

SODA SANAYİİ A.Ş.



2006 ANNUAL REPORT

SODA SANAYİİ A.Ş. CONTACT DETAILS

Soda Sanayii A.Ş.

Management & Sales Centre
İş Kuleleri Kule-3
34330 4.Levent - Beşiktaş / ISTANBUL
Phone : (212) 350 50 50
Fax : (212) 350 58 60
www.sodakrom.com

Soda Sanayii A.Ş.

Soda Factory
Kazanlı Bucağı Yanı P.K.654
33004 MERSİN
Phone : (324) 241 66 00
Fax : (324) 221 90 15

Soda Sanayii A.Ş.

Kromsan Chromium Compounds Factory
Kazanlı Bucağı Yanı P.K.654
33004 MERSİN
Phone : (324) 241 66 00
Fax : (324) 451 36 52



SODA SANAYII A.Ş.

Soda Sanayii A.Ş. is a member of the Şişecam Group and a subsidiary of Türkiye İŞ Bankası, operating in the sectors of soda products and chromium chemicals.

Being active in the soda sector since 1969, Soda Sanayii A.Ş. makes available for use by many sectors at home and abroad, including especially glass, textiles, detergents, chemicals, food, and fodder, the sodium silicate products it manufactures itself as well as the heavy and light soda and the refined sodium bicarbonate that it manufactures in its Soda Factory in Mersin and procures from Solvay Sodi in Bulgaria, of which it became a manufacturing partner in 1997.

With the Silecam Soda Lukavac d.o.o. (SSL) Factory in Bosnia-Herzegovina, which joined our Group in 2006, and with the Mersin Soda Factory and the partnership with Sodi in Bulgaria, Soda Sanayii A.Ş. has consolidated its position as one of the leading soda suppliers in the world, producing soda in three different locations and in large quantities.

Soda Sanayii A.Ş. is among the first ten largest suppliers in the world in soda sector and among the first five in Europe. As a result of its successful performance in the domestic and foreign markets, full capacity utilization is achieved in our facilities to a major extent.

Among the major producers of chromium chemicals in the world, Soda Sanayii A.Ş. makes available to important industrial sectors at home and abroad, such as leather, impregnated wood, chemicals, and paper, the sodium bichromate, basic chromium sulphate, chromic acid, sodium sulphur and sodium sulphate products which it procures from its Kromsan Factory in Mersin and from Cromital SpA in Italy, of which it became a partner in 2005. The Kromsan Chromium Compounds Factory, our production facility, has since 1998 used the most advanced and environment-friendly technology in the world for sodium bichromate production, which it developed through its own R&D activity. Full capacity utilization is achieved in sodium bichromate, the main product, and in basic chromium sulphate and chromic acid, which are among the basic products.

Soda Sanayii A.Ş. comes to the fore as an exporter in its fields of activity. About 38 percent of the sales in soda products and 69 percent in chromium chemicals are exported to more than 40 countries, thus providing our country with a considerable input of foreign currency.

Our organization displays its superior position in product and service quality through the ISO 9001, Manufacturing Suitable for Food Use (HACCP) and Good Manufacturing Practice (GMP) certificates that it holds.

Attaching great importance to continuous productivity growth and cost improvement, Soda Sanayii A.Ş. achieves these objectives with the support of modernization and R&D investments, for which the available investment and R&D incentives are used to the maximum extent. Being also highly concerned about the environment and work safety, Soda Sanayii A.Ş. conducts its activities in this area under the system of Tripartite Responsibility, which is implemented by the chemical sectors of developed countries on a voluntary basis. In this area, the ISO 14000 Environmental Management System and the OHSAS 18000 Work Health and Safety Management Systems have been established as an Integrated Management System.

In the sectors of soda and chromium, which are included among the basic chemicals and which are important for other industrial sectors, Soda Sanayii A.Ş. successfully represents our country with its modern facilities and business concept.

Contents: Important Developments in 2006 01 Summary Consolidated Statements Prepared According to the UFRS 02 Directors and Managers 03 Board of Directors Report 04 Information Concerning the Consolidated Companies, and the Distribution of the 2006 Profit 12 Board of Auditors Report 14 Independent Auditor's Report 15 Company's Consolidated Financial Statements and Their Footnotes 16 Corporate Management Conformity Statement 52 Agenda 60

Important Developments in 2006

- The soda production facility in the Tuzla Canton of the Bosnia-Herzegovina Federation joined the Şişecam family in August 2006 with the name “Şişecam Soda Lukavac d.o.o” (SSL). Soda Sanayii invested a capital of Euro 24.1 million in SSL and acquired 78.34 % of the company.
- After conversion from fuel oil to natural gas in Mersin was completed in 2005, the “Mersin Cogeneration Facility” investment carried out by Camiş Elektrik Üretim A.Ş., one of the companies in the Chemicals Group, went into operation at the end of 2006. By purchasing the steam needed in soda production from this facility, an important advantage was achieved in energy costs.
- The extension investment to eliminate a bottleneck in the Mersin Soda Factory and to increase our production capacity by 15 % with the aim of responding to positive developments in the soda sector and to the increasing need for soda in our region was completed to a major extent. It is planned that the additional capacity will be activated in the first half of 2007.
- In our Kromsan Factory, the productivity growth project, which considerably improved productivity, enabled a lowering of costs and an increase of production with the commissioning of the second furnace in early 2006 after the first one.
- In parallel to this development achieved in sodium bichromate, the main product of the Kromsan Factory, the production capacity was increased in basic chromium sulphate, one of the derivatives. The highest capacity utilization to date was reached in chromic acid production.
- In April 2006, Soda Sanayii A.Ş. had the OHSAS 18001 Work Health and Safety Management System and the ISO 14001 Environmental Management System certified in its Soda and Kromsan Factories as a result of the importance it attaches to environmental and human health.
- Sintan Kimya Sanayii ve Ticaret A.Ş., of which Soda Sanayii A.Ş. is a shareholder, was established in August 2006 in the Leather Free Zone of Menemen, Izmir. New leather chemicals will be produced in this facility, which is planned to be completed in 2008.
- Soda Sanayii A.Ş. increased its shareholding in Solvay Şişecam Holding A.G., established in Austria, from 21.44 % to 23.75 % by purchasing 24 shares from EBRD on 12 April 2006.

**Summary Consolidated Balance-Sheets Prepared According to the IFRS**

	2006		2005	
	MILLION		MILLION	
	TRY	USD	TRY	USD
Current Assets	186	132	156	101
Fixed Assets	450	320	359	268
Total Assets	636	452	495	369
Short-Term Borrowings	103	73	68	51
Long-Term Borrowings	88	63	61	45
Minority Shares	11	8	-	-
Equity	434	308	366	273
Total Liabilities	636	452	495	369

Summary Consolidated Income Statements Prepared According to the IFRS

	2006		2005	
	MILLION		MILLION	
	TRY	USD	TRY	USD
Net Sales	415	290	335	250
Cost of Sales	316	221	278	208
Gross Profit	99	69	57	43
Operating Expenses	55	38	45	34
Operating Profit	44	31	12	9
Incomes and Profits from Other Activities	45	31	16	12
Expenses and Losses from Other Activities	20	14	10	7
Financing Expenses	19	7	3	2
P/L Before Tax, Currency Gain and Minority Shares	59	41	16	12
Currency Gain	-	-	-	-
Minority Shares	1	1	-	-
P/L After Pre-Tax Currency Gain and Minority Shares	61	42	16	12
Tax Provision under Turkish Tax Legislation	(11)	(7)	(1)	-
Deferred Tax Provision under IAS 12	15	11	(2)	(2)
Net Profit / (Loss)	65	46	13	10
Earnings Before Interest and Tax (EBIT)	44	31	12	9
Depreciations	28	20	26	19
Earnings Before Interest, Tax and Depreciation (EBITDA)	78	50	38	28
Cash from Operating Activities	50	35	39	29
Net Financial Debts	5	4	(12)	(32)
Profit Per Share (corresponding to 1 TRY share)	10,641		0,203	

Financial

	2006	2005
Current Assets/ Short-Term Borrowed Resources	0,81	2,01
Total Borrowed Resources / Total Assets	0,30	0,26
Total Borrowed Resources / (Equity + Minority Shares)	0,43	0,35
Net Financial Debts / Total Assets	0,13	-0,09
Gross Profit / Net Sales	0,24	0,17
Operating Profit / Net Sales	0,11	0,04
EBIT / Net Sales	0,17	0,05
EBITDA / Net Sales	0,24	0,13
Net Financial Debts / Equity	0,01	-0,12



BOARD OF DIRECTORS

President	Tevfik Ateş KUT	11.04.2006 - 11.04.2009
Vice President	Dilek Çarnlı	11.04.2006 - 11.04.2009
Member	Mehmet Nur Atukalp	11.04.2006 - 11.04.2009
Member	Özgün Çınar	11.04.2006 - 11.04.2009
Member	Uluk Ersoy	11.04.2006 - 11.04.2009
Member	Mehmet Ali Kara	11.04.2006 - 11.04.2009
Member	Mehmet İhsan Orhon	11.04.2006 - 11.04.2009

BOARD OF AUDITORS

Auditor	Mehmet Alphan	11.04.2006 - 11.04.2007
Auditor	Yılmaz Mete	11.04.2006 - 11.04.2007

The powers of the Directors and of the Auditors are determined by the provisions of the Turkish Commercial Law and the Company's Articles of Association.

MANAGERS

Ahmet YILMAZ
Mehmet Nur ATUKALP
Mehmet İhsan ORHON
Hidaye ÖZDEMİR

General Manager
Marketing and Sales Assistant President
Human and Financial Resources Assist. President
Assistant General Manager



BOARD OF DIRECTORS REPORT

Dear Shareholders,

We present for your examination and approval the consolidated financial statements, prepared in the framework of Capital Market Board's Communication No. 25 of Series XI and the International Financial Reporting Standards, which have been adopted under Temporary Article 1 of that Communication, with regard to the activities of Soda Sanayiî A.Ş., which has completed its 38th year of activity, for the period of 01.01.2006 to 31.12.2006.

Our Company is a member of the Chemicals Group of Türkiye Şişe ve Cam Fabrikaları A.Ş. Our organization took care to fulfill its duties and responsibilities, which it has assumed to increase its contribution to the strengthening of the country's economy, also in 2006 through its usual dedication and successfully completed its 38th year of activity despite all difficulties experienced in our country.

Developments and Expectations in 2006 and 2007 At Home and Abroad

In spite of the expectation that the general imbalances in the world economy could have negative effects, the upward trend in the business cycle continued in 2006. Global trade, which reached a volume equal to world production in parallel to this, grew by 9 %. Also in terms of the political situation and natural disasters, 2006 was relatively good.

In this period, when developed countries grew by 3 % and developing ones by 7 %, the USA, the driving engine of the world economy, achieved a growth of 3.4 %. In the United States of America (USA), where savings diminished, both the budget deficit and the balance of payments deficit continued, with the resulting international demand driving the world economy forward. On the other hand, China, growing steadily at the level of 10 %, generated a surplus and, in a sense, financed consumption in the USA. Japan overcame the danger of stagnation and embarked on a growth path. The European Union (EU) economies, especially those which have recently joined the Union, generally maintained the growth trend.

In the USA, the interest rate increases which had been continuing for some time to eliminate the threat of rising inflation were halted. The expected interest rate increases were postponed in Japan for the time being and slowed down in the EU. The abundance of international capital, which is highly decisive for developing countries such as Turkey, maintained its high trend. Through its deficits, the US economy was the most important element supporting this abundance. The producers of commodities (petroleum, minerals, metals, etc.), with their prices rising due to the present economic trends, as well as China on a steady high growth path, generated a trade surplus. The recovering Japanese economy and Germany were other important economies that generated a trade surplus. The effects of the fluctuation that occurred in mid-2006 proved transient, leaving no permanent impact on the overall functioning of the money markets.

Politically, instability continued in the Middle East, the petroleum region. Iraq plunging into a civil war after the invasion, the entry of Israel into Lebanon, the coming of Hamas to power in Palestine, and Iran-USA frictions, came to the fore in international politics. Venezuela continuing its anti-American policies in the region with the power derived from petroleum, security problems in Nigeria, and Russia using its petroleum and natural gas as an element of pressure on countries of the Commonwealth of Independent States (CIS), were other notable developments during the year. Fossil fuel consumption, augmented by industrialization and urbanization, brought the issue of global warming into focus. Although an international unity of opinion and action has not yet been achieved in this area, it is observed that concern over this issue is steadily growing.

The expectation that an adjustment will take place in the world economy in 2007 is steadily rising. Developed economies, the USA in particular, continue to waver between growth and the threat of inflation. For this reason, interest rate adjustments remain on the agenda, presenting a constant risk especially for countries that rely on external resources for their growth. The possibility that Japan, which has entered into a growth trend, may raise its interest rates from their current level of 0.25 %, the current and budget deficits of the USA, which pose a threat to the credibility of the Dollar in the world payments system, and wars over energy corridors, all lead to concerns. Energy markets, although relatively stable now, are under the pressure of political tensions. The existence of strong demand in commodity markets, due in large part to China, keeps the prices high. Global warming and issues such as social security, unemployment and terrorism, especially in Europe, will continue to be elements that will also affect 2007.



SODA SANAYİİ A.Ş.

In Turkey, 2006 was a successful year in terms of economic indicators other than inflation and interest rates. In the first year of "Open Inflation Targeting", inflation turned out to be higher than expectations. Brought under control after the crisis of 2001, inflation rapidly fell and came down to 2.66 % (Producer Price Index) in 2005. This situation, brought about by the advantage of cheap currency and imports, a favourable global environment, political stability, structural measures and a positive budgetary performance, was not maintained and inflation returned to the levels of 10 %. Fuelled by the rise in rent and agricultural prices, the mini-fluctuation that occurred in the economy in May 2006, more expensive energy imports and vibrant domestic demand, inflation reached 9.65 % in the Consumer Price Index and 11.58 % in the Producer Price Index.

Domestic demand as well as exports remaining strong and manufacturing industry output continuing to increase, even if at a slower pace, ensured that growth, continuing without interruption for nineteen quarters, was 5.5 %. The financial turbulence that occurred in the international markets in May 2006 led to a certain amount of global capital outflow, the stock exchange fell, the USD/YTL exchange rate became as high as 1.8, and the situation could be brought under control with interest rates climbing above 20 % and through currency sales. In spite of this development, which increased interest expenditures, fiscal discipline was not disrupted and the year closed with a budget that generated a small deficit with the support of the tax/ premium amnesty and the completion of major privatizations such as Tüpraş and Erenir in addition to the previous ones.

Petroleum prices moving high increased the energy bill, and the trouble which was experienced in July 2006 in electricity supply brought out the potential problems of the energy infrastructure. On the other hand, the Baku-Tbilisi-Ceyhan pipeline came on stream in the same period.

In parallel to economic growth, foreign trade also increased, with exports reaching USD 85 billion and imports USD 137 billion. Although the increase in the imports of investment and consumption goods entered into a downward trend, imports of intermediate goods became stable. Tourism and transport incomes fell but a foreign capital inflow of USD 44.6 billion was achieved. Of this figure, USD 20 billion was in the form of direct investment and USD 10.6 billion went into reserves. While the debt stock underwent a triple change from external to internal, from foreign currency to YTL, and from the public sector to the private sector, external debt reached USD 200 billion and internal debt USD 190 billion. Structural problems such as unregistered economic activity, unemployment and social security maintained their existence. The freezing of eight chapters in the negotiations with the EU, one of the most important bases for structural transformation, led to concerns. On the other hand, the sale of shares in financial institutions to foreigners at high prices, the continuance of direct foreign investment, and the interest of foreigners in the stock exchange, showed that Turkey maintained its long-term attraction despite all risk perceptions.

The targets of the government for 2007 are 4 % in inflation and 5 % in growth. Although the growth target is generally accepted, the business community expects an inflation of 6 to 7 % on account of interest rates moving high and rigidities in pricing. International capital movements, petroleum prices, climatic conditions, and security problems in our immediate vicinity, come to the fore as external factors that may affect the economy. At home, the presidential election and the general elections are regarded as the most important risk elements. The relations with the EU and the International Monetary Fund (IMF), and the structural transformation and legislative measures carried on in this context, promote stability and it is expected that Turkey will continue to provide an attractive environment for international investors to the extent of success achieved in this regard. Although the economy is currently in a soft landing which restores the overall balances (the current deficit), continued economic growth seems to have a strong possibility.

Being its vision on regional growth, Şişecam in 2006 continued its investments in its vital neighbourhood as well as in Turkey. The float line in Bulgaria and the second glass packaging line in Russia went into production and the Soda Factory in Bosnia was acquired. Displaying this growth in all its basic indicators and giving a more heavily international dimension to its activities, Şişecam raised its output above 2.5 million tons. In 2007, Şişecam will continue to reinforce its growth target through ambitious investments and its production and sale targets through efforts to make use of acquisition and cooperation opportunities.

Our Activities in 2006

The prices of soda products and chromium chemicals increased in 2006 due both to demand increases in the market and to rising energy costs and freight charges. In 2006, a successful performance was achieved in our domestic and foreign markets.

Our both factories worked at full capacity through productive maintenance practices and increased their input utilization efficiency.



SODA SANAYİİ A.Ş.

The Cogeneration Facility, completed in Mersin by Çanış Elektrik Üretim A.Ş., one of the companies in the Chemicals Group, was put into operation in late 2006. Our company meets its energy need by purchasing steam from this facility, rather than through natural gas as it did before, and thereby gains an important cost advantage.

Our soda production takes place in three different locations, including the company Şişecam Soda Lukavac, which joined the Şişecam Group in 2006. Shipments to our markets are made from these different sources in view of the most advantageous logistic conditions.

Kromsar continued to strengthen its position in its markets in connection with developments. In China, one of the most important leather chemicals markets in the world, our activity was increased through our product and service quality. Cromital, our partnership in Italy, enhanced its sales and reinforced its position in Italy, one of the important leather markets, and in the neighbouring countries.

Dividends Paid in the Last Three Years

No dividend was paid in 2003 and 2004. In 2005, dividends were paid at the rate of 12.50 % gross.

Our Investments

Holding an important place in the world soda and chromium chemicals markets, our company continued to give emphasis in 2006 to its cost reduction, modernization, and bottleneck elimination investments with the aim of enhancing its competitiveness and raising its market share. Our investments concerning the environment are being continued with the same attention.

Soda Sanayii A.Ş. Soda Factory has substantially completed the investment to increase the capacity of its existing production facility by 15 percent, which it launched because the growth trend in the soda-consuming sectors, particularly the glass-making industry, in its region exceeds the average global demand growth in addition to positive developments in the world soda market. The additional capacity is expected to come on stream in the first half of 2007.

Soda Sanayii A.Ş. has strengthened its position as one of the leading soda suppliers in the world, producing soda in large quantities and in three different locations with the Mersin Soda Factory, SSL in Bosnia-Herzegovina and the Sodi partnership in Bulgaria.

In the Kromsar Factory, the project to increase furnace efficiency, which would achieve savings in production costs and improve efficiency, was commissioned in both furnaces and the expected positive results were obtained. With the aim of putting into use in derivatives the main product growth resulting from the said project, the basic chromium sulphate capacity was increased. The highest capacity utilization to date was achieved in chromic acid production. 2006 was a year in which Kromsar broke production records in all its important products.

Environment-Health-Safety



As is known, after the undertakings of Tripartite Responsibility were signed by the Soda and Kromsar Factories in August 2001, Soda Sanayii A.Ş. addressed this voluntary practice as an integrated management style and brought its existing practices together under this umbrella. In this context, the ISO 14000 Environmental Management System and the OHSAS 18000 Work Health and Safety Management System were established in an "integrated fashion" and their implementation was started. Development activities are continued without interruption to make this system, certified by the TSL in May 2006 following a successful audit, an exemplary system.

With the certification of the ISO 14001 and OHSAS 18001 Environmental Management and Work Health and Safety Management Systems, our Soda and Kromsar factories have proven that in their production activities:

- They provide the necessary technologies for the minimum possible waste formation;
- They collect the resulting wastes separately at source;
- They comply with all legal requirements in their waste disposal processes;
- They fulfil all necessary conditions such as personal protective equipment, improvements in equipment and employee warning systems for all employees to perform their tasks in the safest manner;



SODA SANAYII A.Ş.

- They assume responsibility not only for their employees but for everyone who enters through the gates, including visitors and subcontractors entering into the factory area; and
- They comply with all legal requirements concerning Work Health and Safety.

Also holding the HACCP and ISO 9001 Quality Certificates, Soda Sanayii A.Ş. has taken another important step in the area of the environment and work health and safety through the certification of its ISO 14001 and OHSAS 18001 practices based on the voluntary principle.

Our Human Resources Activities

As of the end of 2006, our company employs:

966 people in total, including 460 with monthly wages and 506 hourly wages.

The wages and social benefits of our monthly and hourly paid employees, determined as in previous years, continued to be paid and, in addition, other Human Resources activities were also performed such as:

- Personnel selection, remuneration and orientation practices;
- Monthly and Hourly Paid Employee Performance Evaluation System practices and evaluation of results;
- Preparation of Organizational Standby Plans depending on the results of Career Planning System practices; and
- Identification and planning of training needs and measurement of training efficiency.

Research and Development Activities

The final stage of a new technology to increase efficiency in Sodium Monochromate Production, was completed in early 2006. The output growth from the efficiency increase was achieved without using additional raw materials and energy, and the marginal and industrial costs were considerably reduced. The targets determined at the stage of design were reached at the rate of 98 %.

The investment for the project, developed with the aim of removing the impurities of sodium sulphate, a byproduct of the Dichromate and Chromic Acid process, and turning it into a high value-added, environment-friendly product, was started in 2006. 55,000 thousand tons of sodium sulphate a year will be produced with the facility which is planned to come on stream in the third quarter of 2007. With this project, it will be possible for Kromsan to supply part of the demands from the detergent and textile industries as well as the sodium sulphate need of all the Bottle and Glass Factories within the country.

The investment has been started for the chloride washing system that will make it possible to use the solid wastes of the Soda Factory in the production of building materials. The project for the development of building materials from washed wastes is in progress.

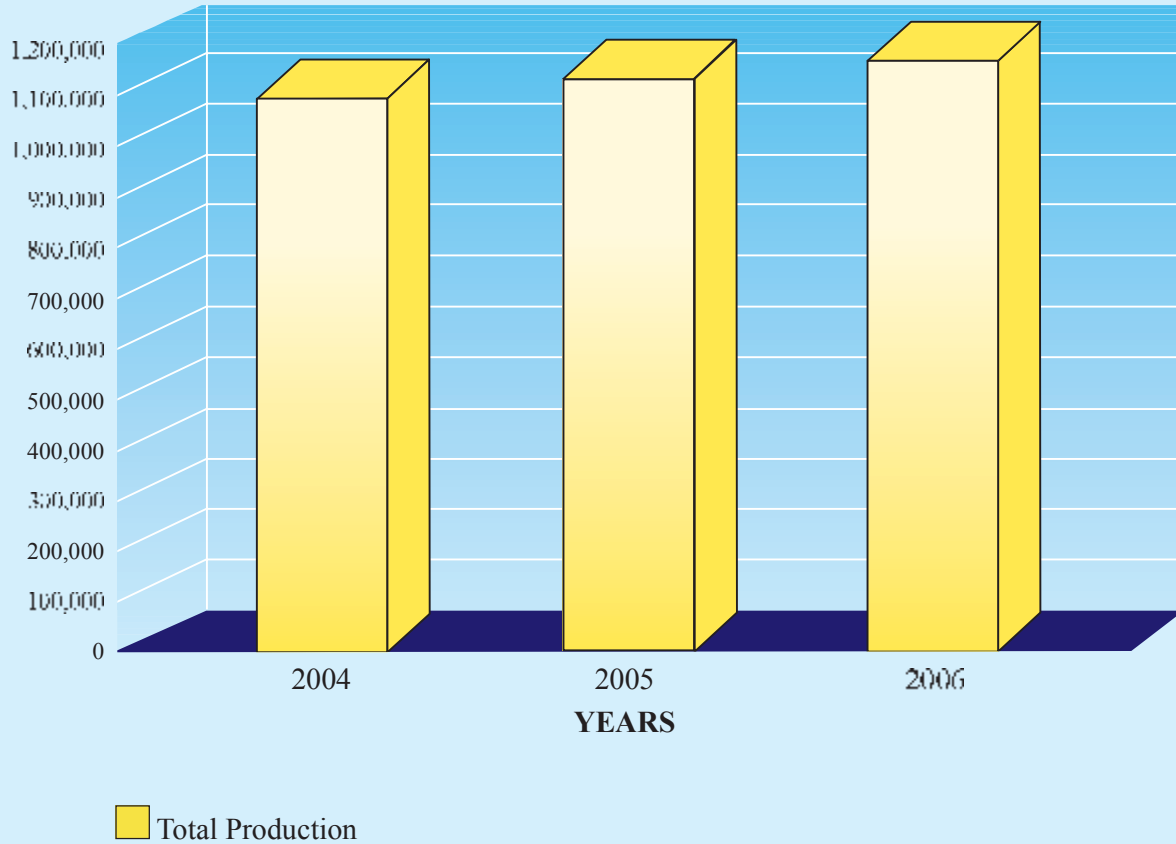
It is envisaged that an important development will be achieved in the product through the investment, which will be implemented in the light of the results obtained from the project conducted with the aim of developing the Soda Refined Bicarbonate product characteristics.

Activities are under way towards new products in the manufacturing of Soda and Chromium compounds and towards reducing the cost and improving the quality.

Changes in the legislation related to Management of Chemicals and Environmental Protection in the world and in the European Union are monitored and activities are continued for our company to be prepared for the future.



TOTAL PRODUCTION (TONS)



PRODUCTION (TONS/YEAR)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Soda Factory	816,147	868,955	891,321
Kromsan Factory	165,203	180,187	198,665
TOTAL	1,011,350	1,049,142	1,089,986

IMPORTS (TONS/YEAR)

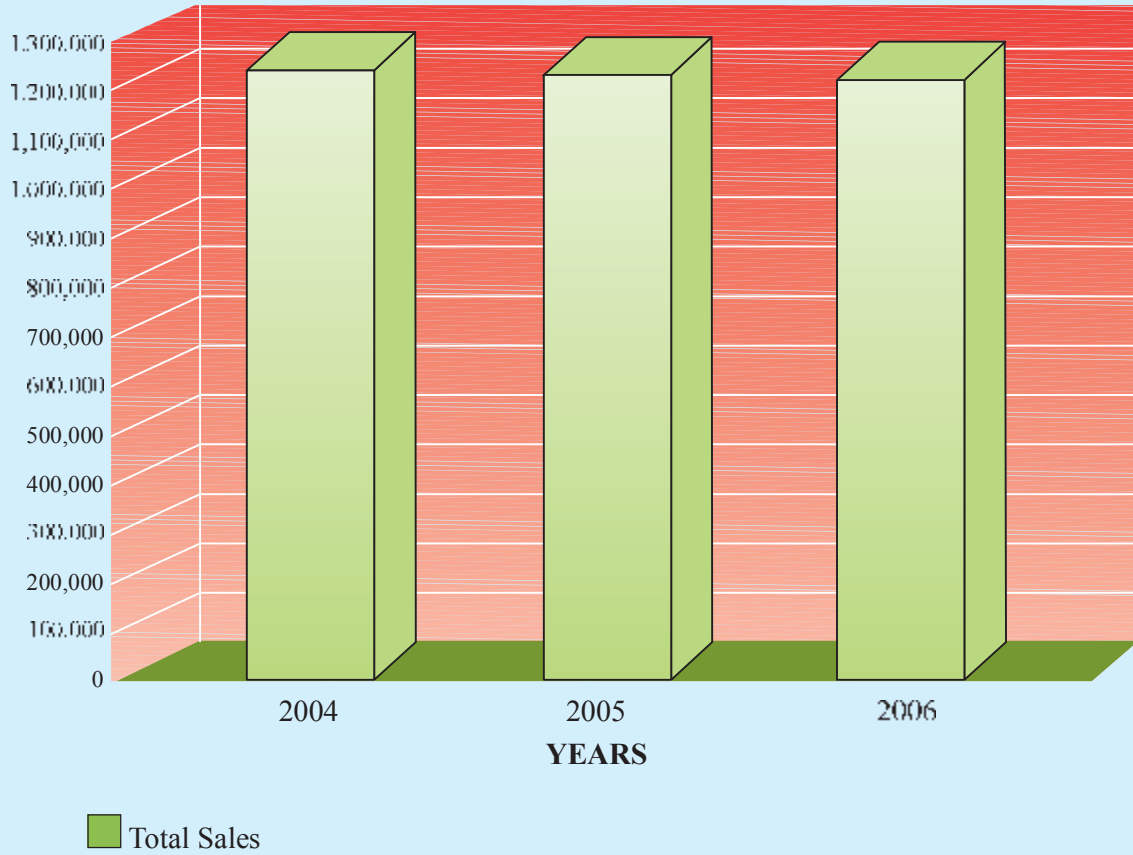
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Soda*	247,289	244,187	219,310
Sodium Sulphur**	4,595	5,250	5,250
Sodium Sulphidrate**		385	1,050

* Imports from the Sodi Factory in Bulgaria, in which we are partners with the company Solvay of Belgium.

** Imports from the company Tessenderlo Chemie NV based in Belgium



TOTAL SALES (TONS)

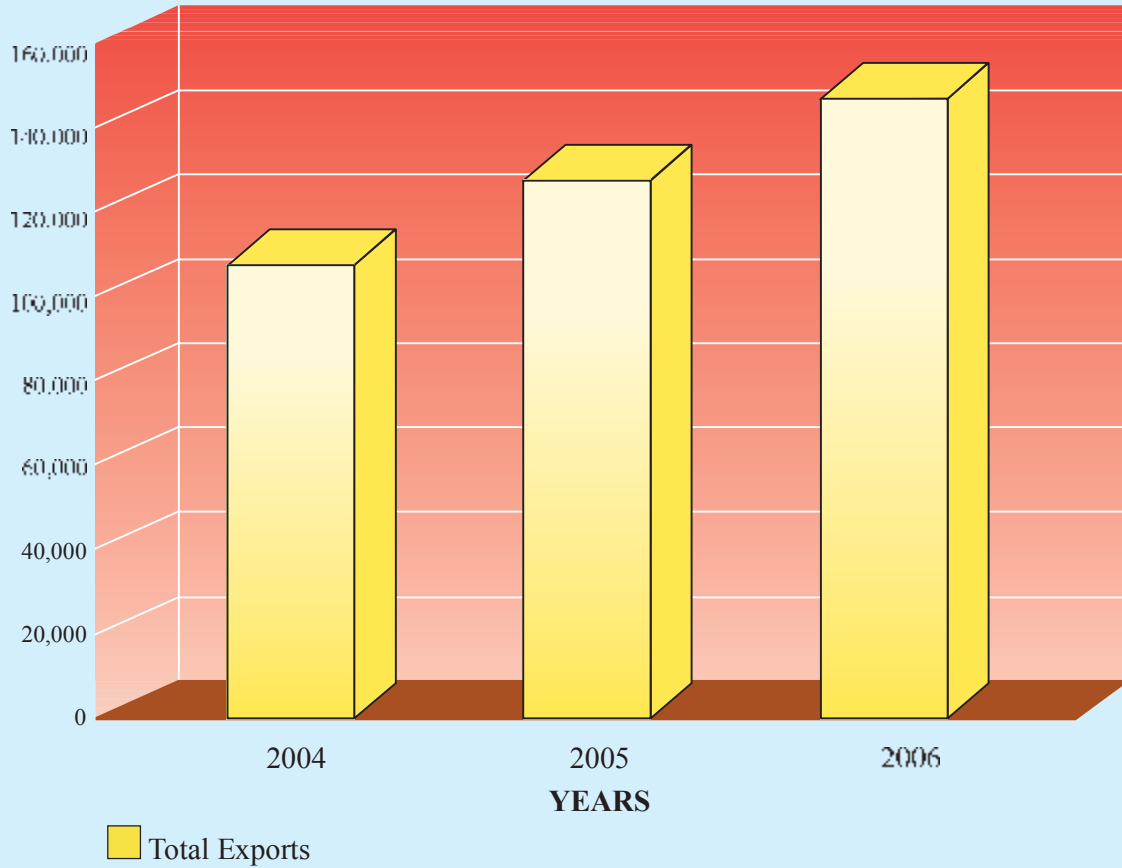


SALES (TONS/YEAR)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Soda Factory	1,040,740	1,036,919	1,018,791
Kromsan Factory	134,823	119,840	131,648
TOTAL	1,175,563	1,156,759	1,150,439



Total Exports (\$ Thousand, FOB)

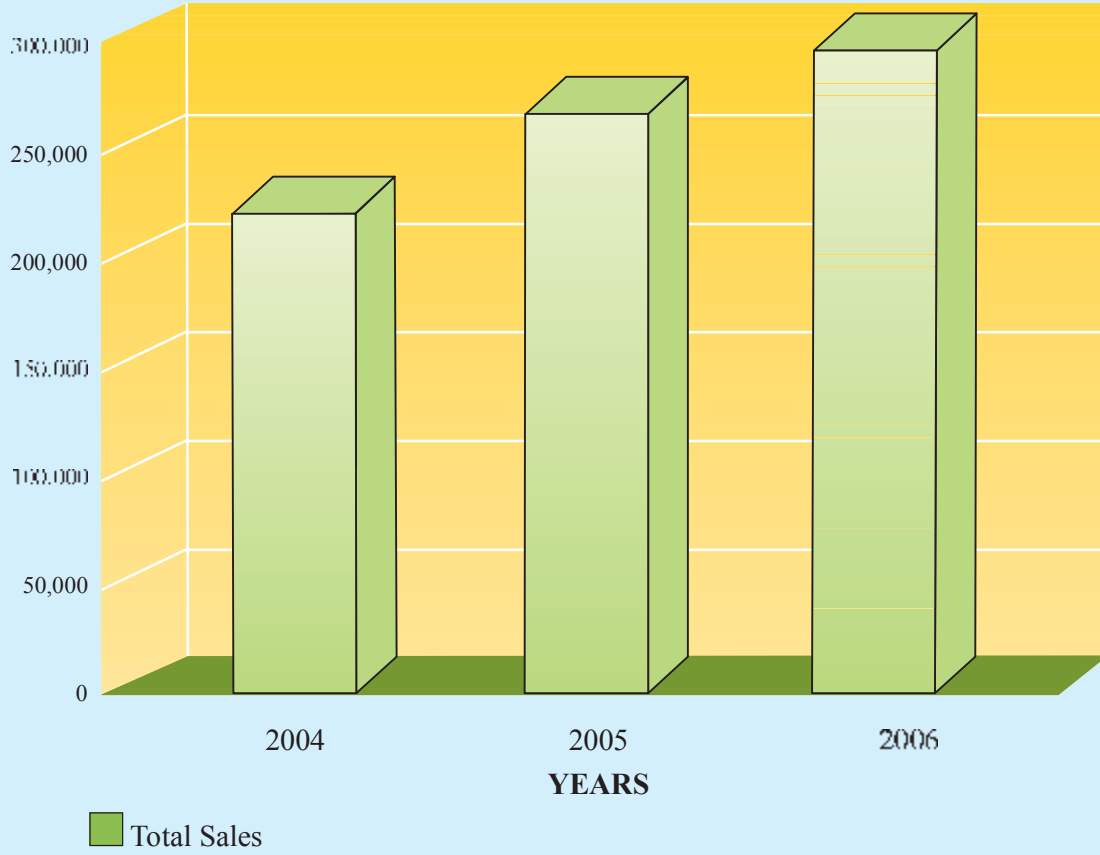


*** EXPORTS (\$ THOUSAND FOB / YEAR)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Soda Factory	57,544	64,109	70,076
Kromsan Factory	39,090	53,778	67,773
TOTAL	96,634	117,887	137,849



Total Sales (\$ Thousand)



* TOTAL SALES (\$ THOUSAND / YEAR)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Soda Factory	149,563	170,740	180,938
Kromsan Factory	54,775	78,359	95,380
TOTAL	204,338	249,099	276,318

The FOB \$ amounts of domestic sales have been calculated using the Turkish Central Bank currency selling rates on the invoice date. Foreign sales are FOB sales amounts.



Information Concerning the Consolidated Companies

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

The company was established in 1996 in the Tarsus Organized Industrial Zone. It manufactures and markets Vitamin K3 and its derivatives. This is a product with high value-added which is used as an additive in fodder, especially poultry fodder. Being one of the small number of manufacturers in its sector and holding an important part of the global capacity, Oxyvit exports more than 90 % of its production. The foreign partner of Oxyvit is Cheminvest S.p.A. which operates in the chemicals trade. Soda Sanayii A.Ş. has a shareholding of 44 % in the company.

Şişecam Bulgaria Ltd.

This company of ours, based in Varna, trades in soda products in Bulgaria. It is fully owned by Soda Sanayii A.Ş.

Solvay Şişecam Holding A.G.

The company, based in Vienna, is a capital company established in 1997 to participate in Solvay Sodi S.A. in Bulgaria.

Soda Sanayii A.Ş. holds 23.75 % of the company's capital and Solvay Deutschland G.m.b.H., the other major partner, has a shareholding of 71.25 %.

Sisecam Soda Lukavac d.o.o.

This company, based in the Lijzla Canton of the Bosnia-Herzegovina Federation, was established in August 2006 for production of soda and derivatives, together with a company affiliated to the Canton Government, with 78.31 % of its capital owned by our company.

DISTRIBUTION OF THE 2006 CONSOLIDATED PROFIT

It has been decided that our 2006 net consolidated balance-sheet profit of YTL 65,203,999, included in our 2006 consolidated balance-sheet, prepared according to the International Financial Reporting Standards (IFRS), which are referred to in Capital Market Board's Communication No. 25 of Series XI, should be distributed as follows under Article 31 of our Articles of Association and CMB Decision No. 2/53 of 18 January 2007, also considering the amounts due to our company from those profits of our subsidiaries, our undertakings subject to joint management and our equity participations which appear in the consolidated financial statements of our company and which their respective General Assemblies have decided to distribute:

- Gross dividends in the amount of YTL 15,657,500, corresponding to 25 % of the issued capital, should be distributed in cash, such that YTL 0.25 will be paid for each share of YTL 1 in nominal value (at the rate of 25 %);
- The gross dividends should be distributed without any deduction to those shareholders who are not subject to withholding⁽⁹⁾ and should be paid in the amount of YTL 0.213353 per share (21.3353 %) to those shareholders who are subject to withholding, after making an income tax withholding from YTL 0.25;
- The dividend payment date should be 30 April 2007; and

The profit distribution plan above should be presented to the Ordinary General Assembly of Shareholders to be held on 10 April 2007 for its consideration and approval.

Distribution of the 2006 Net Consolidated Profit

Net Profit After Tax	YTL 65,203,999
First Legal Reserves	YTL 2,174,106
Total Dividends to Shareholders	YTL 15,657,500
Second Legal Reserves	YTL 1,252,600
Extraordinary Reserves	YTL 46,119,793



SODA SANAYİİ A.Ş.

We consider it an honourable duty to express our thanks in your esteemed presence to all our shareholders, our customers and our hardworking employees for the results we present in our report for your information.

Your sincerely,

For the Board of Directors
Dr. Tevrik Ateş Kut, President

(*): These shareholders must prove their legal status to our company by the date of starting the dividend payments, through the methods specified in section (C) of the Corporation Tax General Communication of Series 81 and in Corporation Tax Circular No. 20 of 06 January 2006. Otherwise, the dividends payable to these shareholders will also be subject to tax withholding.



SODA SANAYİİ A.Ş.

SODA SANAYİİ A.Ş.
BOARD OF AUDITORS REPORT FOR 2006
To the General Assembly of Soda Sanayii A.Ş.

Title : Soda Sanayii A.Ş.
Head Office : İstanbul
Capital : YTL 62,630,000.-
Subject of Activity : Establishing or participating in factories for the manufacturing of Soda, Light Soda, Heavy Soda, Sodium Bicarbonate, all types of soda derivatives and other products based on soda.

Names and terms of auditors and whether they are shareholders or company employees : Mehmet Alphan (11.04.2006-09.04.2007)
Yılmaz Mete : 11.04.2006-09.04.2007)

The auditors are not Company shareholders or employees.

Number of meetings of the Board of Directors in which they participated and meetings of the Board of Auditors they held : They participated in 14 meetings of the Board of Directors and held 7 meetings of the Board of Auditors.

Scope of the examination conducted on the company accounts, books and documents, the dates of examination, and the conclusion reached : In the examinations conducted on the company books and documents on 29.05.2006, 30.06.2006, 09.08.2006, 12.10.2006, 28.11.2006, 05.01.2007 and 28.02.2007, it was determined that the books were kept in accordance with the laws and the generally accepted principles of accounting.

Number and results of the counts made in the company's cash department under article 353/1/3 of the Turkish Commercial Law : In 2006, the company's cash department was counted 6 times. The count results are in conformity with records.

Dates and results of the examination conducted under article 353/1/1 of the Turkish Commercial Law: Following the examinations made on 14.01.2006 – 17.05.2006 – 26.06.2006 – 27.07.2006 – 18.08.2006 – 15.09.2006 – 24.10.2006 – 21.11.2006 – 26.12.2006 – 17.01.2007 – 22.02.2007 – 16.03.2007, it was verified that all valuable papers received as a pledge or guarantee or entrusted to the company's cash department for safekeeping were in place and they were in conformity with records.

Complaints and irregularities reported and actions taken with regard to them : There were no complaints and irregularities.

We have examined the accounts and transactions of Soda Sanayii A.Ş. for the period of 01.01.2006 – 31.12.2006 according to the Turkish Commercial Law, the articles of association of the company, other legislation and the generally accepted principles and standards of accounting. In our opinion, the attached balance-sheet drawn up as of 31.12.2006 and the income statement for the period of 01.01.2006 – 31.12.2006, whose contents we have adopted, accurately reflect the financial position of the company at the said date and the operating results for the said period, respectively, and the profit distribution proposal is found in conformity with the laws and the articles of association of the company.

We hereby submit it for your votes that the balance-sheet and the income statement should be approved and the Board of Directors released

AUDITORS

Mehmet Alphan

Yılmaz Mete



SODA SANAYİİ A.Ş.

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
No: 24
34398 Maslak
İstanbul, Turkey

Tel: (212) 366 60 00
www.deloitte.com.tr

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Soda Sanayi ii A.Ş.

Report on the Financial Statements

We have audited the accompanying financial statements of Soda Sanayi ii (the "Company") and its subsidiaries (together the "Group") as of 31.12.2006, which comprise the balance sheet, the income statement, the statement of changes in equity, and cash flow statement for the year then ended, a summary of the significant accounting procedures and notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements which are free of material misstatement, whether caused by fraud or error; selecting and applying the appropriate accounting policies; and making accounting estimates that are reasonable in circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements.

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

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

Opinion

In our opinion, the financial statements are presented fairly in all material respects the financial position of Soda Sanayi ii A.Ş. as of 31 December 2006 and of its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standards.

Istanbul, 23 March 2007

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHARTER

Hüseyin Güner
Partner



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS FOR THE YEAR ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

	Notes	31 December 2006	31 December 2005
CURRENT ASSETS			
Total Current Assets		186.323.468	136.358.464
Cash and Cash Equivalents	4	50.686.545	48.777.905
Marketable Securities (net)	5	-	-
Trade Receivables (net)	7	13.368.706	10.604.249
Finance Lease Receivables (net)	8	-	-
Receivable from Related Parties (net)	9	48.534.423	41.574.916
Other Receivables (net)	10	94.437	111.808
Biological Assets (net)	11	-	-
Inventories (net)	12	68.077.410	33.726.911
Receivables from Ongoing Construction Agreements (net)	13	-	-
Deferred Tax Assets	14	-	-
Other Current Assets	15	5.561.947	1.562.675
NON CURRENT ASSETS			
Total Non-Current Assets		449.506.683	358.411.621
Trade Receivables (net)	7	25.943	18.315
Finance Lease Receivables (net)	8	-	-
Receivable from Related Parties (net)	9	-	-
Other Receivables (net)	10	-	-
Financial Assets (net)	16	132.668.516	104.567.185
Positive/Negative goodwill (net)	17	-	-
Investment Property (net)	18	-	-
Tangible Fixed Assets (net)	19	315.961.016	253.595.083
Intangible Assets (net)	20	576.465	89.787
Deferred Tax Assets	14	-	-
Other Non Current Assets	15	274.743	141.251
TOTAL ASSETS		635.830.151	494.770.085

The accompanying notes an integral part of these financial statement.

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS FOR THE YEAR ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005

LIABILITIES	Notes	31 December 2006	31 December 2005
Current Liabilities		102.954.516	67.947.569
Financial Loans (net)	6	40.489.750	36.683.903
Current Portion of Long Term Financial Loans (net)	6	1.474.539	1.124.918
Obligations Under Finance Leases (net)	8	-	-
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	31.874.154	17.671.685
Due to Related Parties (net)	9	18.362.752	7.646.200
Advances Received	21	1.906.469	795.596
Obligation Arising from Construction Contracts Progress Payments	13	-	-
Provisions for Debts	23	5.817.514	1.555.560
Deferred Tax Liabilities	14	-	-
Other Liabilities (net)	10	3.029.338	2.469.707
Non-Current Liabilities		87.783.696	61.098.009
Financial Loans (net)	6	44.038.873	2.518.569
Financial Leasing Payables (net)	8	-	-
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	-	-
Due to Related Parties (net)	9	-	-
Advances Received	21	-	-
Provisions for Debts	23	15.733.658	15.302.848
Deferred Tax Liabilities	14	28.011.165	43.276.592
Other Liabilities (net)	10	-	-
MINORITY INTEREST	24	11.414.466	-
SHAREHOLDERS' EQUITY		433.677.473	365.724.507
Capital	25	62.630.000	62.630.000
Capital Investment Elimination	25	-	-
Capital Reserves	26	282.481.267	283.230.511
Premium in Excess of Par		-	-
Profit on Cancelled Shares		-	-
Revaluation Fund		-	-
Revaluation Fund of Tangible Fixed Assets		(1.975.830)	(1.226.586)
Inflation Adjustment of Equity Items		284.457.097	284.457.097
Profit Reserves	27	18.489.742	5.636.075
Legal Reserves		7.271.561	5.899.575
Statutory Reserves		-	-
Extraordinary Reserves		154.720	-
Special Reserves		-	-
Gain from Sale of Tangible Fixed Assets and Equity Participations' Shares Transferable to Capital		-	-
Foreign Currency Translation Adjustments		11.063.461	(263.500)
Net Profit / Loss for the Period		65.203.999	12.740.556
Retained Earnings / Accumulated Losses	28	4.872.465	1.487.365
TOTAL EQUITY AND LIABILITIES		635.830.151	494.770.085

The accompanying notes an integral part of these financial statement.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

	Notes	31 December 2006	31 December 2005
OPERATING INCOME			
	36	415,416,274	335,267,808
Cost of Sales (-)	36	(316,616,795)	(278,134,898)
Other Operating Income / Interest+Dividend+Rent (net)	36	52,602	50,808
GROSS OPERATING PROFIT / LOSS		98,852,081	57,184,018
Operating Expenses (-)	37	(54,759,183)	(45,409,149)
NET OPERATING PROFIT / LOSS		44,092,898	11,774,869
Other Operating Income and Profits	38	45,451,955	15,947,331
Other Operating Expense and Losses (-)	38	(20,340,992)	(9,507,078)
Financial Expenses (-)	39	(9,632,288)	(2,639,123)
OPERATING PROFIT / LOSS		59,571,573	15,575,999
Net Monetary Gain / Loss	40	-	-
MINORITY INTEREST	24	954,362	-
PROFIT AND LOSS BEFORE TAXATION		60,525,935	15,575,999
Taxes		4,678,064	(2,835,443)
NET PROFIT / LOSS FOR THE PERIOD	41	65,203,999	12,740,556
EARNINGS PER SHARE	42	1,041	0,203



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED
31 DECEMBER 2006 AND 31 DECEMBER 2005

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

	Share Capital	Resvaluation Funds of Investments	Inflation adjustment in equity items	Legal Reserves	Extraordinary Reserves	Exchange differences on the translation of foreign operations	Net Profit / Loss for the Period	Retained Earnings / Accumulated Losses	Total
As of 1 January 2005	62,630,000	(1,307,929)	332,972,327	5,809,575	7,524,715	(76,838)	(54,552,580)	-	351,089,270
Offsetting of accumulated losses	-	-	(18,815,230)	-	(7,524,715)	-	56,049,945	-	-
Increase in the fair value of available for sale assets	-	2,081,143	-	-	-	-	-	-	2,081,143
Exchange differences on translation of foreign operations	-	-	-	-	-	(186,662)	-	-	(186,662)
Net profit for the year	-	-	-	-	-	-	12,740,586	12,740,586	12,740,586
Balance as of 31 December 2005	62,630,000	(1,226,786)	284,457,097	5,809,575	-	1263,500	1,487,365	12,740,586	305,722,507
As of 1 January 2006	62,630,000	(1,226,786)	284,457,097	5,809,575	-	1263,500	4,227,921	-	305,722,507
Transfer to legal reserves	-	-	-	1,371,986	154,720	-	(1,536,706)	-	-
Dividends paid	-	-	-	-	-	-	(2,828,750)	-	(7,828,750)
Decrease in the fair value of available for sale assets	-	(749,274)	-	-	-	-	-	-	(749,274)
Exchange differences on the translation of foreign operations	-	-	-	-	-	11,326,961	-	-	11,326,961
Net profit for the year	-	-	-	-	-	-	-	65,203,999	65,203,999
Balance as of 31 December 2006	62,630,000	(1,975,830)	284,457,097	7,221,561	154,720	11,063,461	4,872,465	65,203,999	433,673,473

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

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2006 AND 31 DECEMBER 2005**

(Amounts expressed in New Turkish Lira (TRY) unless otherwise stated)

	Notes	1 January- 31 December 2006	1 January- 31 December 2005
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year		65.203.999	12.740.556
Adjustments to reconcile net profit to net cash provided by operating activities:			
- Depreciation of property, plant and equipment	19	27.980.569	25.744.116
- Amortization of other intangible assets	20	110.748	16.849
- Provision for employment termination benefits	23	2.962.009	2.859.960
- Accrued exchange losses and accrued interest on borrowings		9.633.101	1.198.983
- Other provisions		3.830.509	522.813
- Income generated from financial fixed assets	16	(15.091.971)	(2.639.694)
- Decrease in the fair value of the available for sale investments		(749.244)	(2.081.343)
- Minority Interests	24	(954.362)	-----
- Accrued taxation net of monetary gain / (loss)	14	(4.678.063)	2.835.443
Operating cash flow provided before changes in working capital		88.246.481	43.279.026
- Decrease in trade receivables		(2.882.552)	42.036
- Decrease in inventories		(35.045.223)	(4.629.912)
- Decrease in due from related parties		(6.959.507)	3.345.835
- Decrease in other receivables and current assets		(3.981.901)	627.465
- Increase in trade payables		14.202.469	9.899.280
- Decrease in payables to related parties		10.716.552	(10.104.208)
- Decrease in other payables and current liabilities		584.382	(229.586)
- Increase / (decrease) in advances received		1.110.873	(159.431)
Changes in working capital		(22.254.907)	(1.208.521)
Cash generated from operations		65.991.574	44.151.348
- Interest paid		(4.447.739)	(3.070.391)
- Income taxes paid		(9.367.850)	(507.341)
- Retirement Benefits Paid	23	(2.531.199)	(1.825.228)
Net cash (used in) provided by operating activities		49.644.786	38.748.388
CASH FLOWS FROM INVESTING ACTIVITIES			
- Changes in financial current assets (net)	16	(1.863.469)	(817.152)
- Dividends received		--	875.000
- Purchases of tangible assets	19	(90.494.256)	(18.508.053)
- Purchases of intangible assets	20	(597.426)	(7.093)
- Net book value of tangible assets disposed	19	150.319	448.805
- Exchange differences on translation of foreign operations		178.504	(183.026)
- Changes in other investing activities		(141.120)	30.423
Net cash used in investing activities		(92.767.447)	(18.161.196)
CASH FLOWS FROM FINANCING ACTIVITIES			
- Dividends paid		(7.828.750)	--
- New borrowings		80.370.898	47.790.346
- Repayment of borrowings		(39.880.488)	(25.950.494)
- Change in shares outside the main partnership	24	12.368.828	-
Net cash provided by financing activities		45.031.301	21.839.852
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1.908.640	42.427.544
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		48.777.905	6.350.361
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		50.686.545	48.777.905

The accompanying notes an integral part of these financial statement.

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Soda Sanayii Group (the "Group") comprise Soda Sanayii A.Ş. (the "Company") and its subsidiaries in which the Company owns majority of the shares or investment in associates which the Company exercises significant influence. (2 investment in associates, 1 subsidiary ve 1 joint venture)

The Group's operations consist 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 the production of these products.

The headquarter of the firm is located in İstanbul (İş Kuleleri Kule 3, 4 Levent-Beşiktaş/İstanbul) In the notes to the consolidated financial statements, 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	31
			December 2006	December 2005
			Proportion of direct ownership	Proportion of direct ownership
<u>Subsidiaries</u>				
Şişecam Soda Lukavac	Soda production	Bosnia Herzogevina	78,34	-
Şişecam Bulgaria Ltd.	Soda products trade	Bulgaria	100	100
<u>Joint Ventures</u>				
Oxyvi Kimya San. ve Tic. A.Ş.	Vitamin C-3 and its derivatives	Turkey	44	44
<u>Investment in associates</u>				
Solvay Şişecam Holding AG	Subsidiary investment	Austria	23,75	21,44

Shareholders owning 10% of the capital and more:

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 2006		31 December 2005	
	Share %	Share Amount TRY	Share %	Share Amount TRY
T.Şişe ve Cam Fabrikaları A.Ş.	69,70	43.650.181	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
Other	16,06	10.059.819	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 PERIODS ENDED 31 DECEMBER 2006

(*)The Company, has established Şişecam Soda Lukavac d.o.o. with state owned Company the Fabrika Sode Lukovac in Bosnia and Herzegovina for the manufacturing of Soda and its derivatives. The Company will enhance its manufacturing capacity and will increase its market share in the region by these investments.

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

The average numbers of personnel working in the Group in terms of their categories are as follows.

Categories	31 December 2006	31 December 2005
Monthly salaried personnel	384	377
Hourly waged personnel	594	672
Total	974	939

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 the financial statements according to the alternative application frame permitted by the Capital Markets Board (CMB), mentioned above. The formats of the financial tables and notes are based on the notification dated 20 December 2004 and 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.

The exchange rate announced by the Turkish Central Bank as of 31.12.2006 is; 1 USD Dollar=1,4056 TRY, 1 EUR=1,8515 TRY. (On 31.12.2005; 1 USD Dollar=1,3418 TRY and 1 EUR=1,5875 TRY)



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

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% shares, interest of voting rights, or otherwise has power to exercise control over operations, have been fully consolidated. Group has obtained a share from the operations of the equity subsidiaries since it has the 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 that 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 2006 and 2005, minority interest on the consolidated financial statements does not exist.

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in 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 based on 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.

During 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.

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 classifications 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.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

New and Revised International Accounting Standards:

The company has applied new and revised IFRS standards determined by IASB and International Financial Reporting Standards and Interpretations committee “IFRIC” unless these standards do not conflict with the reporting formats declared by CMB on 20 December 2004.

The following standards and the interpretations have not come into effect yet.

IAS 1 Presentation of Financial Statements; additional matters to be announced to the public about the Company’s capital

IFRS 7 Financial Instruments: Financial Statement Footnotes

IFRS 8 Operation Sections

IFRIC 7 Applying Reestablishment Method based on financial reporting standard at hyperinflated economies

IFRIC 8 The Scope of IFRS 2

IFRIC 9 Revaluating embedded derivative instruments

IFRIC 10 Interim Period Financial Tables and impairment of assets

IFRIC 11 Agreements on shares of the Group and shares that are taken back

IFRIC 12 Service Concession Arrangements

IFRS 7, has more detailed disclosure requirements compared to the current standards. However IFRS 7 does not have any additional valuation requirements for financial instruments

The company believes that the application of these standards in the following periods will not materially effect the Group’s financial statements.

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:

Revenues are recognized on an accrual basis at the time of the deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, at the fair value of consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and discounts Interest income is recognized on an effective interest method and dividend income is recognized when the Group has the right to receive the payment.

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

Tangible assets that are acquired before 1 January 2005 are carried with their restated costs adjusted to the effects of inflation as of 31 December 2004; and tangible assets that are acquired after 1 January 2005, calculation is made by taking the cost of acquisition into account, less accumulated depreciation and permanent diminutions.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

Fixed Assets are depreciated on a 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.

	Useful life (Year)
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.

d. Intangible Assets:

Intangible fixed assets are measured initially at purchase cost and are amortized 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.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

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.

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.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

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 experiences 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 "Effects of Changes in Foreign Exchange Rates", for the purpose of the consolidated financial statements, assets and liabilities of the associates of the Group in foreign countries are converted to TRY using the parity on the balance sheet date. Income and expense items are expressed in TRY using the weighted average currency in that period. Currency differences arising from the closing and weighted average currency are followed in the translation reserve account under shareholder's equity. Exchange differences are reported as income or expense at the end of the transaction period.

i. Earnings per Share

For the purpose of calculating earnings per share, net profit is divided by the weighted average number of ordinary shares outstanding during the period

j. 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. Any evidence on the events that were prior to the balance sheet date or new event is explained in the relevant footnotes.

k. 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.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

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.

l. 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 affects 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.

Accounting assumptions are made based on reliable information, logical forecasting methods. 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.

m. 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 in order to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

n. Related Parties

For the purpose of the accompanying financial statements, shareholders of Soda 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.

o. 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.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

p. Government Grants and Incentives

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 Ar-Ge 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"

r. 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 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.

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.

s. Employee benefits/ Retirement Pay

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.

**SODA SANAYII A.Ş. AND ITS SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

a. Cash Flow Statement:

To inform the viewers 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 the 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.

4. CASH AND CASH EQUIVALENTS

	31 December 2006	31 December 2005
Cash	9.122	4.030
Demand deposits (*)	8.435.080	7.045.512
Time Deposits	42.226.864	40.368.847
Other liquid assets	15.479	1.359.516
	<u>50.686.545</u>	<u>48.777.905</u>

(*) Demand deposits amounting to 696.081 TRY are blocked due to the salary payments that will be made on 1 January 2007.(31 December 2005:685.012 TRY)

Time Deposits:

Foreign Amount	Currency	Interest Rate (%)	F/X Amount	Maturity	31 December 2006
TRY		13,50-17,75	-	January-March 2006	36.664.562
EUR		3,25	629.912	August 2006	999.985
USD		4,25	2.015.427	January 2006	<u>2.704.300</u>
					<u>40.368.847</u>

Foreign Amount	Currency	Interest Rate (%)	F/X Amount	Maturity	31 December 2006
EUR		3,6	22.806.840	January 2007	42.226.864
					<u>42.226.864</u>

5. MARKETABLE SECURITIES

None.

6. BORROWINGS

	31 December 2006	31 December 2005
Short term bank loans	40.489.750	36.683.903
Current portion of long term loans and accrued interests	1.474.539	1.124.918
Total short term borrowings	<u>41.964.289</u>	<u>37.808.821</u>
Long term portion of long term loans		
Total long term borrowings	44.038.873	2.518.569
Total borrowings	<u>86.003.162</u>	<u>40.327.390</u>



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

31 December 2006

Currency Type	Maturity	Interest Rate (%)	Short Term	Long Term
USD	2007-2011	5,9 - 6,6	3.753.994	9.207.382
EUR	2007-2011	3,8-5,15	32.817.684	33.411.516
KM	2007-2017	6,00	20.997	1.419.975
TRY	2007	15,00	5.371.614	-
			<u>41.964.289</u>	<u>44.038.873</u>

31 December 2005

Currency Type	Maturity	Interest Rate (%)	Short Term	Long Term
USD	2006	3,8-4,76-5,09	14.764.877	-
EUR	2006	3,43-3,52	16.878.198	-
EUR	2009	4,35-4,58	906.417	2.518.569
TRY	2006	13,00-14,00	5.259.329	-
			<u>37.808.821</u>	<u>2.518.569</u>

Analysis of total borrowings repayments is as follows:

	31 December 2006	31 December 2005
On demand or within one year	41.964.289	37.808.821
In the second year	21.266.055	874.713
In the third year	8.553.232	874.712
In the fourth year	7.656.181	769.144
In the fifth year	6.563.405	-
	<u>86.003.162</u>	<u>40.327.390</u>

7. TRADE RECEIVABLES AND TRADE PAYABLES

	31 December 2006	31 December 2005
<u>Current Trade Receivables (Net)</u>		
Trade receivables	13.328.006	10.559.532
Deposits and guarantees given	40.700	45.000
Doubtful trade receivables	828.228	710.133
Provision for doubtful trade receivables	(828.228)	(710.133)
	<u>13.368.706</u>	<u>10.604.249</u>



SODA SANAYII A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

<u>Non-current trade receivables (Net)</u>	<u>31 December 2006</u>	<u>31 December 2005</u>
Deposits and guarantees given	25.943	18.315

The company reserves for bad debts based on the prior history of the uncollectible receivables. Movement of allowance for doubtful receivable at 31 December 2006 and 2005 are as follows:

	<u>31 December 2006</u>	<u>31 December 2005</u>
Opening balance	(710.133)	(817.179)
Translation difference	(118.095)	107.046
Closing balance	<u>(828.228)</u>	<u>(710.133)</u>

The Group holds the following collaterals for the trade receivables:

	<u>31 December 2006</u>	<u>31 December 2005</u>
Letters of guarantee	5.724.580	5.022.299
Notes and bills	1.521.523	1.433.912
Mortgages	430.500	512.500
	<u>7.676.603</u>	<u>6.968.711</u>

<u>Short term payables (net)</u>	<u>31 December 2006</u>	<u>31 December 2005</u>
Payables	31.278.493	17.539.709
Deposits and guarantees received	595.011	131.271
Other trade payables	650	705
	<u>31.874.154</u>	<u>17.671.685</u>

8. FINANCE LEASE RECEIVABLES AND OBLIGATIONS UNDER FINANCE LEASES

None.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

9. DUE FROM/TO RELATED PARTIES

	31 December 2006	31 December 2005
<u>Deposits held in İy Bankası</u>		
Demand deposits	3.479.689	5.749.519
Time deposits	42.226.864	39.368.862
	45.706.553	45.118.381
<u>Loans</u>		
Loans used through Cam Pazarlama	51.997.446	34.235.125
Loans used from İy Bankası	2.564.166	1.542.012
Loans used through Şişecam	26.981.700	-
	81.543.312	35.777.137
<u>Due from Related Parties</u>		
Trakya Cam	636.959	642.359
Cam Pazarlama	45.014.372	36.409.830
Denizli Cam	4.567	4.834
Oxyvit Kimya	4.352	183
Paşabahçe Cam	146.878	128.751
Paşabahçe Fiskışçir	47.132	53.690
Anadolu Cam	345.140	280.297
Cromital SPA	-	6.509
Çamiş Ltd	112.536	-
Trakya Glass	277.714	43.830
Cam Elyaf	3.291	1.730
	46.592.941	37.572.013
<u>Other Receivables from Related Parties</u>		
Trakya Cam	-	1.121.509
Çamiş Madencilik	528.157	619.495
Oxyvit Kimya	114.666	62.722
Paşabahçe Fiskışçir	136.051	76.824
Anadolu Cam	864.705	18.193
Denizli Cam	51.208	31.535
Çamiş Ltd	11.685	-
Madencilik Sanayi	-	10
Sütan Kınıya San. ve Tic. A.Ş.	188.017	-
Paşabahçe Cam	-	621.434
Çamiş Elektrik	-	1.400.909
	1.894.489	3.952.631
<u>Due from personnel</u>	46.993	50.272
<u>Total Due from Related Parties</u>	48.534.423	41.574.916



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

	31 December 2006	31 December 2005
Due to related parties		
Şişecam	646.299	355.901
Solvay Sodi	1.356.091	538.787
Camış Lojistik	43.644	37.876
Camış Madencilik	21.210	12.929
Camış Limited	-	222.034
Camış Ambalaj	838	531
	<u>2.068.082</u>	<u>1.168.058</u>
Other Payables to Related Parties		
Anadolu Cam	1.409.319	657.804
Cam Pazarlama	2.159.225	3.614.776
Şişecam Insurance Services	183.137	94.163
Çayırova Cam	41.457	411.842
Cam Elyaf	3.576.808	745.903
Paşabahçe Mağazacılık	8.192	6.945
Camış Elektrik	4.846.346	-
Şişecam	377.025	204.014
Trakya Cam	2.172.534	-
Paşabahçe Cam	47.053	-
Camış Lojistik	761.166	444.491
Camış Limited	-	20.803
Other	5.895	5.665
	<u>15.588.157</u>	<u>6.206.406</u>
Payables to Personnel	<u>706.513</u>	<u>271.736</u>
Total Due to Related Parties	<u>18.362.752</u>	<u>7.646.200</u>
Sales to Related Parties	1 January – 31 December 2006	1 January – 31 December 2005
Trakya Cam	39.843.267	36.233.151
Paşabahçe Cam	9.844.191	9.646.097
Paşabahçe İskışehir	4.049.682	3.577.253
Denizli Cam	285.075	296.880
Cam Pazarlama	201.708.094	165.305.634
Cam Elyaf	144.789	113.688
Anadolu Cam	22.485.222	17.151.526
Camış Ltd.	745.770	-
Trakya Glass	9.332.324	850.888
Oxyvit Kırıya	40.814	11.162
	<u>288.479.228</u>	<u>233.186.279</u>



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

	1 January – 31 December 2006	1 January – 31 December 2005
<u>Purchases from related parties</u>		
Cam Pazarlama	10.278.935	7.524.300
Camış Madencilik	796.208	729.854
Camış Limited	3.156.360	2.550.245
Solvay Sodi	21.285.821	4.435.371
	<u>35.517.324</u>	<u>15.239.770</u>
<u>Financing income from related parties</u>		
Trakya Cam	215.720	553.443
Şişecam Holding	-	28.506
Camış Lojistik	30.061	-
Cam Pazarlama	461.039	330.010
Paşabahçe Cam	74.952	49.674
Paşabahçe Eskişehir	52.423	68.365
Cam Elyaf	-	178.173
Camış Madencilik	27.333	152.664
Camış Elektrik	64.430	107.951
İş Bankası	1.976.344	1.416.170
Other	100.803	61.143
	<u>3.003.105</u>	<u>2.946.099</u>
<u>Financing expenses from related parties</u>		
Camış Lojistik	14.565	57.325
Anadolu Cam	380.201	155.105
Cam Pazarlama	234.996	1.356.927
Çayirova Camı	17.763	19.336
Cam Elyaf	168.313	-
Camış Elektrik	146.122	-
İş Bankası	316.034	267.886
Camış Madencilik	298.787	-
Şişecam	176.000	-
Trakya Cam	173.970	-
Other	35.672	122.563
	<u>1.962.423</u>	<u>1.979.142</u>
<u>Dividend Income from Related Parties</u>		
Paşabahçe Cam	-	874.999



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

<u>Commission Expenses to Related Parties</u>	1 January – 31 December 2006	1 January – 31 December 2005
Şişecam Holding	194.155	159.904
Cam Pazarlama	1.014.100	1.059.813
Camış Lojistik	466.047	466.593
	1.674.302	1.686.310
<u>Service Fees Paid to Related Parties</u>	1 January – 31 December 2006	1 January – 31 December 2005
Şişecam Holding	5.035.290	3.309.624
<u>Other Income from Related Parties</u>	1 January – 31 December 2006	1 January – 31 December 2005
Cam Elyaf	1.396.122	1.411.874
Camış Maçencilik	1.548.017	1.376.049
Camış Lojistik	548.851	101.269
Camış Elektrik	1.021.650	974.357
Anadolu Cam	418.768	298.986
Oxyvit Kinyas	838.896	719.604
Sintur Kinyas San.	280.196	-
Ruscam	-	211.468
Other	140.151	41.292
	6.192.651	5.134.899
<u>Other Expenses and losses from Related Parties</u>	1 January – 31 December 2006	1 January – 31 December 2005
İş Bankası	293.034	144.644
Şişecam Shanghai	141.848	213.116
Çayirova Cam	147.726	111.914
Trakya Cam	3.403	-
Other	128.622	4.988
	714.633	474.662



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

10. OTHER RECEIVABLES AND PAYABLES

	31 December 2006	31 December 2005
OTHER CURRENT RECEIVABLES		
Deposit paid for organized industrial zone	50.934	86.051
Other current receivables	43.503	25.757
	<u>94.437</u>	<u>111.808</u>

	31 December 2006	31 December 2005
OTHER CURRENT LIABILITIES		
Taxes and dues payable	1.417.078	992.887
Social security premiums payable	1.524.972	1.385.442
VAT	43.225	47.077
Other payables	37.593	40.337
Other accruals and liabilities	6.470	3.964
	<u>3.029.338</u>	<u>2.469.707</u>

11. BIOLOGICAL ASSETS

Biological assets are not a part of Group's business.

12. INVENTORIES

	31 December 2006	31 December 2005
Raw materials	38.025.721	20.202.207
Work in progress	1.052.721	599.963
Finished goods	26.315.595	11.318.438
Trade goods	1.665.001	432.084
Other Inventories	733.350	163.294
Stok değer düşükl. Karşılığı	(694.724)	-
Advances given	979.746	1.010.925
	<u>68.077.410</u>	<u>33.726.911</u>

Movements of the value depreciation of inventories for the years 2006 and 2005 are as follows:

	31 December 2006	31 December 2005
Opening Balance	-	-
(Period Expense)/Cancelled provision	(694.724)	-
Closing balance	<u>(694.724)</u>	<u>-</u>

13. RECEIVABLES FROM ONGOING CONSTRUCTIONS CONTRACTS AND PROGRESS COSTS

None.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

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.

Tax rate of 20% is used in order to estimate the debit and credit of deferred tax.(2005: 30%)

The basis for the deferred tax as at 31 December 2006 and 2005 is as follows:

	31 December 2006	31 December 2005
<u>Temporary differences subject to deferred tax:</u>		
Indexation and depreciation differences PP&E	155.901.065	159.903.418
Provision for employment termination benefits	(15.545.239)	(15.302.848)
Non-real part of capitalized finance expenses	(50.761)	(76.142)
Restatement of inventories	242.064	177.111
Other	(507.518)	(461.262)
	<u>140.039.611</u>	<u>144.240.277</u>
<u>Deferred tax (assets)/liabilities:</u>		
Indexation and depreciation differences PP&E	31.180.213	47.971.025
Provision for employment termination benefits	(3.109.048)	(4.590.854)
Non-real part of capitalized finance expenses	(10.152)	(22.843)
Restatement of inventories	48.413	53.133
Other	(98.261)	(133.869)
	<u>28.011.165</u>	<u>43.276.592</u>
	01 January- 31 December 2006	01 January- 31 December 2005
<u>Deferred tax (asset) / liability movement:</u>		
Opening balance	43.276.592	41.037.118
Deferred tax (benefit) / expense	(15.265.427)	2.239.474
Closing balance	<u>28.011.165</u>	<u>43.276.592</u>

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

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

	31 December 2006	31 December 2005
OTHER CURRENT ASSETS		
Prepaid Expenses for Future Months	9.450	139.198
Deferred VAT	2.089.462	-
Other VAT	3.448.435	1.336.277
Other current assets	14.600	87.200
	<u>5.561.947</u>	<u>1.562.675</u>
	31 December 2006	31 December 2005
NON-CURRENT ASSETS		
Prepaid expenses for future months	274.743	141.251

16. FINANCIAL ASSETS

	31 December 2006	31 December 2005
Non-consolidated subsidiaries	2.496.133	2.496.133
Investments in associates	98.100.993	69.805.677
Joint ventures	5.229.064	4.781.080
Held to maturity investments	1.443.191	1.384.365
Available for sale investments	25.399.135	26.099.930
	<u>132.668.516</u>	<u>104.567.185</u>

Group's share in non-consolidated entities:

	Share %	31 December 2006	Share %	31 December 2005
Şişecam Shanghai Trade Co Ltd.	100,00	324.523	100,00	324.523
Cromital S.P.A.	50,00	2.171.610	50,00	2.171.610
		<u>2.496.133</u>		<u>2.496.133</u>

Şişecam Shanghai Trade Co Ltd. and Cromital S.P.A are subsidiaries founded for the purpose of undertaking activities of production, marketing and sales abroad. These subsidiaries were not consolidated since they are considered immaterial taken the consolidated financial statements as a whole.

Subsidiaries:

	Share %	31 December 2006	Share %	31 December 2005
Solvay Şişecam Holding AG	23,75	98.100.993	21,44	69.805.677

Solvay Şişecam Holding AG is established in Austria Vienna for the purpose of owning and controlling Solvay Sodi AD established in Bulgari Devnya region in accordance with the Republic of Bulgaria legislations. The Group raised its number of shares of Solvay Şişecam Holding AG to % 23,75 by acquiring 24 additional shares from one of the shareholders, EBRD in 12 April 2006.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

Summarized financial statement of the Group's subsidiary is illustrated below;

	31 December 2006	31 December 2005
Total asset	477.087.802	389.712.201
Total liabilities	64.030.990	64.126.025
Net assets	413.056.812	325.586.176

The Share of the Group in net assets of the subsidiary 98.100.993 69.805.677

Jointly Ventures:

	Share %	31 December 2006	Share %	31 December 2005
Oxyvit Kimya	44	5.229.064	44	4.781.080

Oxyvit Kimya which is owned 44% by the Company is accounted for by equity method in the accompanying financial statements.

	31 Aralık 2006	31 Aralık 2005
Total asset	14.146.291	13.668.964
Total liabilities	2.262.055	2.802.875
Net assets	11.884.236	10.866.089

The Share of the Group in net assets of the subsidiary 5.229.064 4.781.080

Held to maturity investments

	Nominal Value	Maturity	31 December 2006	31 December 2005
Eurobond	USD 1.000.000	June 2010	1.443.191	1.384.365

Available for sale investments

	Share %	31 December 2006	Share %	31 December 2005
Sintan Kimya San.	3,00	48.449	-	-
Paşabahçe Cam	4,74	20.948.535	4,74	20.948.535
Denizli Cam (*)	16,22	4.359.237	16,22	5.108.481
Çamiş Elektrik	0,08	42.914	0,08	42.914
		25.399.135		26.099.930

(*)Sintan Kimya San. ve Tic. A.Ş. manufactures leather industry and industrial chemicals in **Ezmir Menemen Free trade Zone i**

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

17. POSITIVE/NEGATIVE GOODWILL

None.

18. INVESTMENT PROPERTIES

None.



SODA SANAYII A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

19. TANGIBLE ASSETS

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold improvements	Construction in progress and advances given	Total
Cost									
Opening balance, 1 January 2005	9.734.470	73.957.476	40.167.170	615.241.654	1.976.856	15.110.365	2.839.018	3.251.275	763.278.284
Exchange differences	-	-	-	(11.223)	(4.707)	(3.020)	-	-	(8.950)
Additions	1.777.900	-	34.511	1.693.050	54.418	433.135	45.792	14.469.247	18.548.053
Disposals	(19.199)	(110.261)	(330.799)	(361.505)	(166.187)	(9.771)	-	-	(997.822)
Transfers from CIP	-	235.171	536.603	11.624.972	98.542	231.421	-	(12.726.709)	-
Closing balance, 31 December 2005	11.493.171	74.082.286	40.407.485	629.196.948	1.958.922	15.762.130	2.884.810	4.993.813	780.779.565
Accumulated depreciation									
Opening balance, 1 January 2005	-	(28.119.250)	(17.816.167)	(443.660.976)	(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)	(890.739)	(20.955,365)	(273.312)	(1,163,543)	(574,613)	-	(25.744,116)
Disposals	-	31.977	74.432	270.665	165.802	6.141	-	-	549,017
Closing balance, 31 December 2005	-	(30.063,817)	(18,542,474)	(464,284,457)	(1,314,068)	(10,238,599)	(2,741,067)	-	(527,184,482)
Net book value as of 31 December 2005	9.734.470	45,838,226	22,351,003	173,640,678	768,925	6,026,346	672,564	3,251,275	261,283,487
Net book value as of 31 December 2006	11,493,171	44,018,469	21,865,011	164,912,491	644,854	5,533,531	143,743	4,993,813	253,595,083



SODA SANAYII A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

Cost	Land		Land Improvements		Buildings		Machinery and Equipment		Vehicles		Furniture and Fixtures		Leasehold Improvements		Construction in progress and advances given		Total	
	Land	Improvements	Land	Improvements	Buildings	Equipment	Equipment	Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in progress and advances given	Construction in progress and advances given	Total				
Opening balance, 1 January 2006	11.493.171	74.482.285	40.407.485	629.196.948	1.958.922	15.762.130	2.884.810	4.993.813	780.779.565									
Exchange differences	-	-	-	1.080	5.129	3.374	-	-	9.583									
Additions	12.279.134	1.253.842	7.514.680	39.392.455	530.541	652.733	641.787	28.229.074	90.494.256									
Disposals	-	-	-	(130.588)	(251.811)	(39.796)	-	-	(802.195)									
Transfers from C/II	1.253.757	788.964	3.051.732	15.114.977	267.513	536.880	-	(21.013.823)	-									
Closing balance, 31 December 2005	25.026.062	76.125.092	50.973.907	683.394.872	2.510.294	16.915.321	3.526.597	12.209.064	870.681.209									
Accumulated depreciation																		
Opening balance, 1 January 2006	-	(30.063.817)	(18.542.474)	(404.284.457)	(1.314.068)	(10.238.599)	(5.741.067)	-	(527.184.482)									
Exchange differences	-	-	-	(944)	(2.835)	(3.219)	-	-	(7.018)									
Change for the year	-	(2.100.717)	(2.008.951)	(22.297.677)	(286.771)	(1.215.102)	(71.351)	-	(27.980.569)									
Disposals	-	-	-	170.160	247.145	34.571	-	-	451.876									
Closing balance, 31 December 2005	-	(32.164.534)	(20.551.425)	(486.412.918)	(1.336.529)	(11.422.369)	(2.812.418)	-	(554.720.193)									
Net book value as of 31 December 2005	11.493.171	44.018.469	31.865.011	164.924.491	624.854	5.523.531	143.743	4.993.813	253.595.083									
Net book value as of 31 December 2006	25.026.062	43.960.558	30.422.482	196.981.954	1.153.765	5.492.952	714.179	12.209.064	315.961.016									

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

20. INTANGIBLE ASSETS

	<u>Rights</u>	<u>Other Intangible Assets</u>	<u>Total</u>
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	4.248.070	1.980	4.250.050
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	(4.158.809)	(1.454)	(4.160.263)
Net Book Value, as of 31 December 2004	98.861	682	99.543
Net Book Value, as of 31 December 2005	89.261	526	89.787
	<u>Rights</u>	<u>Other Intangible Assets</u>	<u>Total</u>
Acquisition cost			
Opening balance, 1 January 2006	4.248.070	1.980	4.250.050
Foreign exchange difference	-	71	71
Additions	580.003	17.423	597.426
Closing balance, 31 December 2006	4.828.073	19.474	4.847.547
Accumulated depreciation			
Opening balance, 1 January 2006	(4.158.809)	(1.454)	(4.160.263)
Foreign exchange difference	-	(71)	(71)
Charge for the year	(108.652)	(2.096)	(110.748)
Closing balance, 31 December 2006	(4.267.461)	(3.621)	(4.271.082)
Net Book Value, as of 31 December 2005	89.261	526	89.787
Net Book Value, as of 31 December 2006	560.612	15.853	576.465

21. ADVANCES RECEIVED

	<u>31 December 2006</u>	<u>31 December 2005</u>
Domestic advances	196.015	400.549
Foreign advances	1.710.454	395.047
	<u>1.906.469</u>	<u>795.596</u>



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

22. PENSION PLANS

None

23. PROVISIONS

	31 December 2006	31 December 2005
Current tax provision (Note 41)	10.587.363	595.969
Prepaid taxes and funds (Note 41)	(9.164.066)	(392.185)
Provisions for cost expenses	4.394.217	1.351.776
Total short term provisions	<u>5.817.514</u>	<u>1.555.560</u>
Provision for employment termination benefits	15.733.658	15.302.848
Total long term provisions	<u>15.733.658</u>	<u>15.302.848</u>

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 1.770,62 per month as of 31 December 2006 (31 December 2005: TRY 1.727,15 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 2006, 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 6.175 % and a discount rate of 12%.

	31 December 2006	31 December 2005
Provision at 1 January	15.302.848	14.268.116
Period Expense	2.962.009	2.859.960
Compensations Paid	(2.531.199)	(1.825.228)
Provision at 31 December	<u>15.733.658</u>	<u>15.302.848</u>



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

24. MINORITY INTEREST

	31 December 2006	31 December 2005
Opening Balance	-	-
Increase in shares outside the main partnership	12.368.828	-
Shares outside the partnership at the result of period activities	954.362	-
Closing Balance	11.414.466	-

25. SHARE CAPITAL/ADJUSTMENT TO SHARE CAPITAL

Shareholder Structure as of 31 December 2006 and 31 December 2005 is stated as below:

Shareholders	(%)	31 December 2006	(%)	31 December 2005
Şişecam	69,70	43.650.181	50,22	31.450.662
Anadolu Cam	14,24	8.920.000	14,24	8.920.000
Anadolu Hayat Emeklilik	-	-	0,01	8.328
Trakya Cam	-	-	19,45	12.178.920
Anadolu Anonim Türk Sigortası Şirketi	-	-	0,02	12.271
Camış Madencilik	0,04	23.913	0,04	23.913
Cam Pazarlama	0,98	613.708	0,98	613.708
Publicly held part	15,04	9.422.198	15,04	9.422.198
Nominal capital	100,00	62.630.000	100,00	62.630.000

26. CAPITAL RESERVES

	31 December 2006	31 December 2005
Revaluation on fund of investments	(1.975.830)	(1.226.586)
Shareholders' equity inflation restatement differences	284.457.097	284.457.097
	282.481.267	283.230.511

27. PROFIT RESERVES

	31 December 2006	31 December 2005
Legal reserves	7.271.561	5.899.575
Extraordinary reserves	154.720	-
Foreign currency exchange rates differences	11.063.461	(263.500)
	18.489.742	5.636.075

The company has decided to distribute TRY 7,828,750 out of TRY 12.740.556 profit of 2005, which is 12,5 % of the increased capital, in the Ordinary General Meeting dated 11 April 2006, according to the decision of CMB dated 27 January 2006 and numbered 4/67.

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

28. RETAINED EARNINGS / ACCUMULATED DEFICITS

	31 December 2006	31 December 2005
Retained Earnings	4.872.465	1.487.365

29. FOREIGN CURRENCY POSITION

	USD	EUR	TRY equivalent of other currencies	TRY Equivalent
31 December 2006				
Cash and cash equivalents	1.445.083	25.442.570	7.380	49.723.492
Trade receivables (net)	1.819.104	1.001.974	226.566	4.638.654
Receivables from related parties	15.858.668	12.224.795	335.007	45.260.159
Other receivables and current assets	365.539	377.665	1.175.160	2.388.208
Held to maturity investments	1.026.744	-	-	1.443.191
Bank loans	(9.221.242)	(35.770.564)	(1.440.972)	(80.631.548)
Trade payables (Net)	(1.041.090)	(918.553)	(5.569.555)	(8.741.815)
Payables to related parties	-	(1.475.285)	-	(2.731.490)
Other payables and expense accruals	-	(146.305)	(1.392.157)	(1.663.141)
		Net Foreign Currency Position		9.685.675

	USD	EUR	TRY equivalent of other currencies	TRY Equivalent
31 December 2005				
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 expense accruals	(9.299)	(432.331)	-	(698.803)
		Net Foreign Currency Position		14.074.517

30. GOVERNMENT GRANTS AND INCENTIVES

Rights deserved due to government grants and incentives are presented in detail at Note (3.o).



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

31. COMMITMENTS AND CONTINGENCIES

	31 December 2006	31 December 2005
Letter of guarantees given	2.377.355	2.153.014
Commitment to purchase participating shares (*)	2.950.025	8.117.062
Export commitments	-	9.553.616
	<u>5.327.380</u>	<u>19.823.692</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 Söde 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.Şişce ve Cam Fabrikaları A.Ş. acquired 24 shares of Solvay Şişecam Holding AG belonging to EBRD for 3.950.617, 28 USD as at 12 April 2006 and sold to the Company at the same date and same price. It is forecasted that the remaining shares amounting to 2.098.765,44 USD will be purchased in 2007.

Company is the guarantor of the EUR 11.000.000 portion of the loan amounting EUR 21.000.000 borrowed by T.Şişce ve Cam Fabrikaları A.Ş. from Wes.-LB AG London branch. T.Şişce ve Cam Fabrikaları A.Ş. obtained this loan which is maturing in 5 years with no payments within the first two years, in order to finance the Şişecam Group Cam Ev Eşyası ve Kimyasallar groups' investments.

The company established right of construction to Camiç Elektrik Üretimi A.Ş, a group company, over the 28.010 m2 portion of its immovable.

Furthermore, pending lawsuits as of 31 December 2006 against the Group are explained below:

As of 31 December 2006 total pending lawsuits against the Group is 1.230.551 TRY. The total amount of lawsuits opened by the group is 588.579 TRY. 326.450 TRY of the total pending lawsuits against the Group is opened by Gübretaş A.Ş. 188.579 TRY of the lawsuits opened by the Group is against Gübretaş A.Ş.

A lawsuit was opened by Tarsus Property Administration against the Group with the claim that the Group is using the land that 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 450.000 TRY. A lawsuit opened by Tarsus Maliye Hazinesi about "Cold water support canals project" and the claims of unauthorized use of 19 plots of land, is still pending at the Tarsus 1. Commercial Court. The Group has opened a lawsuit to receive the authorization for the use of the 19 plots of land at the Tarsus 1. Commercial Court.

32. BUSINESS COMBINATIONS

None.

33. SEGMENTAL REPORTING

None.



SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

34. EVENTS AFTER THE BALANCE SHEET DATE

Şişecam Soda Lukavac d.o.o. sermayesinin 60.252.000 KM'ye yükseltilmesi Bosna Hersek Cumhuriyeti Tuzla Kanten Mahkemesinin 27 Şubat 2007 tarihli kararı ile onaylanmış olup, sermaye yapısı şu şekilde oluşmuştur.

	Rate	Amount
Shareholders	%	KM
Soda Sanayii A.Ş.	78,34	47.201.600
Fabrika Soda Lukavac d.d.	21,66	13.050.400
Toplam	100,00	60.252.000

The Company has guaranteed IFC loan amounting to 24 Million € to finance the Şişecam Soda Lukavac d.o.o. investment.

35. DISCONTINUED OPERATIONS

None.

36. OPERATING INCOME

	31 December 2006	31 December 2005
<u>Sales</u>		
Domestic sales	213.794.908	177.362.993
Export sales	225.566.482	173.275.175
Sales returns(-)	(8.195)	(7.583)
Sales discounts(-)	(4.867.515)	(4.387.328)
Other discounts(-)	(19.069.406)	(10.975.449)
	415.416.274	335.267.808
<u>Cost of Sales</u>		
Raw materials used	(199.842.411)	(174.374.361)
Direct labor	(10.688.264)	(8.174.628)
Production overhead	(35.467.386)	(27.540.341)
Depreciation expenses	(23.107.020)	(21.683.117)
Change in work-in-process inventories	452.757	50.198
Change in finished goods inventories	14.997.157	2.986.560
Cost of goods sold	(253.655.167)	(228.735.689)
Cost of merchandises sold (-)	(62.961.628)	(49.398.909)
Cost of sales(-)	(316.616.795)	(278.134.598)
	31 December 2006	31 December 2005
<u>Other operating income</u>		
Incentive income	52.602	50.808

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

37. OPERATING EXPENSES

	31 December 2006	31 December 2005
Research and development expenses	(1.387.479)	(1.223.314)
Marketing, selling, and distributing expenses	(24.267.652)	(22.199.419)
General administrative expenses	(29.104.052)	(21.986.416)
	<u>(54.759.183)</u>	<u>(45.409.149)</u>
Raw material expenses	(1.486.428)	(1.229.203)
Personnel expenses	(19.188.817)	(16.659.266)
Other expenses	(17.458.766)	(8.431.772)
Expenses of utility and services obtained outside the company duties, taxes and levies	(11.174.789)	(15.157.228)
	(1.465.164)	(478.401)
Amortization, redemption and depletion allowances	(3.985.219)	(3.453.279)
	<u>(54.759.183)</u>	<u>(45.409.149)</u>

38. OTHER INCOME / EXPENSE AND PROFIT / LOSSES

	31 December 2006	31 December 2005
<u>Other income and gains</u>		
Income effect of the subsidiaries consolidated by the equity pick up method	-	875.000
Income from participations consolidated per equity method (*)	15.087.384	1.759.438
Interest income	3.558.034	3.565.189
Provisions no longer required	379.474	30.495
Foreign exchange gains	14.654.537	2.106.300
Discount income	183.995	168.430
Other income and profits	11.588.531	7.442.479
	<u>45.451.955</u>	<u>15.947.331</u>

	31 December 2006	31 December 2005
<u>Other expenses</u>		
Expense effect of the subsidiaries consolidated by the equity pick up method (*)	-	-
Commission expenses	(5.276)	(2.843)
Provision expenses	(700.047)	(376.544)
Foreign exchange losses	(12.317.637)	(3.562.485)
Discount expense	(277.440)	(38.416)
Other expense and losses	(3.678.664)	(4.313.107)
Idle capacity expenses (**)	(3.361.928)	(1.213.683)
	<u>(20.340.992)</u>	<u>(9.507.078)</u>

	31 December 2006	31 December 2005
<u>(*) Effect of equity method</u>		
Solvay Şişecam Holding(Not 16)	14.283.167	(1.877.822)
Oxyvit Kimya	804.217	3.637.260
	<u>15.087.384</u>	<u>1.759.438</u>

(**) TRY 999.078 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 PERIODS ENDED 31 DECEMBER 2006

39. FINANCE EXPENSES

	31 December 2006	31 December 2005
Borrowing expenses	(9.632.288)	(2.639.123)

40. NET MONETARY GAIN / LOSS

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

41. TAXESCorporate tax

	31 December 2006	31 December 2005
Current tax liability:		
Current corporate tax provision	(10.587.363)	(595.969)
Prepaid taxes and funds	9.164.066	392.185
	(1.423.297)	(203.784)
	01 January- 31 December 2006	01 January- 31 December 2005
Tax provision: (Note 14)		
Current year tax provision	(10.587.363)	(595.969)
Deferred tax provision(*)	15.265.427	(2.239.474)
	4.678.064	(2.835.443)

Corporation Tax rate was decreased to 20% from 30%, published on June 21, 2006 commencing from Jan 1, 2006.

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% and 20% in 2006.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was decreased to 20% for 2006 (2005: 30%). The excess of 20% on advance taxes paid that were calculated at the rate of 30% during advance taxation periods after 1 January 2006 will be offset against advance taxes for the subsequent periods.

Losses can be carried forward for offsetting against future taxable income for up to 5 years. Losses cannot be carried back to 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 between 1-25 April following the close of the accounting year to which they relate (of those that have special accounting year between the 1st-25th of the four month following the closure of the term). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. As per the Council of Ministers decision dated 23 July 2006, this withholding tax is increased from 10% to 15%. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the company.

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

**SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31 DECEMBER 2006

deduct the carried forward outstanding allowances from 2006, 2007 and 2008 taxable income. The investment incentive amount that cannot be deducted from 2008 taxable income will not be carried forward to following years

The tax rate that the companies can use in the case of deducting tax investment incentives in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentive carried forward, the tax rate will be 20% and the unused investment incentive will be cancelled.

Inflation Adjusted Tax Calculation

For 2003 and previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29 "Financial Reporting in Hyperinflationary Economies". As inflation met certain thresholds as of 31 December 2004, the Company has adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as at 31 December 2004 were taken as opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds as at 31 December 2005, no further inflation adjustment made to the Company's statutory financial statements in 2005.

	31 December 2006	31 December 2005
<u>Reconciliation of Taxation:</u>		
Profit before tax and minority interest	60.525.935	15.575.999
Current tax rate	%20	%30
Expected taxation	12.105.187	4.672.800
Tax effects of		
- expenses that are not deductible in determining taxable profit	372.808	753.893
- dividends and other non-taxable income	(1.002.397)	(1.697.840)
- nondeductible losses from previous years	345.174	(48.796)
- investment incentives	-	(1.677.775)
- monetary gain not (taxable) deductible	(14.522.478)	203.709
- consolidation adjustments	(2.176.652)	901.042
- foreign subsidiaries subject to different tax ratios	200.294	(271.590)
Taxation per statements of income (Not-11)	<u>(4.678.064)</u>	<u>2.835.443</u>

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 periods ended 31 December 2006 and 31 December 2005 are summarized as follows:

	31 December 2006	31 December 2005
<u>Current share's:</u>		
Weighted average number	6.263.000.000	6.263.000.000
Net profit	65.203.999	12.740.556
Basic (loss)/earnings per share (TRY)	<u>1,041</u>	<u>0,203</u>

The Company's 62.630.000 unit shares with 1000 TRY was converted to 6.263.000.000 unit shares with par value 1 Ykr with the general assembly meeting dated 11 April 2006 .

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 2006 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 15 March 2007 for issuance to the public.



CORPORATE MANAGEMENT CONFORMITY STATEMENT

1. Statement of Conformity to Corporate Management Principles

This statement expresses the below-mentioned responsibilities of Soda Sanayii Anonim Şirketi (Soda A.Ş.) concerning the regulation of relations with the company's shareholders and stakeholders and the determination of the duties, powers and responsibilities of the Board of Directors and of the committees and managers working under it, in the framework of the arrangements, provisions and principles contained in the Capital Market Legislation, the Company's Articles of Association and the Capital Market Board's Corporate Management Principles.

Established in 1969 as a member of the Şişecam Group and a subsidiary of Türkiye İş Bankası, Soda A.Ş. operates in the sectors of soda products and chromium chemicals. Soda A.Ş. makes available for use by many sectors at home and abroad, including especially glass, textiles, detergents, chemicals, food, and fodder, the sodium silicate products it manufactures itself as well as the heavy and light soda and the refined sodium bicarbonate that it manufactures in its Soda Factory in Mersin and procures from Solvay Sodi in Bulgaria, of which it became a partner in 1997, and from Şişecam Soda Tuzlavo d.o.o. in the Tuzla Canton of the Bosnia-Herzegovina, of which it became a partner in 2006.

Among the major producers of chromium chemicals in the world, Soda A.Ş. makes available to important industrial sectors at home and abroad, such as leather, impregnated wood, chemicals, and paper, the sodium dichromate, basic chromium sulphate, chromic acid, sodium sulphur and sodium sulphate products which it manufactures in its Kromsu Factory in Mersin and procures from Cromital SpA in Italy, of which it became a partner in 2005.

Soda A.Ş. is among the first ten largest suppliers in the world soda sector and among the first five in Europe, also being among the major producers of chromium chemicals in the world. As a requirement of this position, it has built its management concept on the principles of equality, transparency, accountability and responsibility. The clearest evidence of this management concept is the fact that Soda A.Ş. with its current size, its specialization and its highly competitive activities is among the distinguished manufacturers in the world and Europe in its field.

Soda A.Ş. attaches great importance to continuous productivity growth and cost improvement and achieves these objectives with the support of modernization and R&D investments.

Being also highly concerned about the environment and work safety, Soda Sanayii A.Ş. conducts its activities in this area under the system of Tripartite Responsibility, which is implemented by the chemical sectors of developed countries on a voluntary basis.

Points such as the modern principles of management and industry, the high level of institutionalization, the focus on the market and R&D, growth, productivity increase, and product and service quality, which have carried Soda A.Ş. to the present day, constitute the main foundations of the stronger Soda A.Ş. of the future. Adopting the principles of corporate management, Soda A.Ş. aims to further strengthen its position.

In the operating period that ended on 31.12.2006, our company fully performed the obligations concerning shareholders and stakeholders in respect of compliance with the principles of corporate management. Investors were continuously informed by keeping up-to-date the section "Investor Relations" at the address www.sodaltram.com.tr, established with the aim of extending the right of the shareholders to information, and the activities of infrastructure, information and training were carried on with the aim of performing the requirements of risk management. Details on the activities conducted in this framework are presented below in the relevant sections of our report.



SECTION I

SHAREHOLDERS

2. Unit of Relations with Shareholders

All our obligations to facilitate the exercise of shareholding rights in the framework of the provisions and arrangements contained in the Turkish Commercial Law, the Capital Market Legislation and our Company's Articles of Association have been fully performed to date by the units within our company.

The main activities conducted in this framework during the period:

- Meeting shareholders' oral and written requests for information concerning the company, excluding information in the nature of confidential information and business secrets concerning our company which have not been disclosed to the public;
- Holding the General Assembly meeting in accordance with the current legislation, the articles of association and the other internal regulations of the company;
- Preparing the documents available for shareholders in the General Assembly meeting;
- Keeping the record of voting results and sending the reports on the results to the shareholders;
- Observing and monitoring all points concerning public disclosure, including the legislation and the company's information policy; and
- Keeping healthy, reliable and up-to-date records concerning the shareholders.

All of the applications made by our shareholders during the period were answered in the framework of the current legislation, and communication with shareholders was provided through newspaper advertisements, letters, telephone calls and the Internet, in accordance with the current legislation, the articles of association and the other internal regulations of the company.

Authorities of the unit in charge of communication with shareholders

Name and Surname	Job Title	Telephone	e-mail
Cihan Sürmazel	Group Fin. Affairs Mng.	0212 350 35 92	csurmazel@sisecam.com.tr
Ahmet Bayraktaroglu	Fin. Affairs Mng.	0212 350 36 40	abuyraktar@sisecam.com.tr
Bala Zaimoglu	Fin. Resources Mng.	0212 350 35 94	bzaimoglu@sisecam.com.tr

3. Exercise of the Shareholders' Right to Information

To extend the shareholders' right to information in the framework of the current legislation, all types of information are offered to shareholders through advertisements placed in newspapers with nation-wide circulation, special announcements and our company's website. Communication details are sent to the company's shareholders by letter, telephone and electronic mail.

During the period, there was not any written request for information; the requests for information made orally and by telephone concentrated in capital increases and profit distribution and were instantly answered by the company authorities. In addition, with the aim of extending the shareholders' right to information, a section of "Investor Relations" was created in the second half of 2004 in our company's website at the address www.sindakim.com.tr and made available for shareholders in an up-to-date manner.

The right of minority shareholders to demand the General Assembly to appoint a special auditor is provided for in the legislation. Shareholders who own at least one tenth of the capital may demand the General Assembly to appoint a special auditor to examine the cases specified in the law.

Our company's articles of association do not include provisions concerning the appointment of special auditors, and there was not any demand during the period for the appointment of a special auditor.



4. General Assembly Information

During the period, the General Assembly held an ordinary meeting for 2005 on 11 April 2006 with a quorum of 84.95 %. Stakeholders and press members were also present in the General Assembly meeting.

The letters of invitation to the General Assembly meeting included:

- The agenda, the place, date and time of the meeting and the form of voting by proxy, also stating that;
- The balance-sheet, the income statement and a summary of the independent auditor's report for 2005 would be made available at the company head office for inspection by shareholders, at least 15 days prior to the General Assembly meeting; and
- The shareholders to participate in the General Assembly meeting must, no later than one week before the General Assembly meeting, deliver to the company head office the share certificates held by them or other documents of proof and obtain a meeting admission card, and the natural or real person shareholders to have themselves represented by a proxy in the meeting must have the powers of attorney notarized and deliver them to the company under the provisions of CMB Communication No. 8 of Series IV.

Return registered letters of invitation to the General Assembly meeting were not sent to the shareholders whose full addresses are known and, instead, advertisements were placed in two newspapers with country-wide circulation and in the Turkish Trade Registration Gazette, in accordance with Article 11 of the Capital Markets Law.

In the General Assembly meeting, shareholders exercised their right to ask questions, and these questions were answered by the company authorities. Shareholders did not table any motions in the General Assembly meeting.

Important decisions such as partition or the sale, purchase or leasing of a considerable amount of assets must naturally be made by the General Assembly. However, since no such need has arisen so far, provisions concerning these matters have not been included in the articles of association.

To increase participation in General Assembly meetings, General Assembly announcements are published at least fifteen days before the General Assembly date in the Turkish Trade Registration Gazette, in two newspapers with country-wide circulation and in the website of our company. In addition, the General Assembly hours are determined in view of traffic, transport and similar environmental factors, taking care to hold the General Assembly meetings at hours when traffic is not intensive.

Since 2005, the minutes of General Assembly meetings have been made available to our shareholders on the website of our company.

5. Voting Rights and Minority Rights

No privileges attach to the voting rights of the shareholders in our company, and our company is not involved in consultations between shareholders.

Under our articles of association, each share has one vote.

The shareholders may personally exercise their voting rights in General Assembly meetings or exercise them through a third person, who may or may not be a shareholder.

Every shareholder who is a natural person may only be represented by one person in the General Assembly. Where a shareholder that is a legal person is represented by several persons, only one of them may vote. Who is authorized to vote must be indicated in the power of attorney.

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

6. Profit Distribution Policy and Profit Distribution Time

Our company's profit distribution principles are included in our articles of association, which are published on our website, and presented to shareholders for their information.



SODA SANAYİİ A.Ş.

Under the Corporate Management Principles, a profit distribution policy has been adopted. According to this;

Our company's articles of association provide for the payment of dividends out of the distributable profit at such rate and in such amount as determined by the Capital Market Board.

The profit distribution proposals submitted by our Board of Directors to our General Assembly for approval are prepared under a profit distribution policy that takes into account:

- a) The sensitive balance between the expectations of our shareholders and our Company's growth requirements; and
- b) The profitability of our Company.

Our Board of Directors has adopted a profit distribution policy based on the principle of proposing to our General Assembly the distribution, in free shares and/or in cash, of the distributable profit at least at the minimum profit distribution rate determined by the Capital Market Board.

There are no shares privileged with regard to profit distribution.

Our articles of association do not provide for a profit share to founder's dividend right certificates, our Directors and our employees.

Dividend payments have been effected within the legally required periods. Care is taken to make the dividend payments within the shortest period and, at the latest, by the end of the fifth month as required by legislation.

Our articles of association do not provide for the distribution of dividend advances.

7. Transfer of Shares

Our company's articles of association do not include any restrictions on the transfer of shares.

SECTION II

PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Information Policy

Although our company does not have an information policy disclosed to the public, important changes and developments concerning company activities as well as matters specified by legislation are made known through press releases. In addition, requests for information by investors and analysts within this scope are met by company officials in charge of this matter.

Financial Affairs Manager Ahmet Dayraktaroğlu and General Accounting Chief Yasemin İzolloğlu, are authorized to provide information communication and coordination with the stock exchange.

9. Special Situation Disclosures

During the period, 27 special situation disclosures were made under CMB's Communication No. 39 of Series VIII on the Principles for Public Disclosure of Special Situations.

10. Company's Website and its Content

A section of "Investor Relations" with the following content was created on the website of our company at www.sodalakim.com.tr and has been available for shareholders and stakeholders since the second half of 2004.



SODA SANAYİİ A.Ş.

- ✓ Corporate Management,
- ✓ Annual activity reports,
- ✓ Interim financial statements and independent audit reports,
- ✓ Trade registration details,
- ✓ Shareholding structure,
- ✓ Directors and Auditors,
- ✓ General Assembly meeting agendas,
- ✓ Minutes of General Assembly meeting,
- ✓ General Assembly attendance list,
- ✓ Form of voting by proxy,
- ✓ Latest version of the articles of association,
- ✓ Prospectuses and public offer circulars,
- ✓ Special situation disclosures,
- ✓ Frequently asked questions and their answers.

11. Disclosure of Natural Person Ultimate Controlling Shareholder(s)

The shareholding structure of our company is as follows. Among our company's shareholders, there is no natural person ultimate controlling shareholder.

Shareholders	Shareholding (%)
U.Şişe ve Cam Fabrikaları A.Ş.	69,70
Anadolu Cam Sanayi A.Ş.	14,24
Cam Pazarlama A.Ş.	0,98
Camış Madencilik A.Ş.	0,04
Other	15,04
Total	100,00

12. Disclosure of Insiders

Insiders have not been disclosed to the public since this is not legally required and since there has so far not been any situation that would make it necessary to disclose this matter to the public. In addition to the Directors of our company, the names and job titles of the persons who may obtain insider information due to their positions in our company are stated below.

<u>Name and Surname</u>	<u>Job Title</u>
Ayhan Yılmaz	General Manager
Hidayet Özdemir	Assistant General Manager
Cihan Sürücüel	Chemicals Group Financial Affairs Manager
Bala Zaimoğlu	Chemicals Group Financial Resources Manager

SECTION III STAKEHOLDERS

13. Information of Stakeholders

In the framework of the current legislation, important events and developments are presented to stakeholders for their information through the press, the media, the Internet and special situation disclosures. For example, important developments in collective labour agreement negotiations are communicated to employees by electronic mail.

14. Participation of Stakeholders in Management

A model has not been created for the participation of stakeholders in management.



15. Human Resources Policy

Under the human resources systems of our company, personnel are selected and placed considering the qualifications determined for each job title. Initial salaries and promotion increases are determined under the "rating system". In addition, monetary and social rights and the principles for the termination of the job contract have also been established.

In our company, performance evaluation and career planning systems are also implemented. With data received from the systems, employees' training and development needs are identified and organizational standby plans are created for the levels of management. For our personnel with hourly wages, a study is made under the performance evaluation system twice a year and their training and development needs are identified according to the results obtained.

Relations with company employees are conducted by the human resources unit without any problems.

Company managers have not received any complaints about discrimination.

16. Information Concerning Relations with Customers and Suppliers

In the framework of its unchanging values of being "focused on people" and "a trustable corporation", our company continues to be a trustable corporation that always generates and expresses value for its shareholders, employees, customers and suppliers and for the community. In this context, the demands of our customers and consumers are met by acting with concern and responsibility, with a view to ensuring customer satisfaction in the marketing and sales of goods and services. Important events and developments and legal changes that concern our customers and suppliers are shared with them through the fastest means of communication. In addition, our company holds:

- ✓ TSE-ISO-EN 9001:2000 Quality Management System Certificate which certifies manufacturing of products always at the undertaker, quality for our customers, customer satisfaction and shipment guarantee;
- ✓ Holland HACCP: 2002 Food Safety Management System Certificate which certifies food safety according to technical analysis and critical control points;
- ✓ Holland GMP: 3:2004 Quality Control System Certificate which concerns good manufacturing practices for animal fodder substances; and
- ✓ Manufacturing Permission Certificate from the Ministry of Agriculture and Rural Affairs, which certifies the conformity of Food Type Refined Bicarbonate, one of our products, to the Turkish Food Codex.

17. Social Responsibility

As a corporation which is aware of its responsibility towards the laws and environmental values, our company believes in the necessity of leaving to future generations a world fit to live in. It takes account of this approach, which it perceives as one of the fundamental elements of strategic management, at every stage of its activities. Our aim is to conduct the environmental protection efforts in our company through an environmental management system concept and to achieve continuous improvement with the support of all employees. In this context, our company has signed the Undertaking of Tripartite Responsibility, which is specific to the chemical industry, implemented in 47 countries of the world and based on the voluntary principle.

With the aim of completely performing the requirements of its "Tripartite Responsibility" policy which it has determined in the words "Soda A.Ş. is committed to managing all its activities by paying attention to the environment and to the health and safety of its employees, customers and near vicinity", our company carried on its intensive efforts in 2006. In this framework, the efforts towards the certification of the Environmental Management and Work Health and Safety Management Systems (ISO 14001 and OHSAS 18001), which have an important place within the practices of Tripartite Responsibility, were completed and the certificates in question obtained in 2006. In addition, certain original projects found reflection in the Tripartite Responsibility annual report published on the international platform. Further strengthening the public image of our company as well as further advancing its activities in the fields of Tripartite Responsibility through the efforts planned for 2007 and later are among our most important goals.



SECTION IV BOARD OF DIRECTORS

18. Structure and Formation of the Board and Independent Directors

Under the provisions of the current legislation and the articles of association, the Board of Directors is composed of 9 members whose names are written below. Two of them are executive directors. There are no directors who meet the criteria of independence specified in the CMB Corporate Management Principles.

<u>Name and Surname</u>	<u>Position</u>
Tevfik Ateş KUL	President
Dilek Çamlı	Vice President
Mehmet Nur Atakalp (*)	Member
Özgün Çınar (**)	Member
Uluk Ersoy	Member
Mehmet Ali Kara (**)	Member
Mehmet İhsan Orhan (*)	Member

(*) Executive directors

(**) Members of the supervisory committee

Since there has not been any situation that would make it necessary to subject to certain rules, or restrict, the assumption by directors of any duty or duties outside the company, no specific rules have been laid down for the assumption by directors of any duty or duties outside the company.

19. Qualifications of Directors

In principle, persons who possess a high level of knowledge and experience, who are qualified and who have a certain experience and background are nominated as candidates for board of directors membership; persons convicted of attempting at or participating in the crimes specified in article 3.1.3 in Section IV of the CMB Corporate Management Principles are not eligible for board of directors membership. Candidates for board membership are also required to possess qualifications such as the ability to read and analyse financial statements and reports, basic knowledge of the legal provisions to which our company is subject in its both daily and long-term acts and transactions, and the ability and determination to attend all the meetings of the Board of Directors that are contemplated for the relevant budget year. However, the principles regarding these matters are not included in the company's articles of association.

20. Company's Mission and Vision and its Strategic Goals

Our company's vision has been determined as "carrying out production in the area of soda products and chromium chemicals, in harmony with the environment, at a high quality and suitable cost, achieving full customer satisfaction, and being in continuous development in the world markets and in our region."

Strategic goals are formed, so as to cover the next 3 years, in the annual "Strategic Plan" meetings held with the participation of our company's managers. The strategic goals are submitted to our company's Board of Directors for approval before they are put into practice as the first year's budget goals. The Board of Directors reviews and evaluates the monthly activities of the company (sales, production, stocks, number of employees, profit-loss, etc.) and its past period performance.

21. Risk Management and Internal Control Mechanism

Members of the Inspection Board within the parent company (T. Şişe ve Cam Fabrikaları A.Ş.) periodically inspect whether our company's activities are being conducted in accordance with the laws, the articles of association and the internal regulations of the company, and any failures and shortcomings are reported.

22. Powers and Responsibilities of Directors and Managers

The powers and responsibilities of the Directors and managers are regulated in articles 8 to 15 of the company's articles of association. The power to administer the company and to represent it before others is vested with the Board of Directors, which consists of a maximum of nine members elected by the shareholders General Assembly from among the shareholders in accordance with the provisions of the Commercial Law.



Following each General Assembly, the Board of Directors elects a president and a vice president. In the event that the president and/or the vice president leaves/leave such office for any reason, the Board of Directors makes a new election for the vacant position(s), without prejudice to the provision in article 315 of the Commercial Law.

Where the President is absent, the Board of Directors is presided by the Vice President. If the Vice President is also absent, the Board of Directors is presided by a temporary president elected from among their number for that meeting. The meeting day and agenda of the Board are determined by the President. Where the President is absent, these tasks are performed by the Vice President. The meeting day may also be determined by a Board resolution. The Board of Directors meets as and when required for company business and transactions. However, it must meet at least once a month.

The Board of Directors may delegate all or some of its powers to one or several executive directors or to the company's general manager and managers, and may also decide that some of its members assume duties in the company.

23. Working Principles of the Board of Directors

The meeting agendas of the Board of Directors are determined in view of our company's requirements and of developments at home and abroad. During the period, 44 board meetings were held. Invitation to meetings is made in writing. The meeting agenda and documents are sent to the Directors at least one week before the date of meeting and it is ensured they effectively attend the meeting.

There is no secretariat reporting to the President of the Board as specified in the CMB Corporate Management Principles. However, the acts and actions specified in article 2.19 in Section IV of the CMB Corporate Management Principles are smoothly carried out by the appointed personnel of our company in accordance with the principles stated therein.

24. Ban on Transacting Business and Competition with the Company

By a resolution of the General Assembly, the Directors have been granted permission under articles 334 and 335 of the Commercial Law. However, there has not been any conflict of interest due to such permission.

25. Ethical Rules

Our company has adopted conducting its activities strongly, as a single body, in a multi-dimensional and fully integrated manner, at a high quality, and in a reliable, modern and progressive fashion, as reflected in our logo. In addition, rules for employees have been determined in the "Human Resources Systems Regulation" and made known to employees. The rules determined for employees may be summarized as follows : complying with all regulations, procedures, circulars and instructions issued and to be issued by the company; maintaining such behaviour as befits the reputation of the company in their private lives as well as in their relations with each other and with third persons; keeping confidential the information acquired by them in relation to company activities and developments, company policies, new investments, new projects, and personnel affairs, and the business secrets acquired by them in the course of their duties in relation to company's customers, other firms or other private or legal entities; and not engaging in activities that would result in their being regarded as "Merchants" or "Tradesmen" or "Self-Employed Professionals".

26. Number, Structure and Independence of Committees Established under the Board of Directors

A "Supervisory Committee" consisting of two non-executive directors has been established with the aim of enabling the Board of Directors to fulfil its duties and responsibilities more effectively. This committee does not include any independent member with the qualifications specified in the CMB Corporate Management Principles. The committee meets at least once every three months and inspects the financial and operational activities of the company according to generally accepted standards.

27. Financial Rights Granted to the Board of Directors

All types of rights, benefits and fees granted to the Directors are annually determined by the General Assembly as stated in our articles of association.

In our company's Ordinary General Assembly meeting for 2005 which was held on 11 April 2006, the monthly remuneration payable to the Directors was determined and made public.

For the Directors and managers, no loans are extended, no loans are made available under the name of personal credit through a third person, and no guarantees such as suretyship are issued in their favour.



SODA SANAYİİ A.Ş.

SODA SANAYİİ A.Ş.

2006 SHAREHOLDERS ORDINARY GENERAL ASSEMBLY

AGENDA

1. Election of the Presiding Committee and Authorization of the Same to Sign the General Assembly Minutes.
2. Reading out the Board of Directors and Board of Auditors Reports and the Independent Auditor's Report Concerning Our Company's Activities in 2006.
3. Examination, Discussion and Approval of the 2006 Balance-Sheet and Income Statement Accounts.
4. Acquittal of the Directors and the Auditors.
5. Providing Information on the Profit Distribution Policy.
6. Adopting a Resolution Concerning the Distribution of the 2006 Profit and the Date of Such Distribution.
7. Election of the New Directors.
8. Election of the New Auditors.
9. Granting Permission to the Directors under Articles 334 and 335 of the Commercial Law.
10. Determining the Fees of the Directors.
11. Determining the Fees of the Auditors.
12. Providing the Shareholders with Information Concerning Donations Made During the Year.

Date : 10 April 2007 **Time:** 14:30

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