7.828.750
IInd Series Legal Reserves	469.725
Extraordinary Reserves	154.720
Retained Earnings	3.385.100

We consider it an honorable duty to present our thanks to all our shareholders, customers and the managers, employees, and workers of our company, who have used all their efforts to achieve the results provided herein.

Very Truly Yours,

In the name of the Board of Directors
Chairman

Dr. Tevfik Ateş Kut



SODA SANAYİİ A.Ş.

**SODA SANAYİİ A.Ş.
AUDITING COMMITTEE REPORT OF THE YEAR OF 2005
To the General Assembly of the Soda Sanayii A.Ş.**

Name : Soda Sanayii A.Ş.
Center : İstanbul
Capital : 62.630.000.000.000.- TL (62.630.000.- YTL)
Scope of Activity : Founding factories or participating in existing ones for the production of soda and light soda, heavy soda, sodium bicarbonate, other kinds of soda derivatives and other products derived from soda.
Names and terms of the duties of the auditor or auditors, whether they are a partner or a member of the company or not : Mehmet Alphan (18.04.2005-10.04.2006)
Yilmaz Mete (18.04.2005-10.04.2006)
The auditors are not shareholders or personnel of the company.

Number of board of directors meetings attended and the number of the meetings of the board of auditors held : 12 meetings of the board of directors were attended, and, the board of auditors met 5 times.

The scope of the examination on partnership accounts, account books and documents, when the examinations were made, and the final result : Upon the examinations carried out on the company's account books and documents on the dates 09.05.2005, 14.07.2005, 26.09.2005, 15.12.2005, and 27.02.2006, it was established that the account books were kept in compliance with the laws and the generally accepted accounting principles

The number and results of the counts performed at the cashier's office of the partnership according to the section 3 of the part 1 of the article 353 of the Turkish Commercial Code : The cashier's office of the company was counted 5 times in the year 2005, and the results of the count comply with the records. The dates of examination carried out according to section 4 of part 1 of article 353 of the Turkish Commercial Code, and their results: As a result of examinations performed on 19.04.2005-12.05.2005-27.06.2005-20.07.2005-26.08.2005-15.09.2005-17.10.2005-23.11.2005- 28.12.2005-19.01.2006-24.02.2006,13.03.2006 it has been established that any pledge or security or any negotiable instrument which was delivered in the custody of the Company's cashier's office were present and discovered to be in compliance with the records.

Complaints and irregularities reported and the procedures taken in respect thereof : There has been no complaint or irregularity.

We have examined the accounts and procedures of the Soda Sanayi A.Ş. for the period of 01.01.2005-31.12.2005 according to the Turkish Law, the articles of association of the partnership, and the other legislation and the generally accepted accounting principles and standards. According to our opinion, the enclosed balance sheet which has been prepared on 31.12.2005 reflects the financial position of the partnership at the stated date, the income statements for the period between 01.01.2005-31.12.2005, the results of the activities for the abovementioned period correctly, and the suggestion on profit distribution complies with the laws and the articles of association.

We kindly ask you to vote the approval of the balance sheet, the income statement and the release of the board of directors.

AUDITORS

Mehmet ALPHAN

Yilmaz METE



SODA SANAYİİ A.Ş.

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INDEPENDENT AUDITORS' REPORT FOR THE PERIOD

1 JANUARY - 31 DECEMBER 2005

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

1. We have audited the accompanying consolidated balance sheet of Soda Sanayii A.Ş. (the "Company") and its subsidiaries (together the "Group") as of 31 December 2005, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. In our opinion, the accompanying financial statements present fairly the financial position of the Group as of 31 December 2005 and the results of its operations and its cash flows for the years then ended, in accordance with legislations and Capital Market Board Accounting Standards (Note 2).

DENETİM SERBEST MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU

Hüseyin Güner

Partner

İstanbul, 20 March, 2006

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

BALANCE SHEET (TRY)	Notes	31 December 2005	31 December 2004
ASSETS			
Current Assets		136.358.464	93.209.298
Cash and Cash Equivalents	4	48.777.905	6.350.361
Marketable Securities (net)	5	-	-
Trade Receivables (net)	7	10.604.249	10.539.239
Finance Lease Receivables (net)	8	-	-
Receivable from Related Parties (net)	9	41.574.916	44.920.751
Other Receivables (net)	10	111.808	861.647
Biological Assets (net)	11	-	-
Inventories (net)	12	33.726.911	29.096.999
Receivables from Ongoing Construction Agreements (net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15	1.562.675	1.440.301
Non Current Assets		358.411.621	363.558.358
Trade Receivables (net)	7	18.315	11.925
Finance Lease Receivables (net)	8	-	-
Receivable from Related Parties (net)	9	-	-
Other Receivables (net)	10	-	508
Financial Assets (net)	16	104.567.185	101.985.339
Positive/Negative goodwill (net)	17	-	-
Investment Property (net)	18	-	-
Tangible Fixed Assets (net)	19	253.595.083	261.283.487
Intangible Assets (net)	20	89.787	99.543
Deferred Tax Assets	14	-	-
Other Non Current Assets	15	141.251	177.556
TOTAL ASSETS		494.770.085	456.767.656

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

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

	Notes	31 December 2005	31 December 2004
LIABILITIES			
Current Liabilities			
Financial Loans (net)	6	67.947.569	46.468.367
Current Portion of Long Term Financial Loans (net)	6	36.683.903	15.936.070
Obligations Under Finance Leases(net)	8	1.124.918	518.091
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	-	-
Due to Related Parties (net)	9	17.671.685	7.772.405
Advances Received	21	7.646.200	17.750.408
Obligation Arising from Construction Contracts Progres Payments	13	795.596	955.027
Provisions for Debts	23	-	-
Deferred Tax Liabilities	14	1.555.560	1.224.388
Other Liabilities (net)	10	-	-
		2.469.707	2.311.978
Non-Current Liabilities			
Financial Loans (net)	6	61.098.009	59.210.019
Financial Leasing Payables (net)	8	2.518.569	3.904.785
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	-	-
Due to Related Parties (net)	9	-	-
Advances Received	21	-	-
Provisions for Debts	23	15.302.848	14.268.116
Deferred Tax Liabilities	14	43.276.592	41.037.118
Other Liabilities (net)	10	-	-
MINORITY INTEREST			
		-	-
SHAREHOLDERS' EQUITY			
Capital	25	365.724.507	351.089.270
Capital Investment Elimination	25	62.630.000	62.630.000
Capital Reserves	26	283.230.511	329.664.398
Premium in Excess of Par		-	-
Profit on Cancelled Shares		-	-
Revaluation Fund		-	-
Revaluation Fund of Tangible Fixed Assets		(1.226.586)	(3.307.929)
Inflation Adjustment of Equity Items		284.457.097	332.972.327
Profit Reserves	27	5.636.075	13.347.452
Legal Reserves		5.899.575	5.899.575
Statutory Reserves		-	-
Extraordinary Reserves		-	7.524.715
Special Reserves		-	-
Gain from sale of Tangible Fixed Assets and Equity Participations'		-	-
Shares Transferable to Capital		-	-
Foreign Currency Translation Adjustments		(263.500)	(76.838)
Net Profit / Loss for the Period		12.740.556	950.979
Retained Earnings / Accumulated Losses	28	1.487.365	(55.503.559)
TOTAL EQUITY AND LIABILITIES		494.770.085	456.767.656

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

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
**CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2005
AND 2004**

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

	Notes	2005	2004
OPERATING INCOME			
- Sales Revenue (net)	36	335.267.808	306.773.870
- Cost of Sales (-)	36	(278.134.598)	(274.490.114)
- Service Income (net)	36	-	-
- Other Operating Income / Interest+Dividend+Rent (net)	36	50.808	68.399
GROSS OPERATING PROFIT / LOSS		57.184.018	32.352.155
- Operating Expenses (-)	37	(45.409.149)	(45.311.789)
NET OPERATING PROFIT/ LOSS		11.774.869	(12.959.634)
- Other Operating Income and Profits	38	15.947.331	19.809.673
- Other Operating Expense and Losses (-)	38	(9.507.078)	(6.360.331)
- Financial Expenses (-)	39	(2.639.123)	(9.141.315)
OPERATING PROFIT / LOSS		15.575.999	(8.651.607)
- Net Monetary Gain / Loss	40	-	11.595.046
MINORITY INTEREST		-	-
PROFIT AND LOSS BEFORE TAXATION		15.575.999	2.943.439
- Taxes	41	(2.835.443)	(1.992.460)
NET PROFIT / LOSS FOR THE PERIOD		12.740.556	950.979
EARNINGS PER SHARE	42	0.203	0.015

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



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR
THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

	Share Capital	Revaluation Fund of Investments	Inflation Adjustment of equity items	Exchange differences on the translation of foreign operations	Legal Reserves	Extraordinary Reserves	Net Profit/Loss for the Period	Retained Earnings/Accumulated Losses	Total
As of 1 January 2004	62.630.000	(3.283.340)	332.972.327	(58.962)	5.899.575	7.524.715	-	(55.503.559)	350.180.756
Decrease in the fair value of assets available for sale	-	(24.589)	-	-	-	-	-	-	(24.589)
Exchange differences on translation of foreign operations	-	-	-	(17.876)	-	-	950.979	-	(17.876)
Net profit for the year	-	-	-	-	-	-	950.979	-	950.979
Balance at 31 December 2004	62.630.000	(3.307.929)	332.972.327	(76.838)	5.899.575	7.524.715	950.979	(55.503.559)	351.089.270
Opening Balance at 01 January 2005	62.630.000	(3.317.929)	332.972.327	(76.838)	5.899.575	7.524.715	-	(54.552.580)	351.089.270
Offsetting of accumulated losses	-	-	(-8.515.240)	-	-	(7.524.715)	-	56.319.945	-
Dividends paid	-	-	-	-	-	-	-	-	-
Increase in the fair value of assets available for sale	-	2.081.343	-	-	-	-	-	-	2.081.343
Exchange differences on the translation of foreign operations	-	-	-	(186.662)	-	-	-	-	(186.662)
Net profit for the year	-	-	-	-	-	-	12.740.556	-	12.740.556
Balance at 31 December 2005	62.630.000	(1.226.586)	284.457.097	(263.500)	5.899.575	-	12.740.556	1.487.365	365.724.507

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

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

	Notes	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit for the year		12.740.556	950.979
Adjustments to reconcile net profit to net cash provided by operating activities:			
- Depreciation of property, plant and equipment	19	25.744.116	25.520.172
- Amortization of other intangible assets	20	16.849	15.591
- Provision for employment termination benefits	23	2.859.960	1.334.519
- Accrued exchange losses and accrued interest on borrowings		1.198.983	8.732.242
- Other provisions		522.813	749.328
- Income generated from financial fixed assets		(2.634.438)	(5.589.354)
- Accrued foreign exchange differences		-	1.402.305
- Interest income accruals		(5.256)	(346.355)
- Accrued taxation net of monetary gain / (loss)	14	2.835.443	(3.440.500)
Operating cash flow provided before changes in working capital		43.279.026	29.328.927
- (Increase) / decrease in trade receivables		42.036	(1.843.606)
- (Increase) / decrease in inventories		(4.629.912)	3.878.458
- Decrease in receivables from related parties		3.345.835	10.712.189
- Decrease in other receivables and current assets		627.465	176.106
- Increase in trade payables		9.899.280	2.773.169
- Decrease in payables to related parties		(10.104.208)	(18.057.192)
- Decrease in other payables and current liabilities		(229.586)	(438.550)
- (Increase / decrease) in advances received		(159.431)	592.902
Changes in working capital		(1.208.521)	(2.206.524)
Cash generated from operations		42.070.505	27.122.403
- Interest paid		(3.070.391)	(6.336.464)
- Income taxes paid	41	(507.341)	(95.011)
- Retirement Benefits Paid	23	(1.825.228)	(3.874.908)
Net cash provided by operating activities		36.667.545	16.816.020
CASH FLOWS FROM INVESTING ACTIVITIES			
- Changes in financial fixed assets		(2.783.835)	256.608
- Dividends received		4.923.026	5.879.585
- Purchases of tangible assets	19	(18.504.517)	(6.775.489)
- Purchases of intangible assets	20	(7.093)	(11.053)
- Net book value of tangible assets disposed	19	448.805	98.800
- Exchange differences on translation of foreign operations		(186.662)	(17.876)
- Changes in other investing activities		30.423	(24.796)
Net cash used in investing activities		(16.079.853)	(594.221)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Net borrowings		47.790.346	19.912.500
- Repayment of borrowings		(25.950.494)	(33.920.515)
Net cash (used in) / from financing activities		21.839.852	(14.008.015)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		42.427.544	2.213.784
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		6.350.361	4.136.577
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		48.777.905	6.350.361

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

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004**

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Soda Sanayii Group (the "Group") comprises Soda Sanayii A.Ş. (the "Company") and its subsidiary in which the Company wholly owns the shareholding.

The Group's operations comprise establishing and acquiring manufacturing facilities to produce 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 as required for the production of the above mentioned products. The Group conducts its manufacturing operations in its Soda and Kromsan facilities located in Kazanlı, Mersin. The Headquarters of the firm is located in İstanbul. (İş Kuleleri Kule 3, 4 Levent-Beşiktaş/İstanbul)

In the accompanying notes, Soda Sanayii A.Ş. and its subsidiaries together will be referred as "the Group".

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 2005	31 December 2004
			Proportion of direct ownership	Proportion of direct ownership
Solvay Şişecam Holding AG	Subsidiary investment	Austria	21,44	19,13
Şişecam Bulgaria Ltd.	Soda products trade	Bulgaria	100,00	100,00
Oxyvit Kimya San. ve Tic. A.Ş.	Vitamin K-3 and its derivatives	Turkey	44,00	44,00

Shareholders owning 10% of the capital and more :

The registered capital ceiling of the company is 100.000.000 TRY and the nominal issued capital is 62.630.000 TRY. The stocks of the Company are being traded on the İstanbul Stock Exchange Market. The capital distribution among known shareholders is as follows.

Shareholders	31 December 2005		31 December 2004	
	Share %	Share Amount TRY	Share %	Share Amount TRY
T.Şişe ve Cam Fabrikaları A.Ş.	50,22	31.450.662	50,22	31.450.662
Anadolu Cam Sanayi A.Ş.	14,24	8.920.000	14,24	8.920.000
Trakya Cam Sanayi A.Ş.	19,45	12.178.920	19,45	12.178.920
Other	16,09	10.080.418	16,09	10.080.418
Total	100,00	62.630.000	100,00	62.630.000

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

Average number of personnel working in the current and prior period:

The average number of personnel working in the Group in terms of their categories is as follows.

Catagories	31 December 2005	31 December 2004
Manager	79	81
Engineer	45	42
Clerk	168	160
Technician	85	88
Office personnel	62	55
Blue-collar worker	500	488
Total	939	914

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
Accounting Standards Applied:

The Company and its subsidiaries, which are registered in Turkey, maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation. The books of account of subsidiaries established at foreign countries are prepared in accordance with the accounting principles prevailing in their registered countries.

The Capital Markets Board (CMB) publishes a set of comprehensive accounting policies in Communiqué No: 25 of Series XI, "The Capital Markets Accounting Standards". Providing the disclosures related to the accounting standards issued by the Board including the formats of financial statements, reports and its notes under the "Communiqué on the amendment of the "Communiqué regarding the Capital Markets Accounting Standards" (No:27, Series XI) issued on 23 December, 2004 and the "Additional Article 1", which is included in the "Communiqué regarding the Capital Markets Accounting Standards" No: 25, Series XI, are reserved, the application of IFRSs is based on the adjustments and declaration obligations required in the Communiqué No:25, Series XI therefore, the Communiqué declared that as an alternative, the compliance with the accounting standards issued by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC) will be counted as in compliance with the CMB Accounting Standards.

According to this, the Group adopts itself to prepare its financial statements according to the alternative application frame, permitted by the Capital Markets Board, mentioned above. The formats of financial tables and notes are in accordance with the notification dated 20 December 2004 stated by the CMB.

Preparation of Financial Statements in Hyperinflationary Periods:

In accordance with the Communiqué No: 25, Series:XI, 75th article of the decision numbered 11/367 and dated 17 March 2005 of the CMB "Communiqué on Accounting Standards in Capital Market"; Companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the companies adopting IFRSs), effective as of 1 January 2005, will not be subject to the application of inflation accounting. Therefore, beginning from 1 January, 2005 IAS 29 "Preparation of Financial Statements in Hyperinflationary Periods" which was issued by IASB was not applied. Consequently, financial statements dated 31 December 2005 were expressed by the purchasing power of the New Turkish Lira as of 31 December 2005.

The decision numbered 404 of the Communiqué No: 25, Series:XI of the CMB states that, if the application of the decisions regarding inflation adjustment is terminated due to ending of the hyperinflationary period, the balances of the last period's financial statements constitute the opening balances of the subsequent period's financial statements.

The decision numbered 403 of the Communiqué No: 25, Series:XI of the CMB requires that comparative financial statements presenting current and prior period's balances be prepared and in order to ensure efficient comparison, financial statements of the prior period be restated in terms of current purchasing power by using conversion factor.

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

Companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the companies adopting IFRSs), effective as of 1 January 2005, will not be subject to the application of inflation accounting. Therefore, beginning from 1 January 2005 IAS 29 "Preparation of Financial Statements in Hyperinflationary Periods" which was issued by IASB was not applied. Consequently, financial statements dated 31 December 2004 were expressed by the purchasing power of the New Turkish Lira as of 31 December 2004.

The exchange rate announced by the Turkish Central Bank as of 31.12.2005 is; 1 USD Dollar=1,3418 TRY, 1 EUR=1,5875 TRY. (On 31.12.2004; 1 USD Dollar=1,3421 TRY and 1 EUR=1,8268 TRY)

Consolidation

The consolidated financial statements incorporate the financial statements of the Group and enterprises controlled by the Group as explained in Note 1. Adjustments are made to eliminate intercompany sales and purchases, intercompany receivables and payables and intercompany equity investments.

Entities in which the Group, directly or indirectly, has above 50% shareholding or interest of voting rights or otherwise has power to exercise control over operations, have been fully consolidated. Group has obtained a share from operations of the equity subsidiaries since it has power to govern the financial and operational policies of the company. All significant transactions and balances between the Group and its consolidated subsidiaries are eliminated on consolidation. In cases where the consolidated entities are not 100% owned the shareholders' equity and net income, which belong to third party shareholders, are separately accounted for as minority.

As the company owns 100% of the shares of the subsidiaries accounted under consolidation method as of 31 December 2004 and 2005 there is not any minority interest on the consolidated financial statements.

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. Enterprises in which the Group has significant influence with 20% to 50% ownership or interest of voting rights but does not have a power to control operations are accounted under the equity method. Under the equity method, the net assets of the investee company are carried in the balance sheet and the share of the Group in the investee company's results of operations is recognized in the statement of income. The carrying amount of such investments is reduced to recognize any decline, other than a temporary decline, in the value of individual investments.

According to IAS 21 "The Effects of the Changes of Exchange Rates", the assets and liabilities of the affiliates of the group in foreign countries, are translated according to the closing rate of the balance sheet date. The income / loss items are translated according to the average exchange rate of the period. The exchange rate differences are followed in the foreign currency exchange differences account in Shareholders' Equity. The exchange differences are written as income or loss to the related period.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group

In the accompanying consolidated financial statements Şisecam Bulgaria Ltd., which is wholly owned and controlled by the Company is consolidated on a line by line basis. In addition, Oxyvit Kimya Sanayi A.Ş., in which the Company has a 44% shareholding and voting right but no influence, and Solvay Şisecam Holding A.G. which is 21% owned are accounted for under the equity method.

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

Comparative Information and Restatement of Prior Period Financial Statements

Consolidated financial statements of the Company have been prepared comparatively to the prior period. If the presentation or classification of the financial statements are changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

Offsetting:

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settling on a net basis, or realizing the asset while fulfilling the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the accompanying consolidated financial statements are as follows:

a. Revenue:

Revenue is recognized on accrual basis over the amount obtained or to be obtained based on the assumption that delivery is realized, the income can be reliably determined and the inflow of the economic benefits related with the transaction to the Company is probable. Net sales are calculated after the sales returns and sales discounts are deducted.

b. Inventories:

Inventories are stated at the lower of cost and net realizable value using the weighted average method. Cost comprises purchase cost and, where applicable, conversion costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

c. Tangible Assets

Property, plant and equipment that are acquired before 1 January 2005 are carried with their restated cost as of 31 December 2004; and intangible assets that are acquired after 1 January 2005 are carried with their cost after subtracting accumulated depreciation and impairment.

Fixed Assets are being amortized on straight line basis over the useful life method. The useful lives determined by considering the useful lives of fixed assets except lands having infinite useful life are as follows.

	<u>Useful life (Year)</u>
Buildings	50
Land improvements	25-50
Machinery and equipment	5-15
Vehicles	5
Furniture and fixtures	10
Leasehold improvements	5

Gains or losses on disposals of property, plant and equipment with respect to their restated amounts are included in the related income and expense accounts, as appropriate where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Maintenance expenses for tangible fixed assets are normally charged against income. In cases where they result in an enlargement or substantial improvement of the respective assets, all the cost associated with maintenance, including the interest charges for the period of the relining on any loans specifically taken to finance the repair, are capitalized and subjected to depreciation in accordance with the depreciation policies explained above.

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

d. Intangible Assets:

Intangible fixed assets are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

e. Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of all of its assets, excluding goodwill and deferred tax, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) at each balance sheet date. Intangible assets are also tested for impairment and, if there is any indication of their usage, the recoverable amount of the asset is estimated at each balance sheet date. If the book value of these assets or any cash producing unit, belonging to that asset, are higher than their value of use or their net selling price, then there is impairment in the value of these assets. The impairment losses are recognized in the income statement.

If the impairment loss of an asset is followed by an increase in its recoverable amount which can be also justified by a related event, the increase in the recoverable amount can be adjusted in the financial statements by a reversal in the recognized impairment loss. The adjustment should not pass the total amount of the recognized impairment loss.

f. Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recorded in the income statement in the period in which they are incurred.

g. Financial Instruments:

All the financial assets are initially carried at their fair value including their purchase costs related to the investment.

After the initial recognition, the Group's investments held to maturity are carried at their costs less any accumulated impairment losses.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value except available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost and restated to the equivalent purchasing power. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, 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.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction.. Market value is the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists. The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented here in may not necessarily be indicative of the amounts the Group could realize in a current market exchange.

Balances with banks, receivables, contingent liabilities such as letters of guarantee and letters of credit are important financial instruments which would have negative effects on the financial structure of the Group if the other party failed to comply with the terms and conditions of the agreement.

For some securities, recorded values equal to their purchase value, since they are short-termed, it is assumed that their values are equal to the fair value.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

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Cash and cash equivalents:

Cash and bank balances denominated in foreign currencies are translated at period-end exchange rates. The carrying amounts of the remaining cash and bank balances are reasonable estimates of their fair value.

Financial Assets:

The fair values of the financial assets being traded on the Stock Exchange Market are calculated by using their market values and fair values. Book value is reasonable fair value for assets market values of which are unknown.

Trade receivables:

The carrying amount of the trade receivables after allowances and trade payables are reasonable estimates of their fair values.

Borrowings

Borrowings have interest rates that are fixed on an entry value basis. However, borrowings at Libor or Euribor plus mark up are subject to fluctuation in accordance with prevailing interest rates in the market. Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

Price risk

The Group is exposed to exchange rate fluctuations between foreign currencies and the Turkish Lira due to the nature of its business. The majority of the Group's imports and exports are in foreign currencies. Certain parts of the interest rates related to borrowings and leasing transactions are based on market interest rates, therefore the Group is exposed to interest rate fluctuations on domestic and international markets.

Liquidity risk

The Group is generally raising funds by liquidating its short-term financial instruments such as collecting its receivables and disposing of marketable securities. The Group's proceedings from these instruments generally approximate their fair values.

h. Foreign Currency Transactions:

According to IFRS 21, 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 TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual entities, transactions in foreign currencies (currencies other than TRY foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

1. Earnings per Share

Earnings per share stated on statements of income is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the year.

i. Events After Balance Sheet Date

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Company. Should any evidence come about events that were prior to the balance sheet date or should new events come about they will be explained in the relevant footnote.

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j Provisions, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provision are measured at the Company's Management best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. A contingent liability is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from the past events but is not recognized because; it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Although the payment of the contingent liabilities is certain and value estimation of the economically beneficial assets is not reliable, the Group displays related liabilities in the footnotes.

k. Changes in Accounting Policies, Accounting Estimates and Errors

Accounting policies, estimates and rules practiced in preparation of financial statements are determined in accordance with International Financial Reporting Standards (IFRS) ascribed in Capital Market Board Accounting Standards and in CMB's Bulletin of Series: XI, Article:25 and they are practiced consistently.

The Group can make changes to its accounting policies when such changes will reflect the companies' financial position, performance or cash flows in a more reliable manner. When the accounting policy change effects the current and the prior period results the change is applied retroactively as if the accounting policy was in effect. If the application of such change effects the financial results of the following periods, the accounting policy change is applied in the period in which such change is made.

Some components of the financial statements involve some accounting estimates due to some uncertainties of the companies operations. When there are changes in the underlying assumptions, such as availability of new information or occurrence of new events, the company reviews these estimates. If the change in the accounting estimate effects just one period, the change is taken into account in the period in which the change is made. If the change in estimate effects the future periods, the change is applied prospectively.

Errors might stem from the wrong arithmetical calculations, the incorrect application of the accounting policies or the misinterpretation of the accounting standards. When the Group realizes a probable error, the financial statements are corrected retroactively. The Group shall disclose the nature of error, aggregate amount of adjustments applied in the prior periods and each comparative period in which represents the aggregate amount of these adjustments.

l. Financial Leases

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

m. Related Parties

For the purpose of the accompanying financial statements, shareholders of Anadolu Cam Sanayii A.Ş, consolidated and non-consolidated group companies, their directors and any groups to which they are known to be related, are considered and referred to as related. Transactions made with companies owing to the ordinary activities have been generally performed in conformity with market prices.

n. Segmental Information

The Group is primarily engaged in production, marketing and distribution of soda, and chromium products. Accordingly, in the accompanying consolidated financial statements, disclosure of segmental information is not provided.

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o. Government Grants and Incentives

40 %- excluding some exceptions- of the investment payments which exceed TRY 6.000 related to tangible assets after 24 April 2003 are exempt from corporate tax due to the investment allowance exemption. Withholding tax is not calculated over these exempt amounts. Unless the investment profit is adequate, this tax reduction arising from these investments are transferred to future years. Entities or Groups are not obliged to given an "investment incentive certificate" as to benefit from this investment allowance exemption. Utilizing the right of the earned tax reduction in respect of valid judgments before 24 April 2003, withholding tax will be 19,8 % over the investment allowance amount regardless of the allocation of the profit.

In the 9th section of the 28th article of the law dated 16 July 2004, numbered 5228, it was decided that as of 31 July 2004, 40% of research and development expenditures from the Group's exclusive and new search for technology and information is exempt from corporate tax as a R&D deduction. Former application will be carried for the expenditures subsequent to 31 July, 2004. There is no withholding tax for R&D deduction.

Expenses regarding industries having R&D quality projects which were qualified by expert organizations are viewed and evaluated so that specific proportion of these expenses are considered as grants or are given support on condition of payback under Export inclined Government grants decision numbered 94/6401, within the framework of Research and Development (R&D) Grants numbered 98/10 which was published in accordance with the decision of Money-Credit Coordination Board dated 9/9/1998 and numbered 98/16 by the Under Secretariat of Foreign Trade.

The Group is exempt from the stamp tax and duties attributed to the export transactions and other profitable foreign exchange operations to the extent of the procedures and basis determined by Ministry of Finance and Undersecretariat of Foreign Trade.

The government grants are paid to support the participation of attending fairs abroad according to the decision dated 16 December 2004 and numbered 2004/11 of Money Credit and Coordination Committee which was prepared on the basis of "Decisions of Export-oriented Government Grants"

According to the law no 3218, the companies which are licensed to operate in free zones are exempt from income and corporate tax provided that gains from these operations are limited with the period that was determined in the licenses, wages of employees working in these zones are exempt from income tax until 31 December 2008 and transactions related to these operations in free zones are exempt from all stamp taxes and duties until 31 December 2008. Moreover, incomes of tax payers who are having operations in free zones are exempt from income and corporate tax until the end of the annual taxation period including the date of the full membership to the European Union.

p. Taxation :

Tax legislation in Turkey 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.

Taxes on income for the year comprise of current tax and the change in deferred taxes. The Group accounts for current and deferred taxation on the results for the period, in accordance with IAS 12 ("Income Taxes" Revised).

Provision is made in the financial statements for the Group's estimated liability to Turkish corporation tax on its results for the year. The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed.

Deferred tax assets and liabilities are recognized using the liability method in respect of material temporary differences arising from different treatment of items for accounting and taxation purposes. Deferred tax liabilities are

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recognized for all taxable temporary differences and deferred tax assets are only provided to the extent if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled and charged or credited in the statement of income. For this reason, deferred tax asset and liabilities as of 31 December 2004 are calculated over tax bases that are adjusted to inflation according to Amendment on Income Tax and Corporate Tax Law of Law No. 5024 published on 30 December 2003. Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

r. Employee benefits/ Retirement Pay Provision

Employee benefits are provided to the Group employees such as bonuses, marriages, permission, and incentive education. Moreover, under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Future retirement payments are discounted to their present value at the balance sheet date at an interest rate determined as net of an expected inflation rate and an appropriate discount rate.

s. Cash Flow Statement :

To inform the users of financial statements on the change of net assets, financial structure of the Group and its ability to guide the amounts and timing of its cash flows according to changing conditions, Group prepares cash flow statement as an indispensable part of its financial statements. Cash flows for the period are mainly reported as dependant to investment and financial operations of the Group.

t. Profit Distribution

In accordance with the communiqué No:25 of series XI of the capital markets board, the inflation adjustment differences arising from the application of inflation accounting, recorded in accumulated losses are considered in the determination on profit distribution calculated based on these inflation adjusted financial statements. Such inflationary adjustments losses recorded in accumulated losses are offsetted with retained earnings if any, and then inflationary adjustments calculated on extraordinary reserves and legal reserves

Commencing from 1 January 2004, based on Capital the communiqué No:25 of series XI of the capital markets board, the financials statements prepared in accordance with IFRS are considered for the calculation of the profit distribution. Companies are obliged to distribute 20% of these profits at a minimum. Such dividend distribution can be in the form of cash or free shares, or a combination of both no less than 30% of the distributable profit.

The communiqué No:25 of series XI of the capital markets board, companies which are obliged to prepare consolidated financial statements, should not consider the profits of the subsidiaries, participations and joints ventures are not considered if the board of directors of these entities has not taken a profit distribution decision.

If the board of directors of the consolidated entities has taken a profit distribution decision, in the profit distribution calculation of the group based on the consolidated financial statements, the profits of these consolidated entities are considered, however the profit distribution amount can not exceed the profit which rolls up to the consolidated financial statements.

In addition, due to the decision of the capital markets board dated 25 February 2005 numbered 7/242; the minimum profit distribution in accordance with capital markets board regulations should be distributed from retained earnings. If the retained earnings are less than the dividend payments to be made, than the retained earnings available to for distribution will be distributed in full. If there is a period loss, than no dividend will be distributed.

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u. Adaptation of New and Revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2005.

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

IFRS 6 Exploration for and Evaluation of Mineral Resources

IFRS 7 Financial Instruments: Disclosures

IFRIC 4 Determining whether an Arrangement contains a Lease

IFRIC 5 Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IFRIC 6 Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

IFRIC 8 Scope of IFRS 2

Group Management considers that the application of the above standards and interpretations in forthcoming periods will not have a significant effect on the financial statements.

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4. CASH AND CASH EQUIVALENTS

	31 December 2005	31 December 2004
Cash	4.030	152
Demand deposits	7.045.512	6.309.181
Time Deposits	40.368.847	-
Other liquid assets	1.359.516	41.028
	<u>48.777.905</u>	<u>6.350.361</u>

Time Deposits

<u>Currency Type</u>	<u>Interest Rate (%)</u>	<u>Currency Amount</u>	<u>31 December 2005</u>	<u>31 December 2004</u>
TRY	13,50-1,75	-	36.664.562	-
Euro	3,25-3,80	629.912	999.985	-
USD	4,25	2.015.427	2.704.300	-
			<u>40.368.847</u>	-

As of 31 December 2005, 39.368.862 TRY of the time deposits and 5.749.519 TRY of the demand deposits are kept in Türkiye İş Bankası A.Ş., which is a related party. 1.251.906 TRY of this amount is blocked.

5. MARKETABLE SECURITIES

None

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6. BORROWINGS

	31 December 2005	31 December 2004
Short term bank loans	36.683.903	15.936.070
Current portion of long term loans and accrued interests	1.124.918	518.091
Total short term borrowings	<u>37.808.821</u>	<u>16.454.161</u>
Long term portion of long term loans	2.518.569	3.904.785
Total long term borrowings	<u>2.518.569</u>	<u>3.904.785</u>
Total borrowings	<u><u>40.327.390</u></u>	<u><u>20.358.946</u></u>

Analysis of total borrowings repayments is as follows:

	31 December 2005	31 December 2004
In one year	37.808.821	16.454.161
Between one to two years	874.713	1.006.567
Between one to three years	874.712	1.006.567
Between three to four years	769.144	1.006.567
Between four to five years	-	885.084
	<u><u>40.327.390</u></u>	<u><u>20.358.946</u></u>

Long term portion of the long term borrowings is as follows:

<u>Currency Type</u>	<u>Interest Rate (%)</u>	<u>Currency Amount</u>	<u>31 December 2005</u>
EUR	4,35-4,58	1.586.500	2.518.569
			<u><u>2.518.569</u></u>

<u>Currency Type</u>	<u>Interest Rate (%)</u>	<u>Currency Amount</u>	<u>31 December 2004</u>
EUR	4,35-4,58	2.137.500	3.904.785
			<u><u>3.904.785</u></u>



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Short term borrowings are as follows:

Currency Type	Interest Rate %	31 December 2005		Interest Rate %	31 December 2004	
		Capital	Interest Accrual		Capital	Interest Accrual
USD	4,768-5,09	10.500,000	340,942	2,89-3,48	8.500,000	177,617
EUR	3,137-3,521	10.422,810	209,117			
TRY	13-14	5.100,000	150,529	17-18	1.103,822	186,018
			<u>56.885,905</u>			<u>15.936,070</u>

Short term principal and interest payment of long term borrowings are as follows:

Currency Type	Interest Rate %	31 December 2005		Interest Rate %	31 December 2004	
		Capital	Interest Accrual		Capital	Interest Accrual
USD	3,8	-	162,842	3,8-9,75	62,840	272,048
EUR	4,55-4,58	551,000	19,971	4,55-4,58		20,578
			<u>1124,918</u>			<u>518,091</u>

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7. TRADE RECEIVABLES AND TRADE PAYABLES

	31 December	31 December
	2005	2004
<u>Current trade receivables (net)</u>		
Trade receivables	8,331.532	8.902.727
Notes receivables	2.618.572	2.062.227
Discount on notes receivables (-)	(390.855)	(425.715)
Deposits and guarantees given	45.000	-
Other trade receivables	710.133	817.179
Doubtful trade receivables	(710.133)	(817.179)
	<u>10.604.249</u>	<u>10.539.239</u>
	31 December	31 December
	2005	2004
<u>Non- current trade receivables (net)</u>		
Deposits and guarantees given	18.315	11.925

Based on prior year experience, allowance is provided for doubtful receivables. Movements in the allowance for doubtful receivable in year 2005 and year 2004 are as follows:

	31 December	31 December
	2005	2004
Opening balance	(817.179)	(784.257)
Charge for the period	-	(96.005)
FX rate difference	107.046	(32.264)
Monetary gain	-	95.347
Closing balance	<u>(710.133)</u>	<u>(817.179)</u>

The Group holds the following collaterals for the trade receivables:

	31 December	31 December
	2005	2004
Letters of guarantee	5.022.299	4.467.977
Notes and bills	1.433.912	1.061.461
Mortgages	512.500	512.500
	<u>6.968.711</u>	<u>6.041.938</u>
	31 December	31 December
	2005	2004
<u>Short term trade payables (net)</u>		
Payables	17.744.727	7.790.349
Discount on notes payables (-)	(205.018)	(109.864)
Deposits and guarantees received	131.271	91.010
Other trade payables	705	910
	<u>17.671.685</u>	<u>7.772.405</u>

8. FINANCE LEASE RECEIVABLES AND OBLIGATIONS UNDER FINANCE LEASES

None.

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9. DUE FROM / TO RELATED PARTIES

Trade names of the shareholders, related parties, companies within the group and other related parties as of 31 December 2004 and 31 December 2005 are as follows.

Shareholders

T. Şişe ve Cam Fab. A.Ş.	(Şişecam)
Trakya Cam Sanayi A.Ş.	(Trakya Cam)
Anadolu Cam Sanayi A.Ş.	(Anadolu Cam)
Camiş Madencilik A.Ş.	(Camiş Madencilik)
Cam Pazarlama A.Ş.	(Cam Pazarlama)

Related Parties

Denizli Cam San. Ve Tic. A.Ş.	(Denizli Cam)
Oxyvit Kimya San. Ve Tic. A.Ş.	(Oxyvit Kimya)
Camiş Elektrik Üretim A.Ş.	(Camiş Elektrik)
Paşabahçe Cam Sanayi ve Tic. A.Ş.	(Paşabahçe Cam)
Şişecam Shangai Trading Co. Ltd.	(Şişecam Shangai)
Cromital SPA	(Cromital)

Companies within the Group

Paşabahçe Eskişehir Cam San. Ve Tic. A.Ş.	(Paşabahçe Eskişehir)
Madencilik Sanayi Tic. A.Ş.	(Madencilik Sanayi)
Paşabahçe Mağazaları A.Ş.	(Paşabahçe Mağazacılık)
Çayırova Cam Sanayi A.Ş.	(Çayırova Cam)
Camiş Ambalaj Sanayi A.Ş.	(Camiş Ambalaj)
Cam Elyaf Sanayi A.Ş.	(Cam Elyaf)
Camiş Sigorta Hizmetleri A.Ş.	(Camiş Sigorta)
Camiş Lojistik Hizmetleri A.Ş.	(Camiş Lojistik)
Ferro Döküm San. ve Tic. A.Ş.	(Ferro Döküm)
Camiş Limited	(Camiş Limited)
Mina-Ksani Cam Ambalaj Fabrikaları	(Mina-Ksani)
İş Yatırım Menkul Değerler A.Ş.	(İş Yatırım)
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	(Şişecam Sigorta)
Ruscam Ltd.	(Ruscam)
Trakya Glass Bulgaria EAD	(Trakya Glass)

Other Related Parties

T. İş Bankası A.Ş.	(İş Bankası)
TTI Avea	(TTI Avea)
Solvay Sodi AD	(Solvay Sodi)

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	31 December	31 December
	2005	2004
Loans		
Loans used through the medium of Cam Pazarlama	34.235.125	14.639.848
Loans used from İş Bankası	1.542.012	1.233.210
Trade Receivables From Related Parties		
Trakya Cam	642.359	521.112
Cam Pazarlama	36.409.830	31.737.988
Denizli Cam	4.834	4.370
Oxyvit Kimya	183	184
Paşabahçe Cam	128.751	154.563
Paşabahçe Eskişehir	53.690	65.865
Anadolu Cam	280.297	243.202
Cromital SPA	6.509	-
Çayirova Cam	-	66.327
Trakya Glass	43.830	-
Cam Elyaf	1.730	1.794
	<u>37.572.013</u>	<u>32.795.405</u>
Other Receivables from Related Parties		
Şişecam	-	887.949
Trakya Cam	1.121.509	4.422.666
Camış Madencilik	619.495	1.944.363
Oxyvit Kimya	62.722	30.076
Paşabahçe Eskişehir	76.824	442.474
Anadolu Cam	18.193	-
Çayirova Cam	-	580.072
Denizli Cam	31.535	29.565
Cam Elyaf	-	3.755.911
Camış Ambalaj	-	609
Madencilik Sanayi	10	-
Paşabahçe Cam	621.434	-
Camış Elektrik	1.400.909	6.655
	<u>3.952.631</u>	<u>12.100.340</u>
Receivables from personnel	50.272	25.006
Total Receivables from Related Parties	<u>41.574.916</u>	<u>44.920.751</u>
Trade Payables to Related Parties		
Şişecam	355.901	265.594
Solvay Sodi	538.787	-
Camış Lojistik	37.876	58.113
Camış Madencilik	12.929	-
Camış Limited	222.034	263.322
Camış Ambalaj	531	384
	<u>1.168.058</u>	<u>587.413</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

	31 December 2005	31 December 2004
<u>Other Payables to Related Parties</u>		
Anadolu Cam	657.804	947.972
Cam Pazarlama	3.614.776	13.290.345
Şişecam Sigorta Hizmetleri	94.163	-
Çayırova Cam	411.842	-
Paşabahçe Cam	-	248.787
Cam Elyaf	745.903	-
Paşabahçe Mağazacılık	6.945	15.236
Şişecam	204.014	-
Camış Ambalaj	-	258
Camış Sigorta	-	63.773
Camış Lojistik	444.491	1.957.592
Camış Limited	20.803	348.036
Other	5.665	5.979
	<u>6.206.406</u>	<u>16.877.978</u>
Payables to Personnel	<u>271.736</u>	<u>285.017</u>
Total Trade Payables to Related Parties	<u>7.646.200</u>	<u>17.750.408</u>
<u>Sales to Related Parties</u>	2005	2004
Trakya Cam	36.233.151	33.863.293
Paşabahçe Cam	9.646.097	10.153.392
Paşabahçe Eskişehir	3.577.253	3.933.470
Denizli Cam	296.880	287.149
Cam Pazarlama	165.305.634	149.193.901
Çayırova Cam	-	3.836.246
Cam Elyaf	113.688	110.394
Anadolu Cam	17.151.526	15.692.998
Trakya Glass	850.888	-
Mina-Ksani	-	558.301
Oxyvit Kimya	11.162	10.648
	<u>233.186.279</u>	<u>217.639.792</u>
<u>Purchases from Related Parties</u>	2005	2004
Cam Pazarlama	7.524.300	98.430.638
Camış Madencilik	729.854	382.208
Camış Limited	2.550.245	44.925.634
Solvay Sodi	4.435.371	-
Other	-	41.882
	<u>15.239.770</u>	<u>143.780.362</u>
<u>Interest Income from Related Parties</u>	2005	2004
Trakya Cam	553.443	1.362.623
Şişecam Holding	28.506	577.782
Cam Pazarlama	330.010	-
Paşabahçe Cam	49.674	305.959
Paşabahçe Eskişehir	68.365	67.536
Cam Elyaf	178.173	261.147
Camış Madencilik	152.664	377.819
Camış Elektrik	107.951	4.690
İşbank	1.416.170	4.867
Other	61.143	71.828
	<u>2.946.099</u>	<u>3.034.251</u>

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<u>Interest Expense to Related Parties</u>	2005	2004
Camış Lojistik	57.325	559.161
Anadolu Cam	155.105	402.597
Cam Pazarlama	1.356.927	3.188.588
Çayırova Cam	19.336	49.781
Paşabahçe Cam	78.155	60.521
İşbank	267.886	70.988
Other	44.408	90.829
	<u>1.979.142</u>	<u>4.422.465</u>
<u>Dividend Income from Related Parties</u>	2005	2004
Solvay Şişecam	-	3.187.950
Paşabahçe Cam	874.999	2.033.201
	<u>874.999</u>	<u>5.221.151</u>
<u>Commission Expenses to Related Parties</u>	2005	2004
Şişecam Holding	159.904	111.690
Cam Pazarlama	1.059.813	746.869
Camış Lojistik	466.593	495.351
	<u>1.686.310</u>	<u>1.353.910</u>
<u>Service Fees Paid to Related Parties</u>	2005	2004
Şişecam Holding	3.309.624	2.622.736
<u>Other Income from Related Parties</u>	2005	2004
Cam Elyaf	1.411.874	1.269.027
Camış Madencilik	1.376.049	1.219.363
Camış Lojistik	101.269	-
Camış Elektrik	974.357	778.725
Anadolu Cam	298.986	355.762
Ruscam	211.468	-
Oxyvit Kimya	719.604	544.361
Other	41.292	20.458
	<u>5.134.899</u>	<u>4.187.696</u>
<u>Other Expenses and Losses from Related Parties</u>	2005	2004
İş Bankası	144.644	126.756
Çayırova Cam	111.914	-
Şişecam Shangai	213.116	-
Other	4.988	-
	<u>474.662</u>	<u>126.756</u>
10. OTHER RECEIVABLES AND PAYABLES		
	31 December	31 December
<u>OTHER CURRENT RECEIVABLES</u>	2005	2004
Deposit paid for organized industrial zone	86.051	704.155
Other current receivables	25.757	157.492
	<u>111.808</u>	<u>861.647</u>

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(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

	31 December 2005	31 December 2004
<u>OTHER NON-CURRENT RECEIVABLES</u>		
Other receivables	-	508

	31 December 2005	31 December 2004
<u>OTHER CURRENT LIABILITIES</u>		
Taxes and dues payable	992.887	1.496.594
Social security premiums payable	1.385.442	760.142
Expense accruals	1.907	387
VAT	47.077	34.053
Other payables	40.337	17.363
Other accruals and liabilities	2.057	3.439
	<u>2.469.707</u>	<u>2.311.978</u>

11. BIOLOGICAL ASSETS

Biological assets are not a part of Groups business.

12. INVENTORIES

	31 December 2005	31 December 2004
Raw materials	20.202.207	14.916.241
Work in progress	599.963	549.765
Finished goods	11.318.438	8.331.878
Trade goods	432.084	1.290.530
Advances given	1.010.925	638.688
Other inventories	163.294	3.369.897
	<u>33.726.911</u>	<u>29.096.999</u>

13. RECEIVABLES FROM ONGOING CONSTRUCTIONS CONTRACTS AND PROGRESS COSTS

None.

14. DEFERRED TAX ASSETS AND LIABILITIES
Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

The basis for the deferred tax as at 31 December 2005 and 31 December 2004 is as follows::

	31 December 2005	31 December 2004
<u>Temporary differences subject to deferred tax:</u>		
Indexation and depreciation differences PP&E	159.903.418	163.418.136
Provision for employment termination benefits	(15.302.848)	(14.268.116)
Unused investment incentive	-	(2.942.107)
Tax losses carried forward	-	(9.084.369)
Non-real part of capitalized finance expenses	(76.142)	(101.522)
Restatement of inventories	177.111	153.243
Other	(461.262)	(671.983)
	<u>144.240.277</u>	<u>136.503.282</u>

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(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

	31 December	31 December
	2005	2004
Deferred tax (assets)/ liabilities :		
Indexation and depreciation differences PP&E	47.971.025	49.025.441
Provision for employment termination benefits	(4.590.854)	(4.280.435)
Unused investment incentive	-	(801.008)
Tax losses carried forward	-	(2.725.311)
Non-real part of capitalized finance expenses	(22.843)	(30.457)
Restatement of inventories	53.133	45.973
Other	(133.869)	(197.085)
	<u>43.276.592</u>	<u>41.037.118</u>
Deferred tax (asset) / liability movement:		
1 January, opening balance	41.037.118	44.687.787
Deferred tax (benefit) / expense	2.239.474	1.782.293
Monetary gain	-	(5.432.962)
31 December, closing balance	<u>43.276.592</u>	<u>41.037.118</u>
		31 December
		2005
Reconciliation of taxation:		
Profit before tax and minority interest		15.575.999
Current tax rate		%30
Expected taxation		4.672.800
Tax effects of		
-expenses that are not deductible in determining taxable profit		753.893
-dividend and other non-taxable income		(1.697.840)
-nondeductible losses from previous years		(48.796)
-investments incentives		(1.677.775)
-monetary gain not (taxable) deductible		203.709
-consolidation adjustments		901.042
-foreign subsidiaries subject to different tax ratios		(271.590)
Taxation per statements of income (Not 41)		<u>2.835.443</u>

15. OTHER CURRENT / LONG TERM ASSETS AND CURRENT / LONG TERM LIABILITIES

	31 December	31 December
	2005	2004
OTHER CURRENT ASSETS		
Prepaid expenses	139.198	8.564
Other VAT	1.336.277	1.428.445
Prepaid taxes and funds	-	89
Personnel advances	-	3.150
Other current assets	87.200	53
	<u>1.562.675</u>	<u>1.440.301</u>
	31 December	31 December
	2005	2004
NON-CURRENT ASSETS		
Prepaid expenses	141.251	177.556

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

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16. FINANCIAL ASSETS

	31 December		31 December	
	2005		2004	
	<u> </u>		<u> </u>	
Held to maturity investments		1.384.365		1.390.679
Available for sale investments		103.182.820		100.594.660
		<u>104.567.185</u>		<u>101.985.339</u>
Available for sale investments:				
	Share	31 December	Share	31 December
	%	2005	%	2004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Paşabahçe Cam	4,74	20.948.535	4,74	20.948.535
Denizli Cam(*)	16,22	5.108.481	16,22	3.027.137
Camış Elektrik	0,08	42.914	0,08	42.914
Oxyvit Kimya(**)	44,00	4.781.080	44,00	6.218.847
Solvay Şişecam Holding(***)	21,44	69.805.677	19,13	70.032.704
Şişecam Shangai Trade Co.Ltd.(****)	100,00	324.523	100,00	324.523
Cromital S.P.A.(*****)	50,00	2.171.610	-	-
		<u>103.182.820</u>		<u>100.594.660</u>

(*) The shares of these companies are publicly traded on İstanbul Stock Exchange (ISE)

(**) Oxyvit Kimya has been accounted for under equity method in the financial statements. Oxyvit Kimya has reduced its capital from 3.350.000 TRY to 3.015.000 TRY, therefore a capital return amounting to 1.326.600 TRY is made to the Group in October 2005.

(***) The Group has increased its shares in Solvay Şişecam Holding AG in Austria from 19.13% to 21.44% by purchasing 24 share belonging EBRD on 15 April 2005. Consequently, the Group obtained "strong influence" over the control of the company; and Solvay Şişecam Holding AG, which is presented with its indexed cost value in the financial statements of March 2005 and of prior periods, is consolidated under equity method. As a result, 5.560.361 TRY negative effect is carried to the income statement.

(****) Şişecam Shanghai is excluded from the scope of consolidation on the grounds of materiality and is stated at its adjusted value as of 31.12.2004.

(*****) Cromital SPA is excluded from the scope of consolidation on the grounds of materiality and is stated at its historical cost.

Held to maturity investments			31 December	31 December
	Nominal Value	Maturity	2005	2004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Eurobond	USD 1.000.000	June 2010	1.384.365	1.390.679

17. POSITIVE/NEGATIVE GOODWILL

None.

18. INVESTMENT PROPERTIES

None.



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19. TANGIBLE ASSETS

	2005							Construction in progress and advances given	Total
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold improvements		
Cost									
Opening balance, January 2005	9.734.470	73.957.476	40.167.179	616.241.654	1.976.856	15.110.365	2.839.018	3.251.275	763.278.284
Exchange differences				(1.223)	(4.707)	(34.206)			(8.956)
Additions	1.777.900		34.511	1.693.050	54.418	433.135	45.792	14.469.247	18.508.055
Disposals	(19.199)	(110.261)	(330.799)	(561.505)	(166.187)	(9.771)	-	-	(997.822)
Transfers from CIP		235.171	536.603	11.624.972	98.542	231.421		(12.720.709)	
Closing balance, 31 December 2005	11.493.171	74.082.286	40.407.485	629.196.948	1.958.922	15.762.170	2.884.810	4.993.813	780.779.565
Accumulated depreciation									
Opening balance, January 2005		(28.119.250)	(17.810.167)	(443.600.976)	(1.207.931)	(9.084.019)	(2.166.454)		(501.994.797)
Exchange differences				1.219	1.373	2.822			5.414
Charge for the year		(1.976.544)	(800.739)	(20.955.365)	(273.312)	(1.163.543)	(574.613)		(25.744.116)
Disposals		31.977	74.432	270.065	165.802	6.141			549.017
Closing balance, 31 December 2005		(30.063.817)	(18.542.474)	(464.284.457)	(1.314.168)	(10.338.599)	(2.741.067)		(527.184.482)
Net book value as of									
31 December 2004	9.734.470	45.838.226	22.351.003	172.640.678	768.925	6.026.346	672.564	3.251.275	261.283.487
Net book value as of									
31 December 2005	11.493.171	44.018.469	21.865.011	164.912.491	644.854	5.523.571	143.745	4.993.813	253.595.083



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20. INTANGIBLE ASSETS

	Rights	Other Intangible Assets	Total
Acquisition cost			
Opening balance, 1 January 2005	4.240.977	2.044	4.243.021
Foreign exchange difference	-	(64)	(64)
Additions	7.093	-	7.093
Closing balance, 31 December 2005	<u>4.248.070</u>	<u>1.980</u>	<u>4.250.050</u>
Accumulated depreciation			
Opening balance, 1 January 2005	(4.142.116)	(1.362)	(4.143.478)
Foreign exchange difference	-	64	64
Charge for the year	(16.693)	(156)	(16.849)
Closing balance, 31 December 2005	<u>(4.158.809)</u>	<u>(1.454)</u>	<u>(4.160.263)</u>
Net Book Value, as of 31 December 2004	<u>98.861</u>	<u>682</u>	<u>99.543</u>
Net Book Value, as of 31 December 2005	<u>89.261</u>	<u>526</u>	<u>89.787</u>

21. ADVANCES RECEIVED

	31 December 2005	31 December 2004
Domestic Advances	400.549	57.413
Foreign Advances	396.047	897.614
	<u>795.596</u>	<u>955.027</u>

22. PENSION PLANS

None

23. PROVISIONS

	31 December 2005	31 December 2004
Tax Provision (Note 41)	595.969	210.167
Prepaid Taxes and Funds (Note 41)	(392.185)	(95.011)
Provisions for Cost expenses	1.351.776	1.109.232
Total short term provisions	<u>1.555.560</u>	<u>1.224.388</u>
Provision for employment termination benefits	15.302.848	14.268.116
Total long term provisions	<u>15.302.848</u>	<u>14.268.116</u>

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Provision for employment termination benefits:

Under Turkish Law, the Group is required to pay employment termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The retirement pay provision ceiling at the respective balance sheet dates, is subject to a maximum of TRY 1.727.15 per month as of 31 December 2005 (31 December 2004: TRY 1.574,74 per month).

For the year 1999, IAS 19 (Revised) became applicable for the first time. Although not changing the fundamental principles involved, the revised standard made clearer the obligation to consider the issues related to accounting for a future benefit:

- An expected inflation rate and an appropriate discount rate should both be determined, the net of these being the real discount rate. This real discount rate should be used to discount future retirement payments to their present value at the balance sheet date.
- The anticipated rate of forfeitures should be considered.

Consequently, in the accompanying financial statements as at 31 December 2005, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 10% and a discount rate of 16%

	31 December 2005	31 December 2004
Provision at 1 January	14.268.116	16.808.505
Period Expense	2.859.960	3.378.029
Compensations Paid	(1.825.228)	(3.874.908)
Monetary gain	-	(2.043.510)
Provision at 31 December	<u>15.302.848</u>	<u>14.268.116</u>

24. MINORITY INTEREST

None

25. SHARE CAPITAL / ADJUSTMENT TO SHARE CAPITAL

Shareholder Structure as of 31 December 2005 and 31 December 2004 is stated as below :

Shareholders	31 December		31 December	
	%	2005	%	2004
Şişecam	50,22	31.450.662	50,22	31.450.662
Anadolu Cam	14,24	8.920.000	14,24	8.920.000
Anadolu Hayat Sigorta	0,01	8.328	0,01	8.328
Trakya Cam	19,45	12.178.920	19,45	12.178.920
Anadolu Anonim Türk Sigorta Şirketi	0,02	12.271	0,02	12.271
Camiş Madencilik	0,04	23.913	0,04	23.913
Cam Pazarlama	0,98	613.708	0,98	613.708
Publicly held amount	15,04	9.422.198	15,04	9.422.198
Nominal Capital	100,00	62.630.000	100,00	62.630.000



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26. CAPITAL RESERVES

	31 December 2005	31 December 2004
Revaluation on fund of investments	(1.226.586)	(3.307.929)
Shareholder's equity inflation restatement differences	284.457.097	332.972.327
	<u>283.230.511</u>	<u>329.664.398</u>

27. PROFIT RESERVES

	31 December 2005	31 December 2004
Legal reserves	5.899.575	5.899.575
Extraordinary reserves	-	7.524.715
Foreign currency exchange rates differences	(263.500)	(76.838)
	<u>5.636.075</u>	<u>13.347.452</u>

28. RETAINED EARNINGS / LOSSES

Based on the General Assembly(18 April 2005) decision, prior year losses are offset from 31. December 2004 net profit for the year and legal reserves inflation differences. As a result, the amount of prior year losses regarding balance sheet equalization is zero.

	Before Offsetting TRY	Offsetting TRY	After Offsetting TRY
Issued capital	62.630.000	-	62.630.000
Legal reserves	5.899.575	-	5.899.575
Extraordinary reserves	7.524.715	(7.524.715)	-
Inflation adjustment	332.972.327	(48.515.230)	284.457.097
Accumulated deficit (-)	(54.552.580)	56.039.945	1.487.365
Net period profit	-	-	12.740.556
	<u>354.474.037</u>	<u>-</u>	<u>367.214.593</u>

29. FOREIGN CURRENCY POSITION

31 December 2005	USD	EUR	TRY Equivalent of other currencies	TRY Equivalent
Cash and cash equivalents	5.170.568	1.787.330	95.536	9.870.870
Trade receivables (net)	2.096.804	574.620	-	3.725.701
Receivables from related parties	13.554.408	10.978.151	559.218	36.174.338
Other receivables and current assets	-	84.363	-	133.926
Held to maturity investments	1.031.722	-	-	1.384.365
Bank loans	(11.006.059)	(12.789.407)	-	(35.071.114)
Trade payables (Net)	(20.053)	(753.495)	-	(1.223.080)
Payables to related parties	(108.996)	(47.518)	-	(221.686)
Other payables and expenses accruals	(9.299)	(432.331)	-	(698.803)
			Net Foreign Currency Position	<u>14.074.517</u>

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31 December 2004	USD	EUR	TRY Equivalent of other currencies	TRY Equivalent
Cash and cash equivalents	3.148.661	782.352	2.035	5.657.054
Trade receivables (net)	1.154.730	686.280	-	2.803.459
Receivables from related parties	13.081.047	7.419.903	476.425	31.587.177
Other receivables and current assets	-	1.355	-	2.475
Held to maturity investments	1.036.196	-	-	1.390.679
Bank loans	(8.950.565)	(2.220.578)	-	(16.069.105)
Trade payables (Net)	(931.793)	(516.539)	-	(2.194.172)
Payables to related parties	(109.094)	(63.861)	-	(263.076)
Other payables and expenses accruals	(335.356)	(144.000)	-	(713.140)
			Net Foreign Currency Position	<u>22.201.351</u>

30. GOVERNMENT GRANT AND INCENTIVES

Rights deserved due to government grants and incentives are presented in details at Not (3.p) .

31. COMMITMENTS AND CONTINGENCIES

	31 December 2005	31 December 2004
Letter of guarantees given	2.153.014	1.570.168
Bails and promissory notes given	-	170.000
Mortgage	-	17.131
Commitment to purchase participating shares (*)	8.117.062	13.421.000
Export commitments	9.553.616	15.393.887
	<u>19.823.692</u>	<u>30.572.186</u>

(*) In 1997 the company, Solvay and EBRD acquired majority of the shares of Solvay Sodi, which was privatized in Bulgaria, as a shareholder of Solvay Şişecam Holding. EBRD is one of the shareholders of the company. EBRD joined the partnership investing 40 Million US \$ to Solvay Şişecam Holding and gave Soda San A.Ş. and Solvay, 30 Million US \$ and 10 Million US \$ share purchase option. For this financing brought by EBRD, interest is paid every year at a rate agreed upon. According to the initial plan, share purchase option was expiring on July 2002. According to the new agreement share purchase option expiration was extended to April 2007 and it also permitted gradual exercising of the option. In this regard , T.Şişe ve Cam Fabrikaları A.Ş. acquired 24 shares of Solvay Şişecam Holding AG belonging to EBRD for 3.950.617, 28 USD as at 15 April 2005 and sold to the Company at the same date and same price. It is forecasted that the remaining shares amounting to 6.049.382,72 USD will be purchased in 2006 and 2007.

Company is the guarantor of the EUR 11.000.000 portion of the EUR 21.000.000 loan of T.Şişe ve Cam Fabrikaları A.Ş, received from West-LB AG London branch, maturing in 5 years with no payments within first 2 years. T.Şişe ve Cam Fabrikaları A.Ş. obtained this loan in order to finance the Şişecam Topluluğu Cam Ev Eşyası ve Kimyasallar groups' investments.

Company decided to be a shareholder of Sintan A.Ş with 3% of shareholding , which will be established with 900.000 TRY capital to produce leather chemicals in İzmir Menemen Free Trade Zone and commercialize these products in domestic and foreign markets.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

The company established right of construction to Camiř Elektrik Üretimi A.Ş, which is a group company, over the 28.010 m2 portion of its immovable. Furthermore, pending lawsuits as of 31 December 2005 against the Group are explained below

As of 31 December 2005 total pending lawsuits against the Group is 909.978 TRY. The total amount of lawsuits opened by the group is 588.579 TRY. 86.301 TRY of the total pending lawsuits against the Group is opened by Gübretař A.Ş. 188.579 TRY of the lawsuits opened by the Group is against Gübretař A.Ş.

A lawsuit was opened by Tarsus Property Administration against the Group with the claim that the Group is using the land which was not rented for extracting limestone and disqualification of compensation and intervention is requested. According to the reports prepared by the experts assigned by the court the Group has booked a provision of 523.912 TRY. A lawsuit opened by Tarsus Treasury about "Cold water support canals project" claims unauthorized use of 19 plots of land is still pending at the relevant Court in Tarsus. The Group has opened a lawsuit to be given authorization for the use of the 19 plots of land at the relevant Court in Tarsus.

32. BUSINESS COMBINATIONS

None

33. SEGMENTAL REPORTING

No segmental reporting exists.

34. EVENTS AFTER THE BALANCE SHEET DATE

Company is the guarantor of the USD 12.000.000 portion of the loan amounting USD 25.000.000 received from Calyon Bank by T.Şiře ve Cam Fabrikaları A.Ş. in order to finance the Şiřecam Topluluđu Cam Ev Eřyası ve Kimyasallar groups' investments of which maturity is 5 years with no payment within the first 2 years.

Company decided to add the TRY 538.624,24 gain from the sales of land and building in the Tuzla Organize Deri Sanayi Bölgesi to capital, the date for the capital increase will be determined later.

35. DISCONTINUED OPERATIONS

There are no discontinued operations as of balance sheet date.

36. OPERATING INCOME

<u>Sales</u>	<u>2005</u>	<u>2004</u>
Domestic sales	177.362.993	166.301.692
Export sales	173.275.175	156.233.983
Sales returns (-)	(7.583)	(38.831)
Sales discounts (-)	(4.387.328)	(4.358.158)
Other discounts (-)	(10.975.449)	(11.364.816)
	<u>335.267.808</u>	<u>306.773.870</u>
<u>Cost of sales</u>	<u>2005</u>	<u>2004</u>
Raw materials used	(174.374.361)	(155.680.939)
Direct labor	(8.174.628)	(8.546.703)
Production overhead	(27.540.341)	(24.246.986)
Depreciation expenses	(21.683.117)	(21.211.587)
Change in work-in process inventories	50.198	(52.460)
Change in finished goods inventories	2.986.560	(9.385.026)
Cost of goods sold (-)	(228.735.689)	(219.123.701)
Cost of merchandises sold (-)	(49.398.909)	(55.366.413)
Cost of sales (-)	<u>(278.134.598)</u>	<u>(274.490.114)</u>



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

<u>Other operating income</u>	<u>2005</u>	<u>2004</u>
Incentive income	50.808	68.399

37. OPERATING EXPENSES

	<u>31 December 2005</u>	<u>31 December 2004</u>
Research and development expenses	(1.223.314)	(1.766.527)
Marketing, selling, and distributing expenses	(22.199.419)	(22.243.876)
General administrative expenses	(21.986.416)	(21.301.386)
	<u>(45.409.149)</u>	<u>(45.311.789)</u>

Note: For the period covering 01.01-31.12.2005, TRY 214.336 of research and development expenses, TRY 2.316.361 of marketing, selling, and distributing expenses, TRY 922.582 of general administrative expenses are composed of depreciation expenses.

38. OTHER INCOME / EXPENSE AND PROFIT / LOSSES

<u>Other income and gains</u>	<u>2005</u>	<u>2004</u>
Dividends income	875.000	5.221.151
Income from participations consolidated per equity method (*)	1.759.438	368.203
Interest income	3.565.189	6.543.103
Provisions no longer required	30.495	35.248
Foreign exchange gains	2.106.300	1.790.172
Discount income	168.430	59.148
Other income and profits	5.649.332	4.179.763
Previous year income and profits	37.206	56.113
Other extraordinary income and profits	1.755.941	1.556.772
	<u>15.947.331</u>	<u>19.809.673</u>
<u>Other expense and losses</u>	<u>2005</u>	<u>2004</u>
Commission expenses	(2.843)	(676)
Provision expenses	(376.544)	(261.161)
Foreign exchange losses	(3.562.485)	(3.350.827)
Discount expense	(38.416)	(93.625)
Other expense and losses	(166.701)	(26.464)
Idle capacity expenses (**)	(1.213.683)	(1.575.233)
Previous year expense and losses	(26.338)	(86.746)
Other extraordinary expense and losses	(4.120.068)	(965.599)
	<u>(9.507.078)</u>	<u>(6.360.331)</u>
<u>(*) Effect of equity method</u>		
Solvay Şişecam Holding (Note 16)	(1.877.822)	-
Oxyvit Kimya	3.637.260	368.203
	<u>1.759.438</u>	<u>368.203</u>

(**) TRY 624.569 of the idle capacity expenses is composed of depreciation expenses.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Amounts expressed in New Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2005 unless otherwise stated.)

39. FINANCE EXPENSES

	<u>2005</u>	<u>2004</u>
Borrowing expenses	(2.639.123)	(9.141.315)

40. NET MONETARY GAIN / LOSS

Net monetary gain/loss is not calculated since inflation accounting has been ceased as of 1 December 2005.

41. TAXES

Corporate tax

	<u>31 December 2005</u>	<u>31 December 2004</u>
<u>Current tax liability:</u>		
Current corporate tax provision (Note 23)	(595.969)	(210.167)
Prepaid taxes and funds (Note23)	392.185	95.011
	<u>(203.784)</u>	<u>(115.156)</u>
	<u>31 December 2005</u>	<u>31 December 2004</u>
<u>Tax provision (Note 14)</u>		
Current year tax provision	(595.969)	(210.167)
Deferred tax provision	(2.239.474)	(1.782.293)
	<u>(2.835.443)</u>	<u>(1.992.460)</u>

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 year.

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 2005 is 30% (2004: 33%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2005 and following years is 30% (2004: 33%).

Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

In Turkey there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within 15 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

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Income withholding tax:

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. However, 19.8% withholding tax is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Such allowances may be used to relieve corporation tax liability until the profits reach the calculated level of exemption. If companies fail to make a profit or incur losses, any investment allowance outstanding may be carried forward to following years so as to be deducted from taxable income of subsequent profitable years.

42. EARNINGS PER SHARE

Earnings per share for the current period has been calculated in accordance with IAS 33 by taking the effect of paid-up, and non paid-up shares issued.

Weighted average number of shares and basic (loss) / earnings per share for the years ended 31 December 2005 and 31 December 2004 are summarized as follows:

	<u>31 December 2005</u>	<u>31 December 2004</u>
Number of outstanding shares as of 1 January 2005	62.630.000	62.630.000
Non-paid-up shares	-	-
Cash shares	-	-
Number of outstanding shares as of 31 December 2005	62.630.000	62.630.000
Current share's:		
Weighted average number	62.630.000	62.630.000
Net profit	12.740.556	950.979
Basic (loss) / earnings per share (TRY)	0,203	0,015

43. STATEMENT OF CASH FLOW

Cash flow statement is presented with financial statements.

44. OTHER SUBJECTS

The Company's audited financial statements for the period ended 31 December 2005 which were prepared in accordance with International Financial Reporting Standards as permitted by the CMB Communiqué XI No: 25 were reviewed by the Board of Directors also considering the decision of the Audit Committee, such that the audited financial statements fairly present the financial results of the Company and the accounting policies used are in compliance with International Financial Reporting Standards referred to by CMB Communiqué XI No: 25. Accordingly, the Board of Directors approved the audited IFRS financial statements on 20 March 2006 for issuance to the public.



CORPORATE MANAGEMENT CONFORMITY REPORT

1. Declaration of Conformity with Corporate Management Principles.

This declaration specifies the following responsibilities of Soda Sanayii Anonim Şirketi (Soda A.Ş.) in respect of the regulation of relations with shareholders and beneficiaries in the company, determination of the duties, authorizations, and responsibilities of the Board of Directors and the committees and managers working under the Board of Directors within the framework of regulations, provisions, and principles included in the Capital Market Legislation, the Company's Articles of Association and Corporate Management Principles of the Capital Market Board.

Established in 1969 as an organization of the Şişecam Group and the Türkiye İş Bankası, Soda A.Ş. is active in Soda Products and Chrome Chemicals Sectors. Soda A.Ş. offers heavy and light soda, refined sodium bicarbonate produced in its Soda Factory in Mersin or provided by Solvay Sodi in Bulgaria, its partner since 1997 as well as sodium silicate products of its own production for use by many industrial sectors at home and abroad, including in particular glass, textile, detergent, chemicals, food and animal feed sectors.

Also among the limited number of producers in the world in the sector of chrome chemicals, Soda A.Ş. provides sodium bichromate, basic chrome sulfates, chromic acid, sodium sulfur and sodium sulfate products to important sectors at home and abroad such as the leather, wood processing, chemicals and paper industry sectors.

While being among the top ten suppliers of soda sector in the world and the top five in Europe, Soda A.Ş. is also among the top producers of the world in the field of chrome chemicals. As a requirement of such position, it has built its management understanding on principles of equality, transparency, accountability, and responsibility. The fact that Soda A.Ş. is among the top producers of Europe and the world in its sector with its current size, its specialty and highly competitive activities are a clear evidence of this management understanding it has undertaken.

Soda A.Ş. attaches importance to the continuous capacity increase and cost reduction, and realizes these objectives by supporting them with modernization and R&D investments.

Having adopted environmental and employee health issues as a major concern, Soda A.Ş. is carrying out its activities in this regard within the scope of the Responsible Care system which is applied by the chemicals sectors of developed countries on a voluntary basis.

The modern management and industry principles, high institutionalization level, focus on the market and R&D, growth, increase of efficiency, product and service quality and similar issues which all have carried Soda A.Ş. to these days do form the foundations of a much stronger Soda A.Ş. in the future. Soda A.Ş. plans to adopt corporate management principles and strengthen this position much further.

Our company has fully performed its responsibilities against holders of shares and beneficiaries during fiscal period that ended on 31.12.2005 in terms of compliance with corporate management principles. The Part "Investor Relations" at the address www.sodakrom.com which was established in order to expand the rights of the shareholders to be informed is always kept updated for the purpose of informing investors, and the studies on infrastructure, awareness, and training efforts were continued in order to fulfill the requirements of risk management. The details of the efforts used in this scope have been provided below in the related parts of our report.



SECTION I SHAREHOLDERS

2. The Department of Relations with Shareholders

According to the provisions and regulations in the Turkish Trade Legislation, the Capital Market Legislation, and the Company's Articles of Association; all our responsibilities regarding the facilitation of the exercise of their rights by shareholders have been fulfilled to date completely and without any deficiency by the units of our Company.

The primary activities which have been carried out in this scope during the period are as follows;

- Meeting the oral and written demands by the shareholders related to the Company, except such information related to our Company which has not been disclosed to the public, which is in the nature of a confidential information and commercial secret.
- Holding the general assembly meeting in compliance with the legislation in force, the articles of association, and other intra-company regulations,
- Preparing the documents the shareholders can benefit from in the general assembly meeting
- Keeping the records of the results of the voting procedure and sending a report related to the results to the shareholders
- Observing and following all the requirements related to public awareness, including the legislation and the corporate information policy,
- Keeping the records related to shareholders in a proper, safe and up-to-date manner.

All the applications of our shareholders during the period have been answered in compliance with the legislation in force, and the communication with the shareholders has been carried out in compliance with the legislation in force, the articles of association, and other intra-company regulations via newspaper announcements, letters, phone and the internet.

The responsible persons of the units with the duty of ensuring communication with shareholders

<u>Name and Surname</u>	<u>Duty Title</u>	<u>Phone</u>	<u>e-mail</u>
Cihan Sırmatel	Group Financial Affairs Manager	0212 350 35 92	csirmatel@sisecam.com.tr
Bala Zaimoğlu	Finance Resources Manager	0212 350 35 94	bzaimoglu@sisecam.com.tr
Ahmet Bayraktaroğlu	Financial Affairs Manager	0212 350 36 40	abayraktar@sisecam.com.tr

3. Exercise of the Rights to Obtain Information by Shareholders

According to the legislation in force, in order to expand the rights of the shareholders to obtain information, any kind of information is provided for information and use by the shareholders via announcements in newspapers published Turkey-wide, special explanations, and the internet site of our company. In addition, the contact or communication details are sent to the company's shareholders through letters, phone and electronic mails.

There has been no written information request during the period, and demands received by phone and verbally were mostly focused on capital increases and distribution of dividends and similar issues, and these requests were answered by the responsible persons of the company immediately. In addition, an "Investor Relations" section was established on the Internet site of our company at www.sodakrom.com starting from the second half of 2004 in order to improve the rights of the shareholders to be informed, and this section was presented for use by the shareholders in an up-to-date form.



Those rights of the minority shareholders to request a private auditor to be assigned from the General Assembly have been regulated by the legislation. Shareholders holding at least one tenth of the capital are entitled to request a private auditor to be assigned from the general assembly in order examine the situations specified in the laws.

There is no regulation in the company's articles of association related to the assignment of a private auditor, and there has been no request for the assignment of a private auditor during the period.

4. General Assembly Information

The ordinary general assembly meeting of the year 2004 was held within the period with a quorum of 84.9% on April 18th, 2005. Beneficiaries and members of the press also participated in the general assembly meeting.

In the invitation letters related to the General Assembly meetings;

- the agenda of the general assembly, the place of the meeting, the date, time, and the form for casting a vote by proxy were included,
- in addition, it was specified that the balance sheet, income statement and the independent audit report summary of the year 2004 would be presented to the examination of the shareholders at the head offices of the company at least 15 days prior to the general assembly meeting,
- it was also specified that the shareholders who will participate in the general assembly meeting should obtain entrance cards to the meeting by presenting the share certificates which they own, or documents evidencing such ownership, to the head office of the company no later than one week before the general assembly meeting, and that those real or legal persons shareholders who will be represented by proxy at the meeting should get the powers of attorney to be certified by notaries public according to the scope of the Directive of the Capital Market Board No: 8, Series: IV , and present them to the company.

In addition, this information was sent by registered mail to the shareholders whose open addresses were known, and announced in the Turkish Trade Registry Gazette and two newspapers which are published Turkey-wide.

The shareholders exercised their right to ask questions during the general assembly meetings, and these questions were answered by the responsible people in the company during the general assembly meeting. No suggestion was presented by the shareholders at the general assembly meeting.

It is only natural that important decisions such as division, sale, purchase or renting of an important amount of property have to be taken by the general assembly. Nevertheless, no provision was inserted in the articles of association related to these issues, since no such need have arisen until now.

In order to increase participation in general assembly meetings, the announcements of the general assembly are made at least fifteen days in advance of the date of the general assembly by announcements in the Turkish Trade Registry Gazette, by two newspapers which are published Turkey-wide, and published on the internet site of the company, and letters are sent to the addresses of the shareholders whose addresses are known. In addition, the time of the general assembly is determined taking into account factors such as traffic, transportation, and similar environmental factors, and attention is paid to hold the general assemblies at times where traffic is not heavy.

It has been started to present the minutes of general assemblies on the web sites of our company starting from 2004.

5. Voting Rights and Minority Rights

There are no privileges in terms of voting rights of the shareholders of our company, and there is no company among our shareholders which is an affiliate under mutual control.

According to the articles of association, each share counts as one vote.



Our Shareholders can cast their votes in person at the general assembly meetings, or they can also use cast votes through third persons who may be or need not be shareholders themselves.

Each real person shareholder is represented in the general assembly only by one person. In case legal entity shareholders are represented by more than one person, only one of these persons will cast their vote. The documents of authorization show who is entitled to exercise the right of voting.

Minority shares are not represented in the management. The cumulative voting method, the exercise of which is optional for our company, is not included in the articles of association

6. Profit Distribution Policy and Profit Distribution Period

The principles of profit distribution of our company are also included in our articles of association which has also been published on the internet site of our company, and are presented to the shareholders for informing purposes.

A profit distribution policy was accepted within the scope of the Corporate Management Principles. Accordingly;

The principle of distributing first dividends from the distributable profit at such rate and amount which has been determined by the Capital Market Board has been adopted in the articles of association of our company.

The profit distribution suggestions of our Board of Directors, which they present to the General Assembly for approval are prepared according to the scope of a dividend distribution policy keeping in mind

- a) that the sensitive balance between the expectations of our Shareholders and the need of our Company to grow is not broken
- b) and also the profitability situation of our company.

A dividend distribution policy has been adopted which is based on the suggestion by our Board of Directors to our General Assembly to distribute at least 30% of the distributable profit as shares free of charge and/or in cash.

There is no privileged share in terms of receiving dividends from the profit.

There is no such application in our articles of association to issue bonus shares for founders and to give dividends to Members of the Board of Directors or our Employees.

Our dividend payments have been realized within the legal periods. We have used all our efforts to complete the payments of dividends as soon as possible, but no later than the end of the 5th month, as specified in the legislation.

There is no regulation in our articles of association stating that an advance payment be made for dividends.

7. Transfer of the Shares

There are no regulations in the articles of association of our company which limit the transfer of shares.

SECTION II

INFORMING THE PUBLIC AND TRANSPARENCY

8. Company Informing Policy

Although there is no information policy of our company which has been announced to the public; explanations and announcements are given via the press whenever important changes and developments occur related to the company activities, except for the issues specified by the legislation. If there is any additional request, information requests of the investors and analysts in this regard will be dealt with by the company authorities who are in charge of this.

The Group Financial Affairs Manager Cihan Sirmatel, the Financial Affairs Manager Ahmet Bayraktaroğlu, and the Accounting Chief Ayşe Arzu Beler have been authorized to provide the communication and coordination of information with the stock exchange.



9. Special Condition Explanations

22 special condition explanations have been made during the period within the scope of Directive of the Capital Market Board, Series: VIII, No:39 regarding "Principles related to the Disclosure of the Special Conditions to the Public".

10. Internet Site and Contents of the company

A section entitled "Investor Relations" with the following contents was established on the present Internet site of our company under the address www.sodakrom.com.tr, starting from the second half of 2004, and this section was presented for use by shareholders and beneficiaries.

- ✓ Annual activity reports,
- ✓ Financial statements and independent audit reports for intermediate periods
- ✓ Trade Registry information,
- ✓ Partnership structure,
- ✓ Members of the board of directors and board of auditors,
- ✓ Agendas of general assembly meeting ,
- ✓ Minutes of general assembly meetings,
- ✓ General assembly shareholders' register
- ✓ Form for voting by proxy,
- ✓ Final version of the articles of association,
- ✓ Explanation and circulars of public offering,
- ✓ Special Condition Explanations
- ✓ Frequently asked questions and answers.

11. Declaration of Real Person Ultimate Controlling Shareholder(s)

The partnership structure of our company is as follows, and there are no real person ultimate controlling shareholders among the partners of our company.

Shareholders	Ratio of Shares (%)
T.Şişe ve Cam Fabrikaları A.Ş.	50,22
Trakya Cam Sanayii A.Ş.	19,45
Anadolu Cam Sanayii A.Ş.	14,24
Cam Pazarlama A.Ş.	0,98
Camiş Madencilik A.Ş.	0,04
Anadolu Anonim Türk Sig. Şti.	0,02
Anadolu Hayat Emeklilik A.Ş.	0,01
Other	15,04
Total	100,00

12. Declaration of the People Who Can Obtain Information from Inside the Company

Due to the fact that there is no such legal requirement and that no situation has arisen until this day which would require this issue to be disclosed to the public, the people who are at a position allowing them to learn information from inside the Company have not been announced to the public. In addition to the Members of the Board of Directors of our company, the names and duties of the people who are at a position allowing them to learn information from inside of the Company have been listed below.

<u>Name and Surname</u>	<u>Duty Title</u>
Ayhan Yılmaz	General Manager:
Hidayet Özdemir	Assistant General Manager
Cihan Sırmatel	Chemicals Group, Group Financial Affairs Manager
Balâ Zaimoğlu	Chemicals Group, Finance Resources Manager



SECTION III BENEFICIARIES

13. Informing Beneficiaries:

Important events and developments within the scope of the legislation in force are presented to the information of beneficiaries via the press, media, internet, and special condition explanations. For instance; important developments in collective labor agreements are forwarded to the employees by electronic mail.

14. Beneficiaries Participating in the Management

No model has been created for the participation of beneficiaries in the management

15. Human Resources Policy

Recruitment and placement of personnel is carried out within the scope of human resources system of our company taking into account qualifications which have been defined for each position. Initial wages and promotion raises are determined within the scope of a "rating system". In addition, monetary and social rights and principles for the termination of the employment agreement have been established as well.

On the other hand, a performance evaluation and career planning system is employed in our company, and based on the data obtained from the system, the training and development needs of the employees are determined and organizational substitution plans formed for the management levels. Twice a year procedures within the scope of the performance evaluation system are carried out for our personnel working on hourly based wages, and depending on the results obtained, their training and development needs are determined.

The relations with the company employees are realized without any problem by the human resources department.

There have been no complaints to the company managers in terms of any discrimination.

16. Information on Relations with Customers and Suppliers

In line with its unchangeable values, "focus on man" and "an organization of trust", our company continues to be an organization that always generates and expresses a value for its shareholders, employees, customers, suppliers, and the society. Accordingly, to achieve customer satisfaction in the marketing and sales of goods and services, the demands of our customers and consumers are met by acting with sensitiveness and responsibility. Important events and developments and legal changes which would be of interest for our customers and suppliers are shared with our customers and suppliers with the fastest communication devices. Also, our company holds;

- ✓ TSE-ISO-EN 9001:2000 Quality Management System Certificate which certifies our commitment to produce products for our customers always of guaranteed quality, to assure customer satisfaction, to provide delivery guarantee ,
- ✓ Holland HACCP:2002 Food Safety Management System Certificate certifying food safety according to technical analysis and critical control points,
- ✓ Holland GMP13:2004 Quality Control System Certificate related to the good manufacturing practices for animal foodstuff,
- ✓ The Production License Certificate from the Ministry of Agriculture and Rural Affairs certifying that the Food-Type Refined Bicarbonate, one of our products, complies with the Turkish Food Codex.

17. Social Responsibility

Our company is an organization which is aware of its responsibilities against the laws and the environmental values, and believes in the necessity of leaving a world worth living in for the generations to come. This approach, which we consider as one of the basic elements of the strategy management, is kept in mind in each of the activities of our company.



Our objective is to have the procedures for protecting environment performed at our company will be carried out with an understanding of environmental management system, and by guaranteeing the support of all the employees in order to achieve sustainable improvement. In this frame, our company has signed the Responsible Care, a voluntary undertaking, which is specific to the Chemical Industry and which is employed throughout 47 countries in the world. Soda San. A.S., continued its substantial efforts also in the year 2005 actively in order to fulfill the requirements of the "Responsible Care" policy, which it has specified as: "Undertakes to manage all its activities keeping in mind the environment and the health and safety of its employees, customers, and its close environment". Within this scope, the final phase has been achieved in the certification of the Environmental and Occupational Health, Occupational Safety Management Systems (ISO 14001 and OHSAS 18001) which have an important place within the Responsible Care applications, and besides, some authentic projects have been also reflected in the Responsible Care annual report which was published in international platforms. With the studies which have been planned for 2006 and onwards, the most important targets include the furtherance of our activities with respect to Responsible Care issues and the strengthening of the company image before the eyes of the public.

SECTION IV BOARD OF DIRECTORS

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

The Board of Directors consists of 7 members whose names are listed below according to the legislation in force and the provisions of the articles of association. All the members except 2 members of the Board of Directors are members who have no executive duties. There are no members in the Board of Directors who meet the independence criteria specified by the Corporate Management Principles of the Capital Market Board.

<u>Name and Surname</u>	<u>Stop the task if it runs for</u>
Dr. Tevfik Ateş Kut	Chairman
Dilek Çamlı	Vice-Chairman
Mehmet Nur Atukalp (*)	Member
Ufuk Ersoy	Member
Mehmet Ali Kara (**)	Member
Mehmet İhsan Orhon (*)	Member
İnci Yılmaz (**)	Member

(*) Members who have an executive duty,

(**) Members of the auditing committee

Since there has been no situation which will require the establishment of rules to bind or restrict the Board of Directors in respect of assuming another duty or duties outside the company, no certain rule has been set out for members of the board of directors in respect of assuming another duty or duties outside the company.

19. Qualifications Of The Members Of The Board Of Directors

As a principle, qualified people with a certain experience and background, who have a great deal of knowledge and experience are nominated as members of the board of directors whereas people who have attempted to commit, or who have been condemned of, offenses which are specified under article 3.1.2 of section IV of the Corporate Management Principles of the Capital Market Board cannot be nominated as members of the board of directors. In addition to this, the nominees for memberships of the board of directors should be able to read and analyze financial statements and reports, have the basic knowledge on the legal regulations governing the daily or long term procedures and dispositions of our company, and have the opportunity and decisiveness to participate in all the meetings planned for the related budget year, which are only some of the minimum requirements. However, the principles related to these have not been included in the articles of association of the company.

20. The Company Mission and Vision and Strategy Objectives

The company vision has been determined as "to perform a production of high quality and effective cost in the soda products and chrome chemicals sector in harmony with the environment, to ensure complete customer satisfaction, and to continuously improve itself in the world markets and in our region".



Strategic objectives are formed at "Strategy Plan" meetings which are performed every year with the participation of the managers of our company to cover the 3 years ahead. Before the strategic objectives are introduced as the budget objectives of the first year, they are presented to the board of directors of our Company for approval. The board of directors reviews and evaluates the monthly operations of Company (sales, production, stock, number of employees and profit/loss etc.), and its performance in the past period.

21. Risk Management and Internal Control Mechanism

Whether or not the activities of our company are carried out in compliance with the laws, the articles of association, and in-house procedures is controlled periodically by the auditing personnel of the Supervisory Board which operates within the Main Company (T. Şişe ve Cam Fabrikaları A.Ş.), and possible deficiencies and problems are reported.

22. Authorities and Responsibilities of Members of the Board of Directors

The authorities and responsibilities of the members of the board of directors have been regulated under articles 8-15 of the articles of association of the company. The company is managed and represented by a board of directors consisting of maximum nine members who shall be elected from among shareholders according to the provisions of the Turkish Commercial Code.

The board of directors elects a president and a vice-president after each general assembly. However, in case the president and/or vice-president resign from this duty because of whatever reason, a new election is held for the vacant positions by the board of directors. The provision of the article 315 of the Turkish Commercial Code is reserved.

At times when the chairman is absent, the vice president chairs the board of directors. If the vice-president is also absent, the board of directors elects a temporary chairman in their number to chair that specific meeting of the board of directors. The date and agenda of the meeting of the board of directors are determined by the Chairman. When the chairman is absent, the vice-chairman fulfills these duties. However, the date of the meeting can also be determined with the decision of the board of directors. The board of directors gathers whenever the works and operation of the company require so. However, it is obligatory that the board gathers at least once every month.

While the board of directors can delegate all or part of its authorities to one or several managing members or to the general manager or managers of the company, it may also decide that some of the members assume duties in the company.

23. Operation Principles of the Board of Directors

The board of directors determines the agendas of meeting taking into account the needs of our company, the developments in the world and in our country. 33 meetings of the board of directors were held during the period. The invitation to meetings are served in writing and the agenda and the documents of the meeting are sent to the members of the board of directors at least one week in advance of the date of the meeting and their actual participation in the meetings is ensured.

There is no secretariat reporting to the president of the board of directors with such qualifications specified in the Capital Market Board Corporate Management Principles. However, the works and procedures mentioned in the Capital Market Board Corporate Management Principles section IV, article 2.19 are carried out without any problems by the authorized personnel of our company in compliance with the principles stated in the corporate management principles.

24. Transactions with the Company and No Competition

According to the decision of the general assembly, the members of the board of directors have been authorized as per articles 334 and 335 of the Turkish Commercial Code. However, there has been no conflict of interests due to the permissions given within that scope.

25. Ethic Rules

Our company is committed to continue its activities as a company which is strong, coalescent, multifaceted, fully integrated, highly qualified, trustworthy, modern, and progressive, and these eight characteristics have been also reflected in our Company Logo. In addition, rules in favor of the employees have been determined and announced to the employees via the "Human Resources Systems Regulation".



We can summarize the rules which have been determined for the employees as complying with all the existing and future regulations, procedures, circulars, and instructions issued by the company, the adoption of such attitude by employees in their relationships with each other and with third persons as well as in their private lives in a manner that suits the honor of the company, the obligation of employees to keep confidential information they learn about company activities and developments, company policies, new investments, new projects, and personnel procedures, information about company customers, firms or other real persons or legal entities and also which they learn due to their positions, to keep secrets, and the prohibition on employees not to be engaged in such activities which will require them to be considered as "Traders" or "Tradesmen" "Self-Employed Persons".

26. Number, Structure and Independence of the Committees Formed within the Board of Directors

A "Committee In charge of Audit" consisting of two members who have no executive duties was established in order to carry out the duties and responsibilities of the board of directors properly. There is no independent member present in this Committee with such qualities determined in the Corporate Management Principles of the Capital Market Board. The committee meets at least once every three months and conducts its audits on the financial and operational activities of the company in accordance with the generally accepted standards.

27. The Financial Benefits Provided to the Board of Directors

Any right, benefit, and remuneration provided to the members of the board of directors will be determined by the general assembly once every year as specified in our articles of association.

The monthly attendance payments to be paid to the members of the board of directors were determined in the ordinary general assembly meeting of our company for the year 2004 which was held on April 18th, 2005, and were announced to the public.

The members of the board of directors and the managers will not be given loans or credits, no loans are to be used in form of personal credits via a third person, and no guarantees such as sureties are given in their favor.

**AGENDA
OF THE GENERAL
ASSEMBLY
OF YEAR 2005**

- 1) Election of the Presidential Board and giving the Presidential Board authority to sign the Minutes of General Assembly,
- 2) Reading the reports of the Board of Directors and the Board of Auditors about the activities of our Firm in year 2005,
- 3) Analysis and confirmation of the Balance Sheet and the Income Statement for the year ended 31 December 2005, acquittal of the Members of the Board of Directors and the Board of Auditors,
- 4) Making the decision about the date and the way of dividend distribution of year 2005,
- 5) Election of the Members of the Board of Directors,
- 6) Election of the Auditors,
- 7) Giving the relevant authority to the Members of the Board of Directors prior to articles nr. 334 and 335 of the Turkish Commercial Code,
- 8) Wage determination of the Members of the Board of Directors,
- 9) Wage determination of the Auditors,
- 10) Informing the shareholders about the donations and grants paid during the year,
- 11) Making decision about changing the Articles of Association in a way declared in the Appended Improvement Scheme,
- 12) Making decision about the choice of the independent audit firm,
- 13) Wishes and regards.

Date : April 11, 2006 time: 13:00

Yer : İş Kuleleri Kule 3 34330 Levent – Beşiktaş/İSTANBUL

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