SODA SANAYİİ A.Ş.

2007 ANNUAL REPORT

Soda Sanayii A.Ş.

Soda products, the first of the company's two basic areas of activity, remain the basic chemical inputs for many sectors at home and abroad, including especially glass, textiles, chemicals, food and fodder.

Exports by the company in 2007 displayed a considerable growth in comparison with the previous year and exceeded the target while the domestic sales easily reached the targets.

In a conjuncture where increased demand for soda will continue…
It is foreseen that the growth trend in soda demand across the world will continue in the coming period. It is predicted that the increase in demand will occur above the average in the peripheral markets. The reasons for this fast increase are the growth in the regional economies and the resulting capacity extension investments in the sectors that use soda.

Soda Sanayii has begun to expand its production possibilities with the aims of being able to respond to the increased demand by the developing markets in its vital region and in the rest of the world and of enhancing its influence in the new markets. In line with these aims, it has been decided to terminate sodium silicate production in the Mersin factory and to direct the soda product used there into sales. In the factory of Soda Lukavac in Bosnia and Herzegovina, the Heavy Soda Unit has been commissioned and product diversity has increased.

In parallel to its work in conformity with high quality, environmental and health standards, the Mersin Soda Factory is updating its systems and certifications in accordance with developments. The ISO 22000: 2005 Food Safety Management System Standard, which is an internationally accepted standard, has been introduced to replace the HACCP Management System, which has lost its currency in sodium bicarbonate.

All the necessary conditions have been fulfilled to obtain the FAMPQS (European Feed Additives and Premixtures Quality System), a "Quality Management System" established under the "Feed Hygiene Regulation" (183/2005) in sodium bicarbonate in the member countries of the European Union. The certification process is continuing.

Also in 2007:
- For the first time, "2007 Quality Days" were organized on 23 to 25 May 2007.
- The factories of Soda Sanayii combined their quality (ISO 9000), environment (ISO 14000), health and safety at work (OHSAS 18000) and food safety (ISO 22000) policies and renewed their commitment to compliance with the management system standards.

In addition, work was launched for the second phase of the Mersin Cogeneration Plant to meet all the steam need of the soda factory. It is planned that the facility, whose construction is to be started in early 2008, will be commissioned in the second half of 2009.

The competitiveness and production level of the Soda Lukavac factory in Bosnia and Herzegovina was increased, and improvements were achieved in both product and packaging quality, making exports from this country to Turkey and neighbouring countries.

The production of chronium chemicals is another basic area of activity for Soda Sanayii.

2007 was a year in which production increased in the Mersin Kromsan factory, which produces various chromium chemicals.

The sodium bichromate production capacity was increased through a capacity maximization project while production was achieved above the installed capacity in the chromic acid facility through activities implemented with the aim of responding to increased global demand.

With the new basic chromium sulphate facility commissioned in the first quarter of 2007, the production capacity in this product group was increased and the position of world leader in the product group was consolidated.

China, which is one of the important leather-processing markets and in which we are deployed through a local company, was our number one market in exports of chromium chemicals in 2007.

In line with special product demands from the metal-coating industry, the new product "Trisurfin" developed for that sector was launched in the market.

The sodium sulphate bleaching facility under construction will be activated in the second half of 2008 and its product will be made available for consumers. In this way, it will be ensured that this side product generates greater value-added.

The project developed for the production of liquid oxygen, an important input, at a lower cost in the facility to be established was put into practice.

**SODA SANAYİİ A.Ş.
CONTACT DETAILS**

**Soda Sanayii A.Ş.
Management & Sales Center
İş Kuleleri Kule-3
34330 4. Levent-Beşiktaş/İSTANBUL
Telephone : (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
Telephone : (324) 241 66 00
Fax : (324) 221 90 15**

**Soda Sanayii A.Ş.
Kromsan Chromium Compounds Factory
Kazanlı Bucağı Yanı P.K. 421
33003 MERSİN
Telephone : (324) 241 66 00
Fax : (324) 451 36 52**

Important Developments in 2007

- In the factory of Soda Lukavac in Bosnia and Herzegovina, the Heavy Soda Unit was commissioned and product diversity was increased.
- The factories of Soda Sanayii combined their quality (ISO 9000), environment (ISO 14000), health and safety at work (OHSAS 18000) and food safety (ISO 22000) policies and renewed their commitment to compliance with the management system standards.
- Work was launched for the second phase of the Mersin Cogeneration Plant by Camiş Elektrik Üretim A.Ş., one of the group companies. It is planned that the facility, whose construction is to be started in early 2008, will be commissioned in the second half of 2009.
- In line with special product demands from the metal-coating industry, the new product "Trisurfin" developed for that sector was launched in the market.
- The position of world leader in the Basic Chromium Sulphate product group was consolidated through the commissioning of the new facility in the first quarter of 2007 and the increase of the production capacity in this product group.
- The project developed for the production of liquid oxygen, an important element of cost in chromium production, at a lower cost in the facility to be established was put into practice.
- It was decided to terminate sodium silicate production in the Mersin factory as a result of the choice to direct the soda product into sales.

SODA SANAYİİ A.Ş.

Summary Consolidated Balance-Sheets Prepared According to the IFRS

	2007		2006	
	YTL	USD	YTL	USD
Current Assets	165	142	176	125
Fixed Assets	489	420	460	327
Total Assets	654	561	636	452
Short-Term Borrowed Resources	107	92	103	73
Long-Term Borrowed Resources	117	100	88	62
Minority Shares	8	7	11	8
Equity	422	362	434	309
Total Liabilities	654	561	636	452

Summary Consolidated Income Statements Prepared According to the IFRS*

	2007		2006	
	YTL	USD	YTL	USD
Net Sales	457	351	410	287
Cost of Sales	-392	-302	-320	-224
Gross Profit	64	49	90	63
Operating Expenses	-65	-50	-55	-38
Operating Profit	-1	-1	35	25
Incomes and Profits from Other Activities	26	20	27	19
Expenses and Losses from Other Activities	-2	-2	-4	-3
Financing Expenses	-6	-4	1	1
P/L Before Tax, Currency Gain and Minority Shares	17	13	60	42
Currency Gain	0	0	0	0
Minority Shares	3	2	1	1
P/L After Pre-Tax Currency Gain and Minority Shares	20	15	61	42
Tax Provision under Turkish Tax Legislation	-4	-3	-11	-7
Deferred Tax Provision under IAS 12	-1	0	15	11
Net Profit / (Loss)	16	12	65	46
Profit Before Interest and Tax (PBIT)	-1	-1	35	25
Depreciations	32	25	28	20
Profit Before Interest, Depreciation and Tax (PBIDT)	31	24	63	44
Cash from Operating Activities	10	8	60	42
Net Financial Debts	65	50	4	3
Profit Per Share (corresponding to 1 YTL share)	0,077		0,324	

Financial Ratios

	2007	2006
Current Assets/ Short-Term Borrowed Resources	1,54	1,71
Total Borrowed Resources / Total Assets	0,34	0,30
Total Borrowed Resources / (Equity + Minority Shares)	0,52	0,43
Net Financial Debts / Total Assets	0,10	0,01
Gross Profit / Net Sales	0,14	0,22
Operating Profit / Net Sales	0,00	0,09
PBIT / Net Sales	0,00	0,09
PBIDT / Net Sales	0,07	0,15
Net Financial Debts / Equity	0,15	0,01

*Amounts are expressed in YTL million and USD million, at the purchasing power of the Turkish currency at 31 December 2007

BOARD OF DIRECTORS

President	Tevfik Ateş Kut	11.04.2006-11.04.2009
Vice President	Dilek Çamlı	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	Mehmet Ali Kara	11.04.2006-11.04.2009
Member (*)	Levent Korba	10.10.2007-11.04.2009
Member	Mehmet İhsan Orhon	11.04.2006-11.04.2009

(*) Elected in place of Mr Ufuk Ersoy on 10.10.2007

BOARD OF AUDITORS

Auditor	Yılmaz Mete	10.04.2007-20.04.2008
Auditor	Salim Zaimoğlu	10.04.2007-20.04.2008

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

Ayhan YILMAZ	General Manager
Mehmet Nur ATUKALP	Marketing and Sales Assistant President
Mehmet İhsan ORHON	Human and Financial Resources Assist. President
Hidayet ÖZDEMİR	Assistant General Manager

Dear Shareholders,

We present for your examination and approval the consolidated financial statements prepared in accordance with the provisions of Capital Market Board's Communication No. 25 of Series XI and Communications supplementing, amending and clarifying that Communication, in the framework of the International Financial Reporting Standards, with regard to the activities of Soda Sanayii A.Ş., which has completed its 39th year of activity, for the period of 01.01.2007 to 31.12.2007.

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 2007 through its usual dedication and successfully completed its 39th year of activity despite all difficulties experienced in our country.

Developments and Expectations in 2007 and 2008 At Home and Abroad

The world economy, which has remained vibrant since the early 2000s, has recently been in an expectation of stagnation although 2007 was a year in which such expectation did not materialize and was postponed. Nevertheless, faltering continues between the fear of global inflation and the fight against stagnation, which is not yet clear.

In 2007, economic growth was 2.2 % in America, one of the important regions for the world economy, which grew by 4.9 %. In other words, America continued to generate demand for the global economy and the other economies met this demand through the supply they generated. In this period, marked by a relative slowdown, the difficulties experienced in the mortgage market in America were decisive. The European economies, where the financial instruments generated in the American mortgage market are marketed, have had their share of these difficulties. Although the Central Banks on both economic fronts have intervened by injecting liquidity in the financial markets to remove the ensuing panic, it cannot be said that the difficulties have been completely eliminated.

These difficulties in the developed economies are naturally having an adverse effect on global demand and therefore on the developing countries that grow through their trade with these markets. Another problem is the shrinkage of international fund flows in the environment of insecurity that is emerging. The threat is growing particularly for those economies which finance their balance of payments (current) deficits through these flows.

While asset (share, property, etc.) prices are coming under a downward pressure, considerable increases are occurring in commodity and especially energy prices, continuing to create a current surplus in commodity- and energy-producing economies. Although losing momentum, Russia is the most typical example of this class. Economies with a vibrant domestic demand, as is the case with certain EU member countries, maintain their growth potential.

In the Euro zone, growth is at the level of 2.5 % and inflation has increased by half and escalated to 3 %. Japan is continuing to grow at the threshold of 1 % thanks to its exports to China and India. China, again under the threat of inflation, and India are carrying on their long-term growth.

It is expected that the global economy will further lose momentum and grow by 4.1 % in 2008, that the growth rate in the USA will drop below 1.5 % and that it will be 1.6 % in the Euro zone. The expectation of growth, which appears to be 6.9 % (7.8 % in 2007) in developing countries and 10 % (11.5 % in 2007) in China, clearly indicates that 2008 will be a difficult year. In the relationship of interdependence created by globalization among economies, all countries will have to watch and manage carefully this special period dominated by unfavourable conditions in addition to non-economic problems.

In Turkey, as against the successful performance during the period 2002-2006, the process of improvement in basic indicators came to an end in 2007 and, indeed, deteriorations were observed in certain respects. Growth slowed down, inflation reached a level double the target, the YTL continued to appreciate, the rise in the current deficit was not halted, a deterioration was observed again in fiscal discipline, which had rapidly improved during the period 2002-2006, interest rates moved well above the levels to support growth, the unemployment level remained high, and productivity growth slowed down. In addition to this deterioration in macroeconomic indicators, the conditions in the international markets also changed and ceased to be favourable for the developing economies to display high performance in 2008.

The impact on the economy of the disputed presidential election as well as the referendum and the general election was decisive. In particular, economic growth considerably lost momentum and fell below 5 %. This was due in large part to the weak domestic demand and to the dependence of economic growth on foreign trade. In parallel to the further appreciation of the YTL in 2007, value-added production fell and export growth based on cheap imported rather than domestic inputs came to the fore. Growth based on industrial productivity increase came to an end.

In the second year of inflation targeting (2007), actual inflation was 8.4 % against the CPI target of 4 %. Continuing rigidities in service pricing in particular, the price pressure caused by drought in foodstuffs, and international developments in energy prices as well as housing and rent, were the main reasons of the failure to achieve the target inflation despite certain subsidies in the pricing of public goods and services such as electricity and the support of a lower exchange rate for the USD by up to 9 %.

Uninterrupted growth, which remained positive even if it fell to 2 % in the third quarter, again failed to provide the expected improvement in the area of employment, and the rate of unemployment maintained its level of 10 %. The anxiety caused by the failure to spread the benefits of economic growth more widely among the broad masses, coupled with the election psychology, led to a relaxation in public finance. Although the budget deficit was at the expected level, the net surplus target was not achieved.

In the balance of payments the current deficit at USD 38 billion, exports at USD 113 billion and imports at USD 161 billion reached their historically highest levels. Of the capital inflows of USD 50 billion, the portion of USD 22 billion was direct investment. The internal debt stock remained at USD 220 billion while external debts gained momentum and reached USD 240 billion due to private sector borrowing. Real interest rates maintained their level of 10 %. In the legislative framework, reforms were postponed; concerns were heightened by the debates over the southeast question and secularism; and the preparations for accession to the EU lost momentum.

The Turkish economy may be expected to grow by 4.5 to 5 % in 2008 under the assumptions that the global economic situation will not seriously deteriorate, that the environment of stability will be maintained and that the reform process will be accelerated. It is likely that inflation will turn out to be 7 % instead of 4 % targeted by the government under currency pressures, that foreign trade will continue to grow, and that the need for resources will be met with international fund flows even if the conditions have become more difficult. Assuming the external conditions as given, this positive framework will be subject to the conditions of priority being attached to social security, taxation and working life and to actions that will increase productivity and employment, reduce production costs and improve competitiveness, and of the private sector making internal arrangements in the nature of micro reforms.

Soda Sanayii A.Ş., which has determined growth in its vital neighbourhood as the guarantee for its long-term future, completed its Bosnia Heavy Soda Investment. In this period, when all magnitudes, monetary and physical, increased in parallel to the vision, soda production exceeded 1,100,000 tons, sales income USD 300 million and the volume of employment 1,000. In 2008, Şişecam will continue to grow in its region and to reinforce its leadership through efforts to make use of company acquisition and cooperation opportunities as well as its higher investment, production and sale targets.

Our Activities in 2007

Exports in 2007, in both soda products and chromium products, displayed a considerable growth in comparison with the previous year and exceeded the target while the domestic sales easily reached the targets.

Soda Sanayii has begun to expand its production possibilities with the aims of being able to respond to the increased demand by the developing markets and of enhancing its influence in the new markets. For this purpose, it was decided to terminate sodium silicate production in the Mersin factory as a result of the choice to direct the soda product into sales. In the factory of Soda Lukavac, the Heavy Soda Unit was commissioned and product diversity was increased.

With the completion of the first stage investments, the competitiveness and production level of the Soda Lukavac factory in Bosnia and Herzegovina was increased, and improvements were achieved in both product and packaging quality, making exports from this country to Turkey and neighbouring countries.

With the new facility commissioned in the first quarter of 2007, the production capacity in the product group of Basic Chromium Sulphate, one of the most important products of Kromsan, was increased and the position of world leader in the product group was consolidated.

In the Far East, with its large market and with the tough competition created by local producers, China, which is one of the important leather-processing markets and in which we are deployed through a local company, was our number one market in exports of chromium chemicals in 2007.

In line with special product demands from the metal-coating industry, one of the important areas of application of chromium products, the new product “Trisurfin” developed for that sector was launched in the market.

Cromital, our partner in Italy, maintained its market domination.

Our Investments

To meet the increasing demand for soda in the world and in our region, Soda Sanayii decided to undertake activities to increase the production possibilities in its Mersin soda factory in the coming years.

Work was launched for the second phase of the Mersin Cogeneration Plant by Camiş Elektrik Üretim A.Ş., one of the group companies. The new unit, whose construction is to be started in early 2008, will be commissioned in the second half of 2009.

In the Kromsan factory, work was started to establish a facility for the production of liquid oxygen at a lower cost. It is expected that this facility will be put into operation in 2008.

Dividends Paid in the Last Three Years

No dividend was paid in 2004. Gross dividends were paid in 2005 at the rate of 12.50 % and in 2006 at the rate of 25 %.

Environment-Health-Safety

Chemicals Industry
Environment
Safety
People

Having signed the commitment of Tripartite Responsibility, a voluntary practice specific to the world chemical industry, and committed itself to conduct all its activities in such manner as to take care of the environment and the health and safety of its employees, customers and near vicinity in the framework of its “***Health, Safety and Environment Policy***”, Soda Sanayii A.Ş. continued its work in 2007 without interruption. The ISO 14000 Environmental Management System and the OHSAS 1800 Health and Safety at Work Management System, for which an “*Integrated Management System*” was established and the implementation of which was started in the Soda and Kromsan Factories, were certified by the TSE in 2006 and successfully passed the supervision audit in 2007.

In 2007, our practices concerning our refined bicarbonate product were evaluated under the ISO 22000 Food Safety Management System, an international management standard, and found eligible for certification. Also, the FAMI-QS certificate, which is applicable for fodder production especially in EU countries, was obtained following audits, and the reliability of this product in the food production chain was proven.

Soda Sanayii A.Ş. is committed to attaching importance and priority to its activities focused on the protection of the environment and human health in the awareness of its environmental and social responsibility, as well as maintaining without interruption in the coming years the technological advances that it has accomplished since the time of its establishment.

Our Human Resources Activities
As of the end of 2007, our company employs:

1,014 people in total, including 479 with monthly wages and 535 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, placement, 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;

Identification and planning of training needs and measurement of training efficiency; and

Conducting an employee satisfaction survey.

Research and Development Activities

When the system developed with the aim of bleaching sodium sulphate, a side product, and turning it into a product with high value added goes into trial production in the second quarter of 2008, 55 thousand tons of sodium sulphate per annum will be produced. With such production, Soda Sanayi will be able to supply the sodium sulphate need of all the Bottle and Glass Factories at home and some of the needs of the detergent and textile industries.

In 2007, a chromium coating chemical with a valence of +3, registered under the name Trisurfin, was introduced in the framework of increased demand for environment-friendly products.

Also considering the market trend in chromium chemicals, especially in the areas of metal surface treatment and coating, efforts were conducted for the production of chromium compounds with a valence of 3 such as chromium chloride, chromium sulphate and chromium nitrate. With these efforts, it will be possible to start the manufacturing of these products in the second half of 2008 under the plans for the production of multi-purpose chromium compounds.

The necessary equipment will be procured in 2008 for the “Chromium Coating Research Laboratory” which is planned to be established in the framework of activities to develop new products for the chromium coating industry.

The laboratory and site leather practices to be needed for the implementation of the new BCS product, which was started in 2007 and which is currently at the stage of obtaining a patent, and the product development/verification activities will be continued in 2008.

It is planned that the equipment investment phase of the activities conducted in 2007 under the project executed to improve the characteristics of the soda refined sodium bicarbonate product will be implemented and brought on stream in the second half of 2008.

The waste washing system developed with the aim of reducing the amount of chloride in the solid wastes of the Soda Factory and making them non-hazardous was commissioned in the second half of 2007 and the target chloride reduction values were achieved. Efforts towards the use of the waste with reduced chloride in the sectors of cement, concrete and building materials, the second phase of this project, will be continued in 2008.

Studies will continue on the manufacturing of precipitated calcium carbonate (PCC) with high value-added. It is planned that positive contributions will be made in the future to the economy of our country and our company in this way.

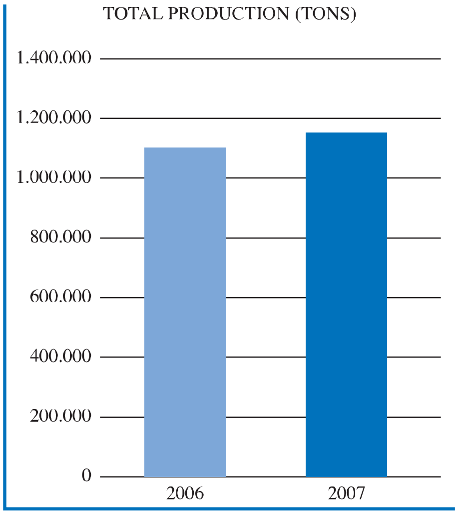
In 2007, the necessary preparations were completed for the Development Laboratory to function in accordance with the 17025 System, and the system began to be operated. Accreditation certification will be achieved in 2008.

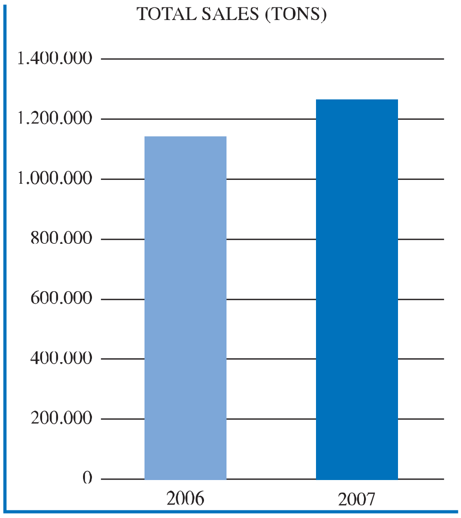
Activities are in progress for new products, lower costs and higher quality in the production of soda and chromium compounds.

TUBITAK-TEYDEB R&D incentive files were prepared for many R&D projects and they were made ready for applications in 2008.

In addition, activities are under way in the areas of supporting the efforts to fulfil the requirements of the REACH legislation to continue soda and chromium products trade in the EU, monitoring the national and international legislation related to the management of chemicals and the environment, making the product and raw material analyses of our factories and preparing their assessment reports, meeting the demands from the management systems implemented, and environmentally assessing and reporting on the new investments planned to be undertaken abroad.

SODA SANAYİİ A.Ş.



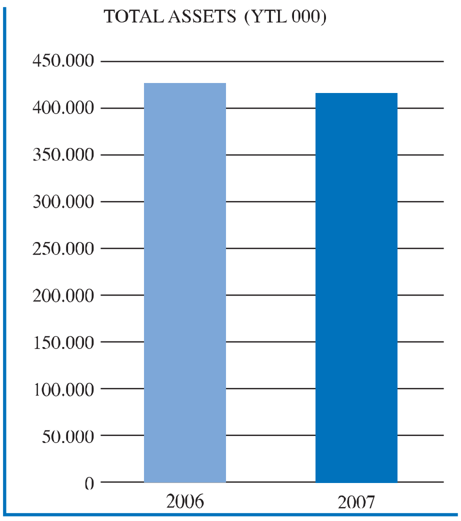


PRODUCTION (TONS/YEAR)

	2006	2007
Soda Factory	891.321	947.473
Kromsan Factory	198.665	216.785
Total	**1.089.986**	**1.164.258**

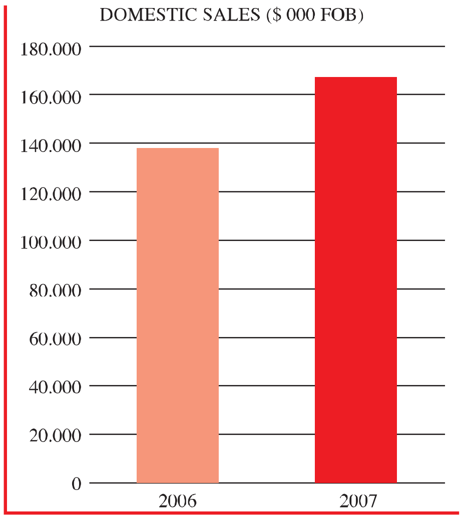
SALES (TONS/YEAR)

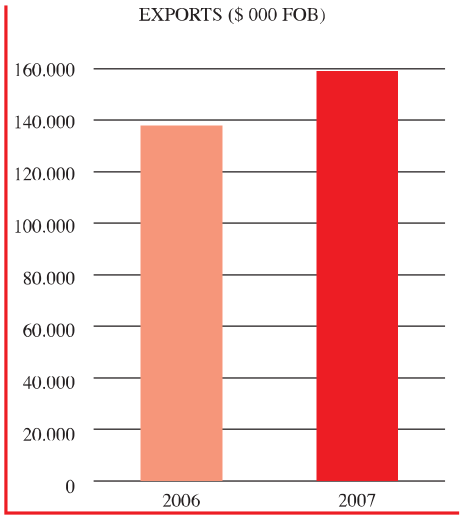
	2006	2007
Soda Factory	1.018.791	1.119.086
Kromsan Factory	131.648	149.673
Total	**1.150.439**	**1.268.759**



TOTAL ASSETS (YTL 000)

	2006	2007
Soda/Kromsan		
Total	427.645	414.908



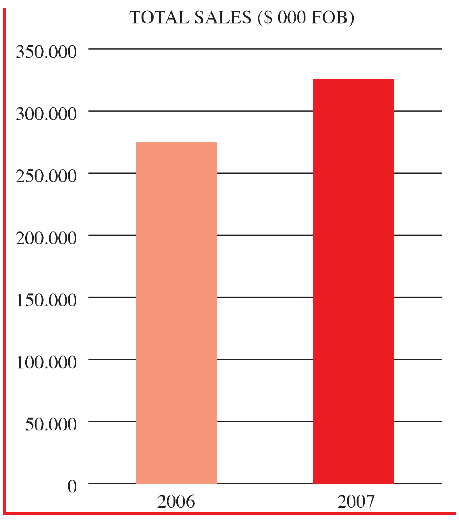


DOMESTIC SALES ($ 000 FOB)

	2006	**2007**
Soda Factory	110.862	140.933
Kromsan Factory	27.607	27.637
Total	**138.469**	**168.570**

EXPORTS ($ 000 FOB)

	2006	**2007**
Soda Factory	70.076	75.616
Kromsan Factory	67.773	83.217
Total	**137.849**	**158.833**



TOTAL SALES ($ 000 FOB)

	2006	**2007**
Soda Factory	180.938	216.549
Kromsan Factory	95.380	110.854
Total	**276.318**	**327.403**

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 derivates. 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 25 % of the company's capital and Solvay Deutschland G.m.b.H., the other major partner, has a shareholding of 75 %.

Sisecam Soda Lukavac d.o.o.

This company, based in the Tuzla Canton of the Bosnia-Herzegovina Federation, was established in August 2006 for production of soda and derivates, together with a company affiliated to the Canton Government, with 78.34 % of its capital owned by our company.

DISTRIBUTION OF THE 2007 CONSOLIDATED PROFIT

It has been decided that our 2007 net consolidated balance-sheet profit of YTL 15,546,064, included in our 2007 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 in the annex under Article 31 of our Articles of Association, also considering the CMB regulations concerning profit distribution:

Shares to be issued by adding dividends in the amount of YTL 8,057,345, corresponding to 4 % of the issued capital, to the capital should be distributed free of charge to the shareholders;

The free share distribution should be completed by 30 June 2008; and

The matters concerning profit distribution above should be presented to the Ordinary General Assembly of Shareholders to be held on 21 April 2008 for its consideration and approval.

SODA SANAYİİ A.Ş. 2007 Profit Distribution Table (YTL)

1.	Issued Capital	201,433,624.00	201,433,624.00
2.	Total Legal Reserves (According to Legal Records)	5,825,442.29	5,825,442.29
	Information on privileges, if any, in profit distribution under the articles of association.		
		According to CMB (Consolidated)	**According to Legal Records (Solo)**
3.	Profit for the Period	20,030,222.00	21,085,207.08
4.	Taxes Payable (-)	(4,484,158.00)	(3,671,286.00)
5.	**Net Profit for the Period**	**15,546,064.00**	**17,413,921.08**
6.	Past Years' Losses (-)	0.00	0.00
7.	Primary Legal Reserves (-)	(870,696.05)	(870,696.05)
8.	Consolidated Subsidiary's (*) Distributable Profit Amount not Decided to be Distributed	(6,313,215.00)	
9.	**NET DISTRIBUTABLE PROFIT FOR THE PERIOD**	**8,362,152.95**	**16,543,225.03**
10.	Donations Made During the Year	8,600.00	
11.	Net Distributable Profit for the Period, Including Donations, on which First Dividend is to be Calculated	**8,370,752.95**	
12.	First Dividend to Shareholders - Cash - Free **- Total**	 **8,057,345.00** **8,057,345.00**	
13.	To Preferential Shareholders		
14.	Dividend to Directors, Employees etc.		
15.	Profit Distributed to Dividend Right Certificate Holders		
16.	Second Dividend to Shareholders		
17.	Secondary Legal Reserves		
18.	Statutory Reserves		
19.	Special Reserves		
20.	**EXTRAORDINARY RESERVES**	**6,618,022.95**	
21.	Other Resources to be Distributed - Past Years' Profits - Extraordinary Reserves - Other Reserves Distributable under the Law and the Articles of Association		

(*) The concept of subsidiary includes the subsidiaries, affiliates and jointly managed undertakings of the parent company.

INFORMATION ON DIVIDEND PER SHARE				
	CLASS	TOTAL DIVIDEND AMOUNT (YTL)	DIVIDEND PER SHARE WITH NOMINAL VALUE OF YTL 1	
			AMOUNT (YTL)	RATIO (%)
GROSS	A			
	B			
	TOTAL	8,057,345.00	0.04	0.04
NET	A			
	B			
	TOTAL	8,057,345.00	0.04	0.04

RATIO OF DISTRIBUTED PROFIT TO NET DISTRIBUTABLE PROFIT FOR THE PERIOD, INCLUDING DONATIONS	
AMOUNT OF PROFIT DISTRIBUTED TO SHAREHOLDERS (YTL)	RATIO OF PROFIT DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PROFIT FOR THE PERIOD, INCLUDING DONATIONS (%)
8,057,345.00	0.96

SODA SANAYII 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 managers, officers and employees for the results we present in our report for your information.

Yours Sincerely,

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

SODA SANAYİİ A.Ş.

SODA SANAYİİ A.Ş.
BOARD OF AUDITORS REPORT FOR 2007
To the General Assembly of Soda Sanayii A.Ş.

Title	: Soda Sanayii A.Ş.
Head Office	: İstanbul
Capital	: YTL 201,433,624,–
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	: Yılmaz Mete (10.04.2007-20.04.2008) Salim Zaimoğlu (10.04.2007-20.04.2008) 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 27 meetings of the Board of Directors and held 4 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 16.05.2007, 23.06.2007, 20.08.2007, 28.09.2007, 20.11.2007, 18.01.2008, 12.02.2008 and 25.03.2008, 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 2007, the company's cash department was counted 7 times. The count results are in conformity with records. Dates and results of the examination conducted under article 353/1/4 of the Turkish Commercial Law: Following the examinations made on 16.04.2007 – 22.05.2007 – 19.06.2007 – 17.07.2007 – 20.08.2007 – 19.09.2007 – 22.10.2007 – 21.11.2007 – 25.12.2007 – 16.01.2008 – 22.02.2008 – 13.03.2008, 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 01.01.2007 – 31.12.2007 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 31.12.2007 and the income statement for the period of 01.01.2007 – 31.12.2007, 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

Yılmaz Mete **Salim Zaimoğlu**

SODA SANAYİİ A.Ş.

Deloitte.

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

Tel : (212) 366 60 00
Fax : (212) 366 60 10
www.deloitte.com.tr

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Soda Sanayii A.Ş. ("the Company") and its subsidiaries (together "the Group") comprising the consolidated balance sheet as of 31 December 2007, and the consolidated statement of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the CMB. 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 from material misstatement.

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

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

The Financial statements of the subsidiaries, namely Soda Lukavac d.o.o, founded in Bosnia Herzegovina, and Şişecam Bulgaria Ltd. founded in Bulgaria, were audited by other auditors. The financial statements of these subsidiaries constitute 15% of the total assets of the consolidated financial statements as of 31 December 2007 and 12% of the consolidated revenue for the year ended 31 December 2007. Because Group's consolidated financial statements contains the financial statements of the subsidiaries which are audited by other auditors, our opinion on these subsidiaries are totally based on the audit reports of the other auditors of these subsidiaries.

Opinion

In our opinion and other auditors' opinions, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Soda Sanayii A.Ş. and its subsidiaries as of 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting standards determined by the Capital Markets Board.

İstanbul, 3 April 2008

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**

Gökhan Alpman
Partner

SODA SANAYİİ A.Ş.

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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

ASSETS	Notes	31 December 2007	31 December 2006
Current assets			
Cash and Cash Equivalents	4	25.687.984	50.686.545
Marketable Securities (net)	5	-	-
Trade Receivables (net)	7	19.830.040	13.368.706
Financial Leasing Receivables (net)	8	-	-
Due from Related Parties (net)	9	48.477.147	48.487.430
Other Receivables (net)	10	6.729.869	5.693.927
Biological Assets (net)	11	-	-
Inventories (net)	12	63.967.607	57.734.693
Receivables from Ongoing Construction Contracts (net)	13	-	-
Deferred Tax Assets (net)	14	-	-
Other Current Assets	15	302.016	9.450
Total Current Assets		**164.994.663**	**175.980.751**
Non-current assets			
Trade Receivables (net)	7	78.303	25.943
Financial Leasing Receivables (net)	8	-	-
Receivables from Related Parties (net)	9	-	-
Other Receivables (net)	10	-	-
Financial Assets (net)	16	139.812.184	132.668.516
Positive / (Negative) Goodwill (net)	17	-	-
Investment Properties (net)	18	-	-
Tangible Assets (net)	19	346.883.743	326.303.733
Intangible Assets (net)	20	1.560.850	576.465
Deferred Tax Assets	14	-	-
Other Non Current Assets	15	558.145	274.743
Total Non-Current Assets		**488.893.225**	**459.849.400**
TOTAL ASSETS		**653.887.888**	**635.830.151**

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

SODA SANAYİİ A.Ş.

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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

LIABILITIES	Notes	31 December 2007	31 December 2006
Current Liabilities			
Financial Loans (net)	6	23.591.801	40.489.750
Current Portion of Long Term Loans (net)	6	21.112.946	1.474.539
Financial Leasing Obligations (net)	8	-	-
Other Financial Liabilities (net)	10	3.458.399	3.698.258
Trade Payables (net)	7	23.939.058	31.874.154
Due to Related Parties (net)	9	22.380.077	17.656.239
Advances Received	21	1.808.783	1.906.469
Progress Payments from Ongoing Construction Contracts	13	-	-
Provisions	23	2.129.748	5.817.514
Deferred Tax Liabilities	14	-	-
Other Liabilities (net)	10	8.485.123	37.593
Total Current Liabilities		**106.905.935**	**102.954.516**
Non-Current Liabilities			
Financial Loans (net)	6	72.249.693	44.038.873
Financial Leasing Obligations (net)	8	-	-
Other Financial Liabilities (net)	10	-	-
Trade Payables (net)	7	-	-
Due to Related Parties (net)	9	-	-
Advances Received	21	-	-
Provisions	23	16.194.438	15.733.658
Deferred Tax Liabilities	14	28.440.680	28.011.165
Other Liabilities (net)	10	20.711	-
Total Non-Current Liabilities		**116.905.522**	**87.783.696**
Total Liabilities		**223.811.457**	**190.738.212**
Minority Interest	24	**7.971.214**	**11.414.466**
SHAREHOLDERS' EQUITY		**422.105.217**	**433.677.473**
Share Capital	25	**201.433.624**	**62.630.000**
Adjustment to Share Capital	25	**-**	**-**
Capital Reserves	26	**143.922.706**	**282.481.267**
Premium in Excess of Par		-	-
Gain on Cancellation of Equity Shares		-	-
Properties Revaluation Reserves		-	-
Valuation Fund on Financial Assets		(2.269.391)	(1.975.830)
Inflation Adjustment of Equity Items		146.192.097	284.457.097
Profit Reserves	26, 27, 28	**56.868.982**	**19.028.366**
Legal Reserves		10.698.267	7.271.561
Statutory Reserves		-	-
Extraordinary Reserves		46.274.513	154.720
Special Reserves		-	-
Gain from Sale of Tangible Assets and Equity Participations' Shares Transferable to Capital		-	538.624
Foreign Currency Translation Adjustments		(103.798)	11.063.461
Net Profit For The Year		**15.546.064**	**65.203.999**
Retained Earnings	26, 27, 28	**4.333.841**	**4.333.841**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**653.887.888**	**635.830.151**

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

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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

	Notes	1 January - 31 December 2007	1 January- 31 December 2006
OPERATING INCOME			
Sales Income (net)	36	456.368.656	410.086.212
Cost of Sales (-)	36	(392.413.439)	(319.978.723)
Other Operating Income / Interest + Dividend + Rent (net)	36	194.435	52.602
GROSS PROFIT		**64.149.652**	**90.160.091**
Operating Expenses (-)	37	(65.243.776)	(54.759.183)
NET OPERATING PROFIT/(LOSS)		**(1.094.124)**	**35.400.908**
Other Operating Income and Profits	38	26.146.270	27.055.389
Other Operating Expenses and Losses (-)	38	(2.099.754)	(4.383.987)
Finance Income / (Expenses) (net)	39	(5.603.762)	1.499.263
OPERATING PROFIT		**17.348.630**	**59.571.573**
Net Monetary Gain / (Loss)	40	-	-
MINORITY INTEREST (-)	24	**2.681.592**	**954.362**
PROFIT BEFORE TAXATION		**20.030.222**	**60.525.935**
Taxation	41	(4.484.158)	4.678.064
NET PROFIT FOR THE YEAR		**15.546.064**	**65.203.999**
EARNINGS PER SHARE	42	**0,077**	**0,324**

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

SODA SANAYİİ A.Ş.

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMETS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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

	Share Capital	Revaluation Fund of Investments	Inflation adjustment of equity items	Legal Reserves	Extraordinary Reserves	Gain on Sale of Tangible Assets and Equity Participations' Shares Transferable to Capital	Foreign Currency Translation Adjustments	Retained Earnings	Net Profit for the Year	Total
Balance as of 1 January 2006	62.630.000	(1.226.586)	284.457.097	5.899.575	-		(263.500)	1.487.365	12.740.556	365.724.507
Transfers to legal reserves	-	-	-	1.371.986	154.720	-	-	3.385.100	(4.911.806)	-
Transfers to gain on sale of assets and equity participations' shares transferable to capital	-	-	-	-	-	538.624	-	(538.624)	-	-
Dividends paid	-	-	-	-	-	-	-	-	(7.828.750)	(7.828.750)
Decrease in the fair value of available for sale assets	-	(749.244)	-	-	-	-	-	-	-	(749.244)
Exchange differences on the translation of foreign operations	-	-	-		-	-	11.326.961	-	-	11.326.961
Net profit for the period	-	-	-	-	-	-	-	-	65.203.999	65.203.999
Balance as of 31 December 2006	62.630.000	(1.975.830)	284.457.097	7.271.561	154.720	538.624	11.063.461	4.333.841	65.203.999	433.677.473
Balance as of 1 January 2007	62.630.000	(1.975.830)	284.457.097	7.271.561	154.720	538.624	11.063.461	4.333.841	65.203.999	433.677.473
Transfers to legal reserves	-	-	-	3.426.706	16.119.793	-	-	-	(19.546.499)	-
Non-cash capital increase	138.803.624		(138.265.000)	-	-	(538.624)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(15.657.500)	(15.657.500)
Decrease in the fair value of available for sale assets	-	(293.561)	-	-	-		-	-	-	(293.561)
Exchange differences on the translation of foreign operations	-	-	-	-	-	-	(11.167.259)	-	-	(11.167.259)
Net profit for the period	-	-	-	-	-	-	-	-	15.546.064	15.546.064
Balance as of 31 December 2007	201.433.624	(2.269.391)	146.192.097	10.698.267	16.274.513	-	(103.798)	4.333.841	15.546.064	422.105.217

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

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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

	Notes	1 January- 31 December 2007	1 January- 31 December 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		15.546.064	65.203.999
Adjustments to reconcile net profit to net cash provided by operating activities:		**16.018.658**	**21.883.965**
- Amortization and depreciation expenses	19-20	32.415.410	28.091.317
- Provision for employment termination benefits	23	2.498.371	2.962.009
- Accrued exchange losses and accrued interest on borrowings		(3.066.755)	7.754.015
- Change in allowance for diminution in value of inventories	12	(649.443)	694.724
- Change in sundry provisions	15	(1.407.753)	3.160.536
- Valuation of financial assets held to maturity	16	253.793	(58.826)
- Minority interest	24	(2.681.592)	(954.362)
- Dividend income	38	(243.650)	-
- Negative goodwill recognized as income	38	(2.466.050)	(2.389.713)
- Equity pick-up income recognized	38	(13.117.831)	(12.697.671)
- Accrued taxation	41	4.484.158	(4.678.064)
Operating cash flow provided before changes in working capital		**31.564.722**	**87.087.964**
-Trade receivables	7	(6.413.962)	(2.890.180)
-Inventories	12	(5.583.471)	(24.702.506)
-Due from related parties	9	10.283	(6.912.514)
-Other receivables and current assets		(1.611.910)	(4.162.386)
-Trade payables	7	(7.935.096)	14.202.469
-Payables to related parties	9	7.475.724	10.281.775
-Other payables expense accruals		5.476.496	994.408
-Advances received	21	(97.686)	1.110.873
Cash generated from operations		**22.885.100**	**75.009.903**
-Interest paid		(5.599.863)	(2.775.011)
-Taxes paid	41	(5.323.901)	(9.367.850)
-Retirement benefits paid	23	(2.023.213)	(2.531.199)
Net cash provided by operating activities		**9.938.123**	**60.335.843**
CASH FLOWS FROM INVESTING ACTIVITIES			
- Cash paid for capital commitment of available for sale investments	16	(546.476)	-
- Cash paid for additional share purchases		(2.864.815)	(5.330.424)
- Dividend received from unconsolidated subsidiaries	38	243.650	-
- Dividends received from affiliates		2.193.503	2.771.951
- Purchases of tangible assets	19	(57.980.047)	(100.836.973)
- Purchases of intangible assets	20	(1.013.672)	(597.426)
- Net book value of tangible assets disposed	19	392.441	150.319
- Exchange differences on translation of foreign operations		678.336	178.504
Net cash used in investing activities		**(58.897.080)**	**(103.664.049)**
CASH FLOWS FROM FINANCING ACTIVITIES			
-Dividends paid		(15.657.500)	(7.828.750)
-Proceeds from borrowings		100.233.772	88.945.518
-Repayment of borrowings		(60.615.876)	(48.248.750)
-Change in minority interest (net)		-	12.368.828
Net cash provided by financing activities		**23.960.396**	**45.236.846**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(24.998.561)	1.908.640
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		50.686.545	48.777.905
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**25.687.984**	**50.686.545**

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

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

The headquarters of the firm is located in Istanbul (İş Kuleleri Kule 3, 4 Levent-Beşiktaş/İstanbul).

Consolidated subsidiaries:

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

Company Name	Nature of Business	Registered Country	31 December 2007 Proportion of direct ownership %	31 December 2006 Proportion of direct ownership %
Subsidiaries				
Şişecam Soda Lukavac	Soda manufacturing	Bosnia-Herzegovina	78,34	78,34
Şişecam Bulgaria Ltd.	Trading of Soda products	Bulgaria	100,00	100,00
Joint Ventures				
Oxyvit Kimya San. ve Tic. A.Ş.	Vitamin K-3 and its derivatives	Turkey	44,00	44,00
Investment in associates				
Solvay Şişecam Holding A.G.	Investing	Austria	25,00	23,75

Shareholders owning 10% of the capital and more:

Registered capital ceiling of the company is 201.433.624 TRY and the nominal issued capital is 201.433.624 TRY. The Company has been quoted in the İstanbul Stock Exchange Market since 2000. The capital distribution among known shareholders is as follows:

Shareholders	31 December 2007 Share %	31 December 2007 Share Amount TRY	31 December 2006 Share %	31 December 2006 Share Amount TRY
T.Şişe ve Cam Fabrikaları A.Ş.	70,68	142.363.651	69,70	43.650.181
Anadolu Cam Sanayi A.Ş.	14,24	28.688.933	14,24	8.920.000
Other	15,08	30.381.040	16,06	10.059.819
Total	100,00	201.433.624	100,00	62.630.000

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

Average number of personnel in the current and prior year:

The average numbers of personnel working in the Group by their categories are as follows:

Categories	31 December 2007	31 December 2006
Monthly salaried personnel	489	519
Hourly waged personnel	1.288	1.245
Total	1.777	1.764

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting Standards Applied:

The Company maintains its books of account and prepares its 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 ("the CMB") published a set of comprehensive accounting policies set out in Communiqué No: XI/25 on "The Capital Market Accounting Standards" (the "Communiqué No: XI/25"). Without revealing the declarations issued by the CMB upon Accounting Standards including financial statement, report and footnote formats in the Additional Article 1 supplementary to the Communiqué No: XI/25 and Communiqué No: XI/27 on the "Amendments Upon the Capital Markets Accounting Standards" (the "Communiqué No: XI/27") published on 23 December 2004, the application of International Financial Reporting Standards ("IFRS") by companies should be in compliance with the presentation and disclosure requirements set out in the Communiqué No: XI/25. Therefore, as an alternative, the compliance with the accounting standards issued by International Accounting Standards Board ("IASB") and International Accounting Standards Committee ("IASC") will be counted as in compliance with the CMB's Accounting Standards.

The Group prepared its financial statements according to this alternative application permitted by the CMB mentioned above. The financial statements and footnotes are prepared in accordance with the required format set out by the CMB's announcement on 20 December 2004.

Preparation of Financial Statements in Hyperinflationary Periods:

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

The exchange rate announced by the Turkish Central Bank as of 31 December 2007 is US Dollar 1 = TRY 1,1647, Euro 1 = TRY 1,7102 (31 December 2006: US Dollar 1 = TRY 1,4056, Euro 1 = TRY 1,8515).

Consolidation:

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group as explained in Note 1.

Entities in which the Group, directly or indirectly, has above 50% shareholding or interest of voting rights or otherwise has power to exercise control over operations, have been fully consolidated. The Group has obtained shares from the operations of the equity subsidiaries since it has power to govern the financial and operational policies of the company. All significant transactions and balances between the Group and its consolidated subsidiaries are eliminated on consolidation. Shares attributable to third parties in the shareholders’ equity and net profit / (loss) of the consolidated subsidiaries, which are not fully (100%) owned, are separately accounted for as minority interests in the consolidated financial statements.

An associate is an entity where the Group has the power to exercise significant influence over its financial and operating policies and accounted by using the equity method. Under the equity method, an associate is carried at net asset amount in the consolidated balance sheet and the share of the Group from the associate’s results of operations is recognized in the statement of income. Unless net assets of the investment in associates are subject to a temporary impairment, the investment in associates is disclosed with the impaired value in the accompanying financial statements.

Joint Ventures are jointly controlled entities which are established for the purpose of undertaking an economic activity in accordance with a contract between Soda Sanayii and its subsidiaries and one or more than one parties. Joint Ventures are accounted for by the equity method of accounting in the accompanying financial statements. The Group ceases the consolidation of these joint ventures by the equity method of accounting at the date which joint control is lost.

Under IAS 21 “The Effects of the Changes of Exchange Rates”, assets and liabilities of the Group affiliates in foreign countries are translated at the closing rate at the balance sheet date. Income/loss items are translated at the average exchange rate of the period. Exchange rate differences are accounted under the foreign currency exchange differences account in Shareholders’ Equity. The exchange differences are written as an income or loss for the related period in which the operation has been ceased.

On acquisition, assets and liabilities of the relevant subsidiaries are measured at fair value at the date of the acquisition. Minority interests are carried at the minority’s proportion to the fair value of the assets and liabilities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or before the effective date of disposal, as appropriate.

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

Comparative Information and Restatement of Prior Period Financial Statements:

The Group’s consolidated financial statements are prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes, and a disclosure on the related changes is made in the financial statements.

Offsetting:

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

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

New and Revised International Accounting Standards:

In the current year, the Group has adopted all of the new and revised Standards and Interpretations of the IFRS effective from 1 January 2007 issued by International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") that are relevant to its operations except for those that contradict with the CMB'S announcement on 20 December 2004 regarding the required reporting format. The adoption of these new and revised Standard and Interpretations has resulted in changes to the Group's accounting policies in the following areas:

- IFRS 7, "Financial Instruments: Disclosures"
- IAS 1, "Presentation of Financial Statements"

IFRS 7, "Financial Instruments: Disclosures"

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of the risks arising from those financial instruments. The new disclosures are included throughout the financial statements. This Standard has no effect on the financial position of the Group, and comparative information has been revised where appropriate.

IAS 1, "Presentation of Financial Statements"

This amendment requires the Group to disclose new information that enables users of the financial statements to evaluate the Group's objectives, policies and processes applied for the Group's capital management.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted earlier by the Group.

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

IFRIC 11, "IFRS 2 – Group and treasury share transactions"	Effective for annual periods beginning on or after 1 March 2007
IAS 23, "(Amendment) Borrowing Costs"	Effective for annual periods beginning on or after 1 January 2009
IFRS 8, "Operating Segments"	Effective for annual periods beginning on or after 1 January 2009
IFRIC 12, "Service Concession Arrangements"	Effective for annual periods beginning on or after 1 January 2008
IFRIC 13, "Customer Loyalty Programmes"	Effective for annual periods beginning on or after 1 July 2008
IFRIC 14, "IAS 19- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"	Effective for annual periods beginning on or after 1 January 2008
IFRS 2, "Share-based Payment" Amendment Relating to Vesting Conditions and Cancellations	Effective for annual periods beginning on or after 1 January 2009

IFRS 3, "Business Combinations" IAS 27, "Consolidated and Separate Financial Statements" IAS 28, "Investments in Associates" IAS 31 "Interests in Joint Ventures" Comprehensive revision on applying the acquisition method	Effective for annual periods beginning on or after 1 July 2009
IAS 1, "Presentation of Financial Statements" IAS 32, "Financial Instruments: Presentation" Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	Effective for annual periods beginning on or after 1 January 2009

The Group's Management anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the consolidated financial statements of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Revenue:

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

Sale of goods

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

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

Rendering of services

- Revenue earned from rendering services is recognized by using a reference to the stage of completion of the contract.

Dividend and interest revenue

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

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

Rent income

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

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 the tangible assets acquired in the subsequent periods are carried at their acquisition cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Assets in the course of construction for rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. For assets that need considerable time to be ready for sale or usage, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, depreciation of these assets commences when the assets are ready for their intended use.

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

Expected useful lives for tangible assets 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

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

d. Intangible Assets:

Intangible assets acquired separately

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

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and brought to use the specific software. These costs are amortized over their estimated useful lives (3 - 10 years).

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

e. Impairment of Assets:

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

f. Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable 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. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalization.

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

g. Financial Instruments:

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets

Investments are recognized and derecognized on the trade date where the purchase or sale of an investment is under a contract whose terms require the delivery of the investment within a period of time prescribed by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the Group acquires the financial asset principally for the purpose of selling in the near term, the financial asset is apart of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short term profit taking as well as derivatives that are not designated and effective hedging instruments. Financial assets at fair value through profit or loss are stated at fair value, with any resulting gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Effective interest method

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Held-to-maturity investments

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

Available for sale financial assets

Investments other than held-to-maturity debt securities and held for trading securities are classified 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. 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 of available for sale monetary assets denominated in foreign currency is determined in that foreign currency and converted with the spot rate at the reporting date. Change in fair value attributable to conversion differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Loans and receivables

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

Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value and at each reporting date they are revalued at fair value at the balance sheet date. Any change in fair value is recognized in profit or loss.

Other financial liabilities

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

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

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

h. Business Combinations and Goodwill:

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire, plus any costs directly attributable to the business combination. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations" are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

ı. Foreign Currency Transactions:

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

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences are recognized in profit or loss in the period in which they arise except for:
• Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;

• Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

• Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

i. Earnings per Share:

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighted factor. In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 42).

j. Events After Balance Sheet Date:

Despite the events after balance sheet date occurred after a declaration regarding the Group's profit or after some financial information went public, they comprise any event between the balance sheet date and the date of authorization for the balance sheet's publication.

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

k. Provisions, Contingent Liabilities, Contingent Assets:

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

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

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

l. Changes in Accounting Policies, Accounting Estimates and Errors:

Accounting policies, principles, assumptions and rules practised in preperation of financial statements are applied and determined in accordance with International Financial Reporting Standards ("IFRS") as prescribed in the Capital Markets Board Accounting Standards and in the CMB's Communiqué No: XI/25.

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.

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

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

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.

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.

p. Taxation:

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

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

r. Employee Benefits/ Retirement Pay:

Under Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19"). In this extent, in addition to the salary, social rights such as employee benefits such as bonuses, propellant, leave of absence, national holiday, education incentive, food, marriage, private pension plan, birth and death are provided to the Group employees.

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

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

s. Government Incentives and Grants:

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

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

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

ş. Statement of Cash Flow:

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

t. Share Capital and Dividends:

Common shares are classified as equity. Distributed dividends on common shares are recorded via deducting them from accumulated profit and in the period in which they are approved and declared.

4. CASH AND CASH EQUIVALENTS

	31 December 2007	31 December 2006
Cash on hand	6.349	9.122
Demand deposits	16.056.759	5.274.865
Time deposits	9.595.162	45.387.079
Other cash equivalents	29.714	15.479
	25.687.984	50.686.545

Demand deposits amounting to 3.169.446 TRY are blocked (31 December 2006:367.570 TRY).

Time Deposits:

Foreign Currency Amount	Interest Rate (%)	Maturity	31 December 2007
BGN	3,8-5,0	March 2008	3.221.100
USD	4,7	January 2008	1.175.287
EUR	4,0	January 2008	5.198.775
			9.595.162

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

Foreign Currency Amount	Interest Rate (%)	Maturity	31 December 2006
EUR	3,6	January 2007	42.226.864
BGN	2,9-4,2	January 2007	3.160.215
			45.387.079

5. MARKETABLE SECURITIES (net)

None.

6. FINANCIAL LOANS

Short term	31 December 2007	31 December 2006
Short-term bank loans	23.591.801	40.489.750
Current portion of long term bank loans	21.112.946	1.474.539
Total short-term borrowings	44.704.747	41.964.289
Long term		
Total long-term bank loans	72.249.693	44.038.873
Total bank loans	116.954.440	86.003.162

31 December 2007

Currency Type	Maturity	Weighted Average Interest Rate (%)	Current Liability	Non-Current Liability
USD	2008-2012	6,3	8.596.387	18.768.807
EUR	2008-2015	6,0	30.928.954	53.480.886
KM	2008	6,0	943.965	-
TRY	2008	14,3	4.235.441	-
			44.704.747	72.249.693

31 December 2006

Currency Type	Maturity	Weighted Average Interest Rate (%)	Current Liability	Non-Current Liability
USD	2007-2011	6,4	3.753.994	9.207.382
EUR	2007-2011	4,3	32.817.684	33.411.516
KM	2007-2017	6,0	20.997	1.419.975
TRY	2007	15,0	5.371.614	-
			41.964.289	44.038.873

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

The borrowings are repayable as follows:

	31 December 2007	31 December 2006
Within 1 year	44.704.747	41.964.289
Within 1-2 years	14.304.340	21.266.055
Within 2-3 years	16.630.475	8.553.232
Within 3-4 years	14.309.490	7.656.181
Within 4-5 years	27.005.388	6.563.405
	116.954.440	86.003.162

7. TRADE RECEIVABLES AND PAYABLES (net)

Current trade receivables (net)	31 December 2007	31 December 2006
Trade receivables	20.531.601	14.156.234
Deposits and guarantees given	26.935	40.700
Allowance for doubtful receivables	(728.496)	(828.228)
	19.830.040	13.368.706

Non-current trade receivables (net)	31 December 2006	31 December 2005
Deposits and guarantees given	78.303	25.943

For intra-group sales of Soda products, sale term is on a cash basis. For other sales, average term is 20 days. For overdue payments exceeding the first 15 days and for more than the first 15 days; interest rate of 2% and 4% is charged respectively to customers on a monthly basis. Average sale term for domestic sales of chrome products is 17 days on a foreign currency basis. Interest of 1% is charged for overdue payments on a monthly basis. For export sales, the average term is 60 days regardless of the product line.

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

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

	1 January - 31 December 2007	1 January - 31 December 2006
Balance at beginning of the year	(828.228)	(710.133)
Amounts written off during the year	36.525	-
Foreign currency exchange differences	63.207	(118.095)
Closing balance	(728.496)	(828.228)

The Group retains the following collaterals for its trade receivables:

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

	31 December 2007	31 December 2006
Letters of guarantee	6.215.850	5.724.580
Notes and bills received as guarantee	1.449.912	1.521.523
Mortgages	520.500	430.500
	8.186.262	7.676.603

As of 31 December 2007, TRY 14.166.061 of trade receivable amount was past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default (2006: TRY 12.799.491). The ageing analysis of trade receivable amounts is as follows:

	31 December 2007	31 December 2006
Up to 3 months	13.980.860	12.583.168
3 to 6 months	185.201	216.323
Over 6 months	-	-
	14.166.061	12.799.491

Collaterals held for the trade receivables that are past due as at the balance sheet date but not impaired and trade receivables that are impaired is as follows:

	31 December 2007	31 December 2006
Letters of guarantee	1.563.381	1.733.500
Notes and bills received as guarantee	159.380	-
Mortgages	-	45.894
Other (Eximbank Limit)	5.802.681	4.227.476
	7.525.442	6.006.870

Short term payables (net)	31 December 2007	31 December 2006
Trade payables	23.704.652	31.278.493
Deposits and guarantees received	233.075	595.011
Other trade payables	1.331	650
	23.939.058	31.874.154

8. FINANCE LEASE RECEIVABLES AND OBLIGATIONS UNDER FINANCE LEASES

The Group has no finance lease receivables or obligations under finance leases.

9. RELATED PARTY TRANSACTIONS (net)

Deposits held in İş Bankası	31 December 2007	31 December 2006
Demand deposits	5.595.837	3.479.689
Time deposits	6.374.062	42.226.864
	11.969.899	45.706.553
Loans		
Loans used from İş Bankası	4.150.740	2.564.166
Loans used through Cam Pazarlama A.Ş.	-	51.997.446
Loans used through T.Şişe ve Cam Fabr.A.Ş	64.486.960	26.981.700
	68.637.700	81.543.312

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

Due from related parties		
Trakya Cam San.A.Ş.	1.190.449	636.959
Cam Pazarlama A.Ş.	-	45.014.372
Trakya Cam Yenişehir San.A.Ş.	576.402	-
T.Şişe ve Cam Fabr. A.Ş.	46.860	-
Denizli Cam San. ve Tic.A.Ş.	14.084	4.567
Oxyvit Kimya San. ve Tic.A.Ş.	3.094	4.352
Paşabahçe Cam San. ve Tic.A.Ş.	298.625	146.878
Paşabahçe Eskişehir Cam San.ve Tic.A.Ş.	104.272	47.132
Anadolu Cam San.A.Ş.	511.248	345.140
Anadolu Cam Yenişehir San.A.Ş.	310.944	-
Şişecam Dış Ticaret A.Ş.	41.192.054	-
Camiş Ltd. Şti.	-	112.536
Cromital SpA	30.168	-
Trakya Glass	456.964	277.714
Cam Elyaf San.A.Ş.	4.942	3.291
	44.740.106	46.592.941
Other receivables from related parties		
Trakya Cam San.A.Ş.	264.117	-
Camiş Madencilik A.Ş.	430.726	528.157
Oxyvit Kimya San. ve Tic.A.Ş.	121.929	114.666
Paşabahçe Eskişehir Cam San. ve Tic.A.Ş.	65.238	136.051
Anadolu Cam San.A.Ş.	303.098	864.705
Camser Madencilik A.Ş.	399	-
Madencilik San. ve Tic.A.Ş.	71	-
Denizli Cam San. ve Tic.A.Ş.	3.504	51.208
Camiş Ltd. Şti.	11.171	11.685
Anadolu Cam Yenişehir San.A.Ş.	254.871	-
Cam Elyaf San.A.Ş.	133.606	-
Sintan Kimya San. ve Tic.A.Ş.	5.448	188.017
Paşabahçe Cam San. ve Tic.A.Ş.	165.991	-
Camiş Ambalaj San.A.Ş.	311	-
Trakya Cam Yenişehir A.Ş.	345.798	-
Camiş Elektrik Üretim A.Ş.	1.630.763	-
	3.737.041	1.894.489
Total due from related parties	48.477.147	48.487.430

Due to related parties	31 December 2007	31 December 2006
T. Şişe ve Cam Fabr.A.Ş.	569.554	646.299
Solvay Sodi AD	2.376.500	1.356.091
Camiş Elektrik Üretim A.Ş.	10.428.644	-
Camiş Lojistik Hiz. ve Tic.A.Ş.	-	43.644
Camiş Madencilik A.Ş.	-	21.210
Camiş Ambalaj San. A.Ş.	850	838
	13.375.548	2.068.082

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

Other Payables to related parties		
Anadolu Cam San.A.Ş.	-	1.409.319
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	299.069	183.137
Çayırova Cam San. A.Ş.	32.125	41.457
Cam Elyaf San. A.Ş.	-	3.576.808
Paşabahçe Mağazaları A.Ş.	8.299	8.192
Camiş Elektrik Üretim A.Ş.	-	4.846.346
T.Şişe ve Cam Fabr. A.Ş.	7.534.738	2.536.250
Camiş Lojistik Hiz. ve Tic.A.Ş.	-	761.166
Trakya Cam San.A.Ş.	-	2.172.534
Paşabahçe Cam San. ve Tic.A.Ş.	-	47.053
Şişecam Dış Ticaret A.Ş.	1.122.468	-
Other	7.830	5.895
	9.004.529	15.588.157
Total due to related parties	22.380.077	17.656.239

The non-trade receivables and payables of the Group with its related parties consist of the financial loans given to and received from Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries. These non-trade receivables and payables do not have maturities, but following the valuations of Türkiye Şişe ve Cam Fabrikaları A.Ş. and events concerning the money markets, an interest is accrued using a monthly current account interest rate determined by Türkiye Şişe ve Cam Fabrikaları A.Ş. The interest rate used for December 2007 was 1,35% (2006 December: 1,25%).

Sales to related parties	1 January – 31 December 2007	1 January – 31 December 2006
Trakya Cam San. A.Ş.	40.400.070	39.843.267
Paşabahçe Cam San. ve Tic.A.Ş.	9.748.264	9.844.191
Paşabahçe Eskişehir Cam San. ve Tic.A.Ş.	4.045.349	4.049.682
Denizli Cam San. ve Tic.A.Ş.	310.128	285.075
Cam Pazarlama A.Ş.	-	201.708.094
T.Şişe ve Cam Fabr.A.Ş.	98.382.678	-
Cam Elyaf San. A.Ş.	155.614	144.789
Anadolu Cam San. A.Ş.	19.030.612	22.485.222
Trakya Cam Yenişehir A.Ş.	6.304.938	-
Anadolu Cam Yenişehir A.Ş.	7.592.897	-
Şişecam Dış Ticaret A.Ş.	109.609.627	-
Trakya Glass Bulgaria EAD	13.951.214	9.332.324
Camiş Ltd. Şti.	-	745.770
Oxyvit Kimya San. ve Tic.A.Ş.	398.368	40.814
	309.929.759	288.479.228

Purchases from related parties	1 January – 31 December 2007	1 January – 31 December 2006
Cam Pazarlama A.Ş.	-	10.278.935
T.Şişe ve Cam Fabr.A.Ş.	9.193.311	-
Camiş Madencilik A.Ş.	917.493	796.208
Camiş Elektrik Üretim A.Ş.	100.610.647	-
Camiş Ltd. Şti.	-	3.156.360
Solvay Sodi AD	59.540.432	21.285.821
	170.261.883	35.517.324

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

Financing income from related parties	1 January – 31 December 2007	1 January – 31 December 2006
Trakya Cam San. A.Ş.	162.673	215.720
Şişecam Dış Ticaret A.Ş.	28.835	-
Cam Pazarlama A.Ş.	-	461.039
Camiş Lojistik Hiz. ve Tic.A.Ş.	-	30.061
Anadolu Cam San. A.Ş.	292.546	-
Paşabahçe Cam San. ve Tic.A.Ş.	20.231	74.952
Paşabahçe Eskişehir Cam San. ve Tic.A.Ş.	12.876	52.423
Cam Elyaf San. A.Ş.	119.282	-
Camiş Madencilik A.Ş.	144.626	27.333
Camiş Elektrik Üretim A.Ş.	168.393	64.430
T.İş Bankası A.Ş.	957.217	1.976.344
Other	41.675	100.803
	1.948.354	3.003.105

(*) Camiş Lojistik Hizmetleri ve Ticaret A.Ş. has merged with Trakya Cam Sanayii A.Ş. as of 3 September 2007. Therefore, the transactions carried out with Camiş Lojistik Hizmetleri ve Ticaret A.Ş within the year 2007 and the receivable and payable balances have been disclosed under Trakya Cam Sanayi A.Ş.
(**) Cam Pazarlama A.Ş. has merged with Türkiye Şişe ve Cam Fabrikaları A.Ş. as of 31 December 2007. Therefore, the transactions carried out with Cam Pazarlama A.Ş within the year 2007 and the receivable and payable balances have been disclosed under T. Şişe ve Cam Fabrikaları A.Ş.

Financing expenses from related parties	1 January – 31 December 2007	1 January – 31 December 2006
Şişecam Dış Ticaret A.Ş.	51.714	-
Anadolu Cam San.A.Ş.	87.018	380.201
Paşabahçe Cam San. ve Tic.A.Ş.	9.357	-
Çayırova Cam San.A.Ş.	6.313	17.763
Cam Elyaf San.A.Ş.	40.035	168.313
Camiş Elektrik Üretim A.Ş.	778	146.122
T.İş Bankası A.Ş.	493.190	316.034
Camiş Madencilik A.Ş.	-	298.787
T.Şişe ve Cam Fabr. A.Ş.	1.609.236	176.000
Cam Pazarlama A.Ş.	-	234.996
Camiş Lojistik Hiz. ve Tic.A.Ş.	-	14.565
Trakya Cam San. A.Ş.	121.913	173.970
Other	612	35.672
	2.420.166	1.962.423

Dividend Income from related parties	1 January – 31 December 2007	1 January – 31 December 2006
Cromital S.p.A.	243.650	-

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

Commission Expenses to related parties	1 January – 31 December 2007	1 January – 31 December 2006
T.Şişe ve Cam Fabr.A.Ş.	247.064	194.155
Cam Pazarlama A.Ş.	495.899	1.014.100
Şişecam Dış Ticaret A.Ş.	548.049	-
Trakya Cam San. A.Ş	721.629	466.047
	2.012.641	1.674.302

Service Fees Paid to related parties	1 January – 31 December 2007	1 January – 31 December 2006
T.Şişe ve Cam Fabr.A.Ş.	4.171.380	5.035.290

Other Income from related parties	1 January – 31 December 2007	1 January – 31 December 2006
Cam Elyaf San.A.Ş.	1.194.527	1.396.122
Camiş Madencilik A.Ş.	1.735.005	1.548.017
Trakya Cam San.A.Ş.	374.283	-
Camiş Lojistik Hiz. ve Tic.A.Ş.	-	548.851
Camiş Elektrik Üretim A.Ş.	9.044.493	1.021.650
Anadolu Cam San. A.Ş.	560.656	418.768
Oxyvit Kimya San. ve Tic.A.Ş.	1.026.598	838.896
Sintan Kimya San.ve Tic.A.Ş.	26.944	280.196
Cromital S.p.A.	502.365	-
Other	1.617	140.151
	14.466.488	6.192.651

Other Expenses and Losses from related parties	1 January – 31 December 2007	1 January – 31 December 2006
T.İş Bankası A.Ş.	211.583	293.034
İş Merkezleri Yön. ve İşl.A.Ş.	108.449	95.514
Şişecam (Shanghai) Trading Co.Ltd.	577.264	141.848
Çayırova Cam San.A.Ş.	247.243	147.726
Camiş Menkul Değerler A.Ş.	43.000	-
Trakya Cam San.A.Ş.	-	3.403
Other	20.699	33.108
	1.208.238	714.633

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

10. OTHER RECEIVABLES AND LIABILITIES (Net)

Other Current Receivables	31 December 2007	31 December 2007
Receivables from personnel	65.090	46.993
VAT receivable	88.288	2.089.462
Other VAT	4.478.088	3.448.435
Other current assets	1.307	14.600
Prepaid taxes and funds	1.105.964	-
Other receivables	991.132	94.437
	6.729.869	5.693.927

Other Current Liabilities	31 December 2007	31 December 2007
Due to personnel	778.277	706.513
Taxes and dues payable	1.446.480	1.417.078
Social security premiums payable	1.092.516	1.524.972
VAT payable	139.916	43.225
Other current liabilities	1.210	6.470
	3.458.399	3.698.258

11. BIOLOGICAL ASSETS

The Group has no biological assets in its line of activity.

12. INVENTORIES (net)

	31 December 2007	31 December 2006
Raw materials	12.127.185	16.748.209
Operating supplies	13.655.640	10.934.795
Work in progress	1.006.833	1.052.721
Finished goods	28.061.930	26.315.595
Trade goods	4.375.627	1.665.001
Other inventories	139.996	733.350
Provision for diminution in value of inventories	(45.281)	(694.724)
Advances given	4.645.677	979.746
	63.967.607	57.734.693

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

	1 January – 31 December 2007	1 January – 31 December 2006
Opening Balance	(694.724)	-
Charge for the period	-	(694.724)
Provision released	649.443	-
Closing Balance	(45.281)	(694.724)

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

13. RECEIVABLES FROM ONGOING CONSTRUCTIONS CONTRACTS AND IN PROGRESS COSTS

None.

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred Tax:

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

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

Temporary differences subject to deferred tax:	31 December 2007	31 December 2006
Indexation and useful life differences of tangible and intangible assets	151.532.672	155.901.065
Provision for employment termination benefits	(16.017.213)	(15.545.239)
Non-real part of capitalized finance expenses	(25.381)	(50.761)
Restatement of inventories	483.584	242.064
Impairment of financial assets held for sale	(770.195)	-
Deferred revenue	(1.358.598)	-
Provision for witholding tax of dividend from foreign subsidiaries	7.054.404	-
Other	(467.300)	(507.518)
	140.431.973	140.039.611
Deferred tax (assets)/liabilities:		
Indexation and useful life differences of tangible and intangible assets	30.306.534	31.180.213
Provision for employment termination benefits	(3.203.443)	(3.109.048)
Non-real part of capitalized finance expenses	(5.076)	(10.152)
Restatement of inventories	96.717	48.413
Impairment of financial assets held for sale	(154.039)	-
Deferred revenue	(271.720)	-
Provision for witholding tax of dividend from foreign subsidiaries	1.763.601	-
Other	(91.894)	(98.261)
	28.440.680	28.011.165

Deferred tax liability movement:	1 January-31 December 2007	1 January-31 December 2006
Opening balance	28.011.165	43.276.592
Charged to equity	(154.039)	-
Charged to income	583.554	(15.265.427)
Closing balance	28.440.680	28.011.165

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

15. OTHER ASSETS AND LIABILITIES (net)

Other Current Assets	31 December 2007	31 December 2006
Prepaid expenses	302.016	9.450

Non-Current Assets	31 December 2007	31 December 2006
Prepaid expenses	558.145	274.743

Other Current Liabilities	31 December 2007	31 December 2006
Deferred income (*)	8.040.897	-
Other liabilities	444.226	37.593
	8.485.123	37.593

(*)Income amounting to TRY 8.040.897 has been deferred as of 31 December 2007 according to IAS 18. As of the report date, all risks and benefits related to deferred income is transferred to buyer.

Other Long Term Liabilities	31 December 2007	31 December 2006
Other liabilities	20.711	-

16. FINANCIAL ASSETS (net)

	31 December 2007	31 December 2006
Unconsolidated subsidiaries	2.171.610	2.496.133
Investments in associates	105.924.967	98.100.993
Joint ventures	5.359.123	5.229.064
Held to maturity investments	1.189.398	1.443.191
Available for sale investments	25.167.086	25.399.135
	139.812.184	132.668.516

Group's share in its unconsolidated subsidiaries are as follows:

	Share %	31 December 2007	Share %	31December 2006
Şişecam Shangai Trade Co. Ltd.	100,00	655.448	100,00	324.523
Cromital S.P.A.	50,00	2.171.610	50,00	2.171.610
Impairment of Subsidiaries		(655.448)		-
		2.171.610		2.496.133

Şişecam Shangai Trade Co Ltd is founded for the purpose of undertaking activities of marketing and sales to especially North China and South Korea. Cromital S.P.A is a subsidiary that produces and sells chemicals, especially cromium in Italy. These subsidiaries were not consolidated due to their immateriality compared to the consolidated financial statements.

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

Investment in associates:

	Share %	31 December 2007	Share %	31 December 2006
Solvay Şişecam Holding AG	25,00	105.924.967	23,75	98.100.993

Solvay Şişecam Holding AG is established in Austria Vienna for the purpose of owning and controlling Solvay Sodi AD established in Bulgaria Devnya region in accordance with the Republic of Bulgaria legislations. The Group raised its number of shares of Solvay Şişecam Holding AG to 25% by acquiring 13 additional shares from one of the shareholders, EBRD on 13 April 2007.

Financial information on the Group's investments in associates is as follows:

	31 December 2007	31 December 2006
Total assets	504.917.535	477.087.802
Total liabilities	81.217.667	64.030.990
Net assets	423.699.868	413.056.812
Group's share in net assets	105.924.967	98.100.993

Joint ventures:

	Share %	31 December 2007	Share %	31 December 2006
Oxyvit Kimya	44	5.359.123	44	5.229.064

Oxyvit Kimya which is owned 44% by the Company is accounted for by equity method in the accompanying financial statements. Financial information on the Group's investments in joint venture is as follows:

	31 December 2007	31 December 2006
Total assets	16.457.804	14.146.291
Total liabilities	4.277.978	2.262.055
Net assets	12.179.826	11.884.236
Group's share in net assets	5.359.123	5.229.064

	1 January – 31 December 2007	1 January – 31 December 2006
Net sales	12.879.003	10.700.931
Net profit for the year	1.738.542	1.827.765
Group's share in net profit for the period	764.958	804.217

Held to maturity investments

	Nominal Value	Maturity	31 December 2007	31 December 2006
Eurobond	USD 1.000.000	June 2010	1.189.398	1.443.191

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

Available for sale investments

	Share %	31 December 2007	Share %	31 December 2006
Sintan Kimya San. Ve Tic A.Ş (*)	3,00	264.000	3,00	48.449
Paşabahçe Cam San ve Tic A.Ş	4,74	20.948.535	4,74	20.948.535
Denizli Cam San ve Tic A.Ş(**)	16,22	3.911.637	16,22	4.359.237
Camiş Elektrik Üretim A.Ş	0,08	42.914	0,08	42.914
		25.167.086		25.399.135

(*)Sintan Kimya San. ve Tic.A.Ş. manufactures, markets, imports and exports leather and industrial chemicals and related goods, work in process, raw material and sundary goods in İzmir Menemen Free Trade Zone.

(**)Shares of this companies are listed on the Istanbul Stock Exchange ("ISE") and the Group has valued such equity shares under the securities available for sale investments with market prices of the ISE. As a result of this valuation, the Group has accounted TRY 2.423.430 of valuation decrease by offsetting against TRY 154.039 of deferred tax asset due to this valuation decrease in "Valuation Fund on Financial Assets" under shareholders' equity.

17. POSITIVE / (NEGATIVE) GOODWILL (net)

The Group acquired 1,25% shares of its subsidiary Solvay Şişecam Holding AG, in addition to 23,75% shares held formerly by the Group, from the European Bank of Reconstruction and Development ("EBRD") in consideration of US Dollars 2.098.765 (TRY 2.864.815) on 13 April 2007. The subsidiary is accounted for under the equity method prior to and as of 31 December 2007. TRY 2.466.050 of negative goodwill amount arising from the acquisition of shares of which the Group previously had measured as the fair value of TRY 5.330.865 for a consideration of TRY 2.864.815 is recognized as an income in the current year's profit and loss.

18. INVESTMENT PROPERTY (net)

None.

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

19. TANGIBLE ASSETS (net)

	Land	Land Improvement	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold improvements	Construction in progress and advances given	Total
Cost									
Opening balance, 1 January 2007	25.026.062	76.125.092	50.973.907	683.394.872	2.510.294	16.915.321	4.526.597	22.551.781	881.024.926
Transfer (*)	-	2.741.176	(2.711.468)	(408.066)	264.310	113.718	-	-	-
Exchange differences	(923.512)	(209.205)	(322.262)	(2.815.666)	(42.003)	(12.492)	-	(95.665)	(4.420.805)
Additions	207.198	6.663.295	2.244.991	22.281.559	-	709.112	393.621	25.481.271	57.980.047
Disposals	-	-	(13.925)	(6.063.111)	(204.606)	(142.914)	(2.754)	-	(6.427.310)
Transfers from CIP	41.849	729.810	4.533.099	16.311.875	268.952	521.018	-	(22.765.116)	(328.813)
Closing balance, 31 December 2007	24.351.597	86.050.468	54.673.342	712.731.463	2.796.947	18.134.824	3.917.464	25.171.941	927.827.045
Accumulated depreciation									
Opening balance, 1 January 2007	-	(42.164.531)	(20.551.125)	(186.112.918)	(1.456.529)	(11.122.469)	(2.812.118)	-	(554.720.193)
Transfer (*)	-	57.438	1.121.397	(1.163.119)	(10.564)	(7.754)	-	-	-
Exchange difference	-	2.557	4.376	89.397	3.091	2.093	-	-	101.514
Charge for the year	-	(2.266.055)	(1.077.944)	(26.598.667)	(420.953)	(1.490.117)	(204.756)	-	(32.058.492)
Impairment during the year	-	-	(301.000)	-	-	-	-	-	(301.000)
Disposals	-	-	793	5.725.501	202.542	106.093	-	-	6.034.869
Closing balance, 31 December 2007	-	(34.370.691)	(20.800.803)	(508.460.106)	(1.582.112)	(12.812.113)	(3.017.171)	-	(580.914.302)
Carrying amount as of 31 December 2007	24.351.597	51.679.774	33.872.539	204.371.357	1.214.535	5.321.710	900.290	25.171.941	346.883.743
Carrying amount as of 31 December 2006	25.026.062	43.960.558	30.422.482	496.981.954	1.153.765	5.492.952	714.179	22.551.781	326.303.733

(*) There are reclassifications between land improvements, buildings, machinery, equipment, furniture and fixtures.

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

	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 2006	11.493.171	74.082.256	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	1.259.842	7.514.690	39.392.455	530.541	652.733	641.787	38.571.791	100.836.973
Disposals	-	-	-	(310.588)	(251.811)	(39.796)	-	-	(602.195)
Transfers from CIP	1.253.757	788.961	3.051.732	15.114.977	267.513	536.880	-	(21.013.824)	-
Closing balance 31 December 2006	25.026.062	76.125.092	50.973.907	683.394.872	2.510.294	16.915.321	3.526.597	22.551.781	881.023.925
Accumulated depreciation									
Opening balance 1 January 2006	-	(30.063.817)	(18.512.474)	(464.281.157)	(1.314.068)	(10.248.599)	(2.741.067)	-	(527.181.482)
Exchange differences	-	-	-	(944)	(2.835)	(3.239)	-	-	(7.018)
Charge for the year	-	(2.100.717)	(2.038.951)	(22.297.077)	(286.771)	(1.215.102)	(71.351)	-	(27.980.569)
Disposals	-	-	-	170.160	247.145	44.571	-	-	451.876
Closing balance 31 December 2006	-	(32.164.534)	(20.551.425)	(486.412.918)	(1.356.529)	(11.422.369)	(2.812.418)	-	(554.720.192)
Carrying amount 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	22.551.781	326.303.733
Carrying amount as of 31 December 2005	11.493.171	44.018.469	21.895.011	164.912.491	644.854	5.523.531	143.743	4.993.813	253.595.083

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

20. INTANGIBLE ASSETS (net)

	Rights	Other Intangible Assets	Total
Acquisition cost			
Opening balance, 1 January 2007	4.828.073	19.474	4.847.547
Exchange differences	-	(1.367)	(1.367)
Additions	989.546	24.126	1.013.672
Transfers from CIP	-	328.813	328.813
Closing balance, 31 December 2007	5.817.619	371.046	6.188.665
Accumulated depreciation			
Opening balance, 1 January 2007	(4.267.461)	(3.621)	(4.271.082)
Exchange differences	-	185	185
Charge for the year	(347.345)	(9.573)	(356.918)
Closing balance, 31 December 2007	(4.614.806)	(13.009)	(4.627.815)
Carrying Value, as of 31 December 2007	1.202.813	358.037	1.560.850

	Rights	Other Intangible Assets	Total
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)
Carrying Value, as of 31 December 2006	560.612	15.853	576.465

21. ADVANCES RECEIVED

	31 December 2007	31 December 2006
Domestic advances	604.752	196.015
Foreign advances	1.204.031	1.710.454
	1.808.783	1.906.469

22. PENSION PLANS

The Group has no liabilities regarding any pension plans.

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

23. PROVISIONS

	31 December 2007	31 December 2006
Corporate tax provision (Note 41)	3.900.604	10.587.363
Prepaid taxes and funds (Note 41)	(3.900.604)	(9.164.066)
Provisions	2.129.748	4.394.217
Total short term provisions	2.129.748	5.817.514
Provision for employment termination benefits	16.194.438	15.733.658
Total long term provisions	16.194.438	15.733.658

Provision for employment termination benefits:

Under Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has qualified. Also, employees who have retired by gaining the right to receive retirement pay are required to be paid their retirement pay according to current Social Insurance Law's rule numbered 506, dated 6 March 1981, rule numbered 2422 and dated 25 August 1999 , and rule numbered 4447, together with the current changed 60th article. Certain provisions relating to the period prior to retirement have been withdrawn from the Law with the change amended on 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 2.030,19 for each period of service at December 31, 2007 (December 31, 2006: TRY 1.857,44). As the maximum liability is revised semi annually, the maximum amount of YTL 2.087,92 effective from 1 January 2008 has been taken into consideration in calculation of provision from employment termination benefits. (1 January 2006: TRY 1.960,69).

The liability is not funded, as there is no funding requirement.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised IFRS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at December 31, 2007, 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 5% and a discount rate of 11%, resulting in a real discount rate of approximately 5,71% (December 31, 2006: 5,71% real discount rate). The anticipated rate of forfeitures is considered.

	1 January - 31 December 2007	1 January - 31 December 2006
Provision at 1 January	15.733.658	15.302.848
Translation gain/loss	(14.378)	-
Period expense	2.498.371	2.962.009
Employment termination benefits paid	(2.023.213)	(2.531.199)
Closing Balance	16.194.438	15.733.658

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

24. MINORITY INTEREST

	1 January - 31 December 2007	1 January - 31 December 2006
Opening Balance	11.414.466	-
Arised on acquisition of subsidiaries	-	12.368.828
Exchange differences	(761.660)	-
Minority interest on operating results of the period	(2.681.592)	(954.362)
Closing Balance	7.971.214	11.414.466

25. SHARE CAPITAL

Shareholder Structure as of 31 December 2007 and 31 December 2006 is stated as below:

Shareholders	(%)	31 December 2007	(%)	31 December 2006
Türkiye Şişe ve Cam Fab. A.Ş.	70,68	142.363.651	69,70	43.650.181
Anadolu Cam Sanayii A.Ş.	14,24	28.688.933	14,24	8.920.000
Camiş Madencilik A.Ş.	0,04	76.911	0,04	23.913
Cam Pazarlama A.Ş.	-	-	0,98	613.708
Publicly held part	15,04	30.304.129	15,04	9.422.198
Nominal capital	100,00	201.433.624	100,00	62.630.000

The capital of the Company is composed of 20.143.362.400 shares (31 December 2006: 6.263.000.000 shares). Nominal value of each share is TRY 0,01 (31 December 2006 : TRY 0,01).

26, 27, 28 RESERVES AND RETAINED EARNINGS / (ACCUMULATED LOSSES)

A reclassification made between retained earnings and profit reserves, and this reclassification has no effect on current year results.

Retained earnings in the statutory tax financial statements can be distributed as dividends other than judgments related to legal reserves described below.

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

Publicly held companies distribute dividends based on the regulations declared by the CMB.

In accordance with Communiqué No: XI/25, 'Capital, Emission Premiums, Legal Reserves, Statutory Reserves, Special Reserves and Extraordinary Reserves' under the shareholders equity are carried at their registered amounts in the balance sheet on the face of inflation adjusted financial statements, and their adjusted amounts are presented in the shareholders' equity under the "Inflation Adjustment of Equity Items" account in total.

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

As of 31 December 2007, nominal and adjusted amounts and inflation adjusted differences of shareholders' equity are as follows:

31 December 2007	Nominal Amount	Inflation Adjustments	Adjusted Amounts
Share Capital	201.433.624	146.192.097	347.625.721
Investment Revaluation Reserves	(2.269.391)	-	(2.269.391)
Legal Reserves	10.698.267	-	10.698.267
Extraordinary Reserves	46.274.513	-	46.274.513
	256.137.013	146.192.097	402.329.110

As of 31 December 2006, nominal and adjusted amounts and inflation adjusted differences of shareholders' equity are as follows:

31 December 2006	Nominal	Inflation Adjustments	Adjusted Amounts
Capital	62.630.000	272.972.691	335.602.691
Investment Revaluation Reserves	(1.975.830)	-	(1.975.830)
Legal Reserves	7.271.561	11.484.406	18.755.967
Extraordinary Reserves	154.720	-	154.720
Gain from Sale of Tangible Assets and Equity Participations' Shares Transferable to Capital	538.624	-	538.624
	68.619.075	284.457.097	353.076.172

29. FOREIGN CURRENCY POSITION

31 Aralık 2007	USD	EUR	TRY equivalent of other currencies	TRY Equivalent
Cash and cash equivalents	2.337.321	5.155.054	8.004	11.546.455
Trade receivables (net)	4.465.998	26	-	5.201.592
Receivables from related parties	21.299.216	10.601.562	147.750	43.085.739
Other receivables and current assets	25.180	5.080	-	38.015
Held to maturity investments	1.021.205	-	-	1.189.397
Financial loans	(23.495.487)	(23.356.707)	-	(67.309.834)
Trade payables (net)	(653.579)	(644.036)	(6.931)	(1.869.585)
Due to related parties	-	(280)	-	(479)
Other payables and expense accruals	(922.226)	(88.481)	-	(1.225.437)
			Net Foreign Currency Position	(9.344.137)

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

31 December 2006.	USD	EUR	TRY equivalent of other currencies	TRY Equivalent
Cash and cash equivalents	1.445.083	23.183.636	725	44.956.436
Trade receivables (net)	1.819.104	378.812	-	3.258.303
Receivables from related parties	15.858.668	12.095.245	335.007	45.020.297
Other receivables and current assets	365.539	371.313	662	1.201.949
Held to maturity investments	1.026.744	-	-	1.443.191
Bank loans	(9.221.242)	(35.770.564)	-	(79.190.577)
Trade payables (Net)	(1.046.926)	(779.407)	(4.444)	(2.919.075)
		Net Foreign Currency Position		13.770.524

30. GOVERNMENT INCENTIVES

It is mentioned in the 28th article of law numbered 5528 (9th Paragraph) on 16 July 2004 that: Since 31 July 2004, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to research and development facilities. No witholding tax is applicable for the research and development incentives.

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

Any operation that brings foreign currencies into the Country, including but not limited to exports and similar trade operations, are exempt from trade duties and taxes, based on the systems and foundations set forth by the Ministry of Finance and the Undersecretary of Foreign Trade. Based on the Money and Credit Coordination Committee's decree dated 16 December 2004 and numbered 2004/11, commenced on the foundations of Decree on Government Grants Regarding Export Operations, the government has the responsibility to provide monetary aid to entities which participate in foreign trade fairs.

31. COMMITMENTS AND CONTINGENCIES

	31 December 2007	31 December 2006
Letter of guarantees given	1.959.661	2.377.355
Subsidiary share purchase commitment (Note 16)	-	2.950.025
Other	3.580.104	-
	5.539.765	5.327.380

The Company is the guarantor of EUR 24.000.000 portion of the loan amounting to EUR 46.000.000 and USD 12.000.000 portion of the loan amounting to USD 25.000.000 borrowed by T.Şişe ve Cam Fabrikaları A.Ş. to be used in investments of Şişecam Group glass, glassware and chemical group and general funding.

Şişecam Soda Lukavac d.o.o, one of the subsidiaries of the Group, obtained loan which is maturing in 8 years with no repayments within the first two years with the amount of EUR 24.000.000 from IFC, in order to finance the soda factory investment in Bosnia and Herzegovina. The agreement of loan was signed on 20 March 2007, and the Group and Türkiye Şişe ve Cam Fabrikaları A.Ş become guarantors.

The company established a construction right over its 28.010 square meters real estate, on behalf of Camiş Elektrik Üretim A.Ş. for 30 years.

As of 31 December 2007 total pending lawsuits against the Group is 904.569 TRY, and full provision has been provided in accompanying financial statements.

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 TRY 450.000. 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.

According to agreements made with Botaş Boru Hatları and Petrol Taşıma A.Ş., the Group has 68.000.000 m3 natural gas purchase commitment. Additionally; the ownership of the equipment for the connection of "Type A station to Botaş Telecommunication and Scada system" belongs to BOTAŞ.

32. BUSINESS COMBINATIONS

The Group acquired the 1,25% of Solvay Şişecam Holding AG shares from European Bank of Reconstruction and Development . Detailed information related to this acquisition is presented in Note 17.

33. BUSINESS AND GEOGRAPHICAL SEGMENTS

Since the Group operates in only one sector, no segmental information has been reported.

34. EVENTS AFTER THE BALANCE SHEET DATE

The existing issued capital of the subsidiary Cromital SPA amounting to Euro 120.000 has been increased by Euro 1.000.000 to Euro 1.120.000. The amount of Euro 500.000 referring to 50% share of the Group in this increase was paid on 21 January 2008 and 28 February 2008.

Based on the Board of Directors meeting held on 11 March 2008, it is decided to increase the registered capital ceiling from TRY 201.433.624 to TRY 500.000.000 and to initiate preparations in order to discuss the subject in the first available General Assembly and in this respect to get the permissions of the Capital Markets Board and other related institutions for amendment of Article 6 of the Articles of Association.

The Company acquired 82,53% of the total shares of Asmaş Ağır Sanayi Makinaları A.Ş. with par value of TRY 5.447.003,38 which belongs to T. İş Bankası A.Ş for a consideration of USD 8.253.035. The final selling price of the shares will be determined by 31 March 2008 Balance Sheet of Asmaş Ağır Makinaları A.Ş.

35. DISCONTINUED OPERATIONS

There are no discontinued operations as of balance sheet date.

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

36. REVENUE AND COST OF SALES

Sales	1 January - 31 December 2007	1 January - 31 December 2006
Domestic sales	240.882.725	213.653.674
Export sales	236.587.586	212.920.429
Sales returns(-)	(75.935)	(8.195)
Sales discounts(-)	(4.638.964)	(4.867.515)
Other discounts(-)	(16.386.756)	(11.612.181)
	456.368.656	410.086.212

Cost of Sales	1 January - 31 December 2007	1 January - 31 December 2006
Raw materials used	(115.153.263)	(83.900.488)
Direct labor	(14.752.669)	(12.031.949)
Production overhead	(158.738.010)	(152.428.474)
Depreciation expenses	(26.754.191)	(24.106.098)
Change in work-in-process inventories	(45.888)	452.757
Change in finished goods inventories	1.673.466	14.997.157
Cost of goods sold	(313.770.555)	(257.017.095)
Cost of merchandises sold (-)	(78.642.884)	(62.961.628)
Cost of sales(-)	(392.413.439)	(319.978.723)

Other operating income	1 January - 31 December 2007	1 January - 31 December 2006
Fair incentive income	194.435	52.602

37. OPERATING EXPENSES

	1 January - 31 December 2007	1 January - 31 December 2006
Research and development expenses	(1.368.374)	(1.387.479)
Marketing, selling, and distributing expenses	(28.983.614)	(24.267.652)
General administrative expenses	(34.891.788)	(29.104.052)
	(65.243.776)	(54.759.183)

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

	1 January - 31 December 2007	1 January - 31 December 2006
Raw material expenses	(1.819.129)	(1.486.428)
Personnel expenses	(23.261.201)	(19.188.817)
Other expenses	(20.636.220)	(17.458.766)
Services rendered by third parties	(11.232.803)	(11.174.789)
Duties, taxes and levies	(2.633.204)	(1.465.164)
Depreciation, amortization and depletion expenses	(5.661.219)	(3.985.219)
	(65.243.776)	(54.759.183)

38. OTHER INCOME / EXPENSE

Other income and gains	1 January - 31 December 2007	1 January - 31 December 2006
Dividend income	243.650	-
Groups share of the associates accounted for by the equity pickup method (*)	13.117.831	12.697.671
Negative goodwill recognized as income	2.466.050	2.389.713
Reversal of litigation provisions	353.698	366.336
Service income	6.281.386	6.185.022
Other income and profits	3.683.655	5.416.647
	26.146.270	27.055.389

Other expenses	1 January - 31 December 2007	1 January - 31 December 2006
Commission expenses	(6.804)	(5.276)
Subsidiary impairment provision	(655.448)	-
Impairment of property, plant and equipment provision	(301.000)	-
Litigation provision	(64.661)	(700.047)
Other expense and losses	(1.071.841)	(3.678.664)
	(2.099.754)	(4.383.987)

(*) Effect of equity method	1 January - 31 December 2007	1 January - 31 December 2006
Solvay Şişecam Holding (Note 16)	12.352.873	11.893.454
Oxyvit Kimya	764.958	804.217
	13.117.831	12.697.671

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

39. FINANCE INCOME / (EXPENSES) (net)

	1 January - 31 December 2007	1 January - 31 December 2006
Interest income	2.230.344	3.558.034
Foreign exchange gains	4.123.138	19.984.599
Discount on notes payable	228.099	183.995
Exchange losses	(13.865.558)	(12.317.637)
Discount on notes receivable	(11.650)	(277.440)
Interest expense	(7.669.389)	(4.580.592)
Exchange gains / (losses) on loans (net)	9.361.254	(5.051.696)
	(5.603.762)	1.499.263

40. NET MONETARY GAIN / (LOSS)

According to the decision of CMB dated 17 March 2005 and numbered 11/367, the application of inflation accounting has been ceased in the year 2005; therefore there is no monetary gain or loss in the accompanying financial statements.

.

41. TAXATION ON INCOME

Corporate tax

Current tax liability:	31 December 2007	31 December 2006
Current corporate tax provision	(3.900.604)	(10.587.363)
Prepaid taxes and funds	3.900.604	9.164.066
	-	(1.423.297)

Tax provision: (Note 14)	1 January - 31 December 2007	1 January - 31 December 2006
Current tax expense	(3.900.604)	(10.587.363)
Deferred tax provision (Note 14)	(583.554)	15.265.427
	(4.484.158)	4.678.064

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

	1 January - 31 December 2007	1 January - 31 December 2006
Reconciliation of Taxation:		
Profit before tax and minority interest	20.030.222	60.525.935
Current tax rate	%20	%20
Expected taxation	(4.006.044)	(12.105.187)
Tax effects of		
- non deductible expenses	(91.316)	(372.808)
- dividends and other non-taxable income	1.090.132	1.002.397
- carry forward tax losses	(1.939.759)	(345.174)
- effect of change in effective tax rate	-	14.522.478
- effect of equity pick-up method	152.992	3.017.475
- consolidation adjustments	196.747	(840.823)
- foreign subsidiaries subject to different tax rates	244.919	(200.294)
- other	(131.829)	-
Taxation per statements of income (Note 41)	(4.484.158)	4.678.064

The Group is subject to Turkish corporate taxes. 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 are calculated on a separate-entity basis.

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

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income covering the 2nd temporary taxation period of financial year 2007 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 offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

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

Income withholding tax

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

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

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 January 1, 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to following years as of December 31, 2005 so as to be deducted from taxable income of subsequent profitable years. In addition, the now void 19th article of the Income Tax Law ammended that investments that had been started prior to 1 January 2006 and any subsequent investment, as long as being an addition to the previously started investment meeting the financial and technical conditions of its precessedor and other investments which were granted the incentive certificates prior to 24 April 2003 but have started after 1 January 2006 can benefit from the incentive certificates. However the companies can deduct the carried forward outstanding allowance 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 the tax investment incentive amount in 2006, 2007 and 2008 is 30%. If the Company cannot use the investment incentives carried forward, the effective tax rate will be 20% and the unused investment incentive will be cancelled.

Inflation Adjusted Tax Calculation

For 2003 and the 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 in 2004, the Group 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 the opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds in 2005 and the following years, no further inflation adjustment made to the Group's statutory financial statements.

42. EARNINGS PER SHARE

Earnings per share for the current period have been calculated in accordance with IAS 33 by taking the effect of paid-up and non paid-up shares issued. As of 31 December 2007 and 31 December 2006, the Company's weighted average number of shares and computation of earnings per share (which corresponds to per share amounting to TRY 1) set out as follows:

	31 December 2007	31 December 2006
Weighted average number of ordinary shares outstanding during the year (in full)	20.143.362.400	20.143.362.400
Net profit	15.546.064	65.203.999
Basic earnings per share (1 TRY)	0,077	0,324

43. STATEMENT OF CASH FLOW

The statement of cash flow is presented with then financial statements.

44. OTHER ISSUES THAT SIGNIFICANTLY EFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

The Company's financial statements prepared in accordance with the financial reporting standards of the Capital Markets Board have been approved and authorization for the publication of these financial statements have been provided by the Board of Directors meeting on 3 April 2008.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Capital Risk Management

The capital structure of the Group consists of cash and cash equivalents disclosed in note 4, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 25, 26, 27 and 28. All risks attributable to capital items at cost of capital are reviewed by the top management of the Group and its shareholder T. Şişe ve Cam Fabrikaları A.Ş.

b. Significant Accounting Policies

The Group's accounting policies on the financial instruments are disclosed in paragraph g (Financial Instruments) as set out in Note 3 "Summary of Significant Accounting Policies" to the financial statements.

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

c. **Categories of financial instruments:**

31 December 2007	Financial assets at amortized cost	Loans and receivables	Held-to-maturity financial assets	Available for sale financial assets	Other financial liabilities measured at amortized cost	Carrying amount	Fair value	Note
Financial assets								
Cash and cash equivalents	25.687.984	-	-	-	-	25.687.984	25.687.984	4
Trade receivables		19.908.343				19.908.343	19.908.343	7
Due from related parties	-	48.477.147	-	-	-	48.477.147	48.477.147	9
Financial assets	-	-	1.189.398	25.167.086	-	26.356.484	26.356.484	16
Financial obligations								
Financial liabilities	-	-	-	-	116.954.440	116.954.440	116.954.440	6
Trade payables	-	-	-	-	23.939.058	23.939.058	23.939.058	7
Due to related parties	-	-	-	-	22.380.077	22.380.077	22.380.077	9

31 December 2006	Financial assets at amortized cost	Loans and receivables	Held-to-maturity financial assets	Available for sale financial assets	Other financial liabilities measured at amortized cost	Carrying amount	Fair value	Note
Financial assets								
Cash and cash equivalents	50.686.545	-	-	-	-	50.686.545	50.686.545	4
Trade receivables	-	13.394.649	-	-	-	13.394.649	13.394.649	7
Due from related parties	-	48.487.430	-	-	-	48.487.430	48.487.430	9
Financial assets	-	-	1.443.191	25.399.135	-	26.842.326	26.842.326	16
Financial obligations								
Financial liabilities	-	-	-	-	86.003.162	86.003.162	86.003.162	6
Trade payables	-	-	-	-	31.874.154	31.874.154	31.874.154	7
Due to related parties					17.656.239	17.656.239	17.656.239	9

d. Financial Risk Management Objectives

The treasury function of the Holding that the Group belongs to provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures based on the level and size of the risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk) credit risk, liquidity risk and cash flow interest rate risk.

e. Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates (Please refer to article f) and interest rates (Please refer to article g).

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

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

f. Foreign Currency Risk Management

Foreign currency operations expose the Group to foreign currency risks.

The Group is mainly exposed to Euro and US Dollars risks.

The following table details the Group's sensitivity to 10% increase in the currency of Euro and US Dollars. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The positive amount indicates the revaluation of Euro and US Dollars against TRY. On the contrary, the appreciation of the foreign currencies will have a positive effect on the Group's export income.

	USD Effect (i)		EURO Effect (ii)	
	1 January-31 December 2007	1 January-31 December 2006	1 January-31 December 2007	1 January-31 December 2006
Profit / (Loss) effect	(287.600)	(1.152.375)	1.139.374	77.165

(i) This is mainly attributable to the exposure to outstanding receivables and payables denominated in US Dollars as of the period-end.

(ii) This is mainly attributable to the exposure to outstanding receivables and payables denominated in Euro as of the period-end.

If TRY revalue %10 against EUR and USD, amounts will be the same with the table above and states net profit/loss.

g. Interest Rate Risk Management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates.

The Group's exposure to interest rates on financial liabilities is detailed in Note 6 of the financial liabilities section.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0,25% basis point increase or decrease on Euribor and Libor is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If Euribor and Libor had been 0,25% points higher and all other variables were held constant:

- Group's net income for the fiscal year would have been decreased by TRY 206.788 (31 December 2006 decrease in net profit by TRY 150.342). The main reason is the Group's financial liabilities with variable interest rates. In case of 0,25% decrease in the interest rates would cause the net income to increase in the same amounts for both of the periods.

h. Other Price Risks

The Group is subject to stock price risk, caused by its available for sale investment, which are held for strategic reasons rather than commercial. The Group does not actively involve in the purchasing or sales of these investments.

Share Price Sensitivity

The below sensitivity analyzes have been determined by the stock price risk at the reporting date.

In case of data used in valuation method being 10% more/less as of reporting date while all other variables are constant:

- Net profit/loss will not be affected, unless stock investments are not classified as ready for sale assets, or sold, or impaired.
- In other equity capital funds there will be an increase/decrease of 312.931 TRY (in 2006, 435.924 TRY of increase/decrease). This situation is caused by the change in fair value of available for sale financial assets.

The group's sensitivity of stock prices has not significantly changed compared to previous year.

i. Credit Risk Management:

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure to credit risks and credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

j. Liquidity Risk Management:

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities through a constant monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities

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

Liquidity and interest rate risk tables

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets.

	Less than 1 month	1 month - 3 months	3 months- 1 year	1 year- 5 years	5 years and thereafter	Adjustments	Carrying amount
31 December 2007							
Financial liabilities	1.700.948	19.382.413	23.411.405	62.830.766	28.455.679	(18.826.771)	116.954.440
Trade payables	24.251.996	-	-	-	-	(312.938)	23.939.058
Due to related parties	22.380.077	-	-	-	-	-	22.380.077
	48.333.021	19.382.413	23.411.405	62.830.766	28.455.679	(19.139.709)	163.273.575
31 December 2006							
Financial Liabilities	1.533.146	7.145.451	35.254.753	48.531.408	-	(6.461.596)	86.003.162
Trade payables	32.245.203	-	-	-	-	(371.049)	31.874.154
Due to related parties	17.656.239	-	-	-	-	-	17.656.239
	51.434.588	7.145.451	35.254.753	48.531.408	-	(6.832.645)	135.533.555

SODA SANAYİİ A.Ş.

CORPORATE MANAGEMENT PRINCIPLES CONFORMITY REPORT

1. Statement of Conformity to Corporate Management Principles

This statement expresses the below-mentioned responsibilities of Soda Sanayii Anonim Şirketi (Soda) 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 Lukavac 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 bichromate, basic chromium sulphate, chromic acid, sodium sulphur and sodium sulphate products which it manufactures in its Kromsan 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 31.12.2007, 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.sodakrom.com, 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:

a) 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;
b) Holding the general assembly meeting in accordance with the current legislation, the articles of association and the other internal regulations of the company;
c) Preparing the documents available for shareholders in the general assembly meeting;
d) Keeping the record of voting results and sending the reports on the results to the shareholders;
e) Observing and monitoring all points concerning public disclosure, including the legislation and the company's information policy; and
f) 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 Sırmatel	Group Fin. Affairs Mng.	0212 350 35 92	csirmatel@sisecam.com
Ahmet Bayraktaroğlu	Fin. Affairs Mng.	0212 350 36 40	abayraktar@sisecam.com
Bala Zaimoğlu	Fin. Resources Mng.	0212 350 35 94	bzaimoglu@sisecam.com

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.sodakrom.com 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 10 April 2007 with a quorum of 85.34 %. 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 2006 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 were sent to the shareholders whose full addresses are known to inform them and, advertisements were placed in two newspapers with country-wide circulation and in the Turkish Trade Registration Gazette.

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, and the relevant details are notified by letter to the shareholders whose addresses are known. 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.

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 requirement; 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 Bayraktaroğlu and Management Accounting Chief Ayşe Arzu Beler are authorized to provide information communication and coordination with the stock exchange.

9. Special Situation Disclosures

During the period, 16 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.sodakrom.com and has been available for shareholders and stakeholders since the second half of 2004.

- ✔ Corporate management principles,
- ✔ 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 (%)
T.Şişe ve Cam Fabrikaları A.Ş.	70.68
Anadolu Cam Sanayi A.Ş.	14.24
Camiş 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.

Name and Surname	Job Title
Ayhan Yılmaz	General Manager
Hidayet Özdemir	Assistant General Manager
Cihan Sırmatel	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 undertaken 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 GMP13:2004 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 2007. 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 7 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.

Name and Surname	Position
Tevfik Ateş Kut	President
Dilek Çamlı	Vice President
Mehmet Nur Atukalp (*)	Member
Özgün Çınar (**)	Member
Mehmet Ali Kara (**)	Member
Levent Korba	Member
Mehmet İhsan Orhon (*)	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 3.1.2 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, 27 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 fulfill 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 2006 which was held on 10 April 2007, the monthly honorarium 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.

2007 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 2007,
3. Examination, Discussion and Approval of the 2007 Balance-Sheet and Income Statement Accounts,
4. Acquittal of the Directors and the Auditors,
5. Adopting a Resolution Concerning the Distribution of the 2007 Profit and the Date of Such Distribution,
6. Approval of the Appointment Made in Place of the Director who Resigned in the Year.
7. Election of the New Auditors,
8. Discussing and Resolving the Annexed Draft Amendment to Article 6 on Capital in the Articles of Association
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,
13. Adopting a Resolution Concerning the Selection of the Independent Audit Organization.

Date: 21 April 2008 Time: 14:30

Place: İş Kuleleri Kule 3, 34430 4. Levent – Beşiktaş / ISTANBUL

SODA SANAYİİ A.Ş.
DRAFT AMENDMENT TO THE
ARTICLES OF ASSOCIATION

CURRENT VERSION

CAPITAL

ARTICLE 6:

The Company adopted the registered capital system under the provisions of Capital Market Law 2499 and introduced this system with Capital Market Board permission 17-428 of 05.04.2001.

The registered capital of the Company is YTL 100,000,000 (one hundred million). The issued capital of the Company is YTL 62,630,000 (sixty-two million six hundred and thirty thousand).

This capital is divided into a total of 6,263,000,000 bearer shares each with a nominal value of 1 (one) New Kurush.

Of the issued capital, the portion of YTL 6,477,000 (six million four hundred and seventy-seven thousand) is paid in cash. The portion of YTL 187 (one hundred and eighty-seven) from the profits due to the sale of subsidiary interests in our portfolio, the portion of YTL 9,750 (nine thousand seven hundred and fifty) from the acquisition of Kromsan Krom Bileşikleri Sanayii ve Ticaret A.Ş. together with all its assets and liabilities as a whole under Articles 146 to 151 and 451 of the Turkish Commercial Code, the portion of YTL 101 (one hundred and one) from the reserves for 1987, the portion of YTL 397,225 (three hundred and ninety-seven thousand two hundred and twenty-five) from the cost increase fund from subsidiaries, the portion of YTL 2,870,699 (two million eight hundred and seventy thousand six hundred and ninety-nine) from the cost increase fund created within the Company, the portion of YTL 89,163 (eighty-nine thousand one hundred and sixty-three) from sales of immovable property within the Company under temporary article 28 of the Corporation Tax Law, the portion of YTL 12,122,153 (twelve million one hundred and twenty-two thousand one hundred and fifty-three) from the issue premium, the portion of YTL 36,454,027 (thirty-six million four hundred and fifty-four thousand twenty-seven) from the funds created through the revaluation of economic assets subject to depreciation, and the portion of YTL 4,209,695 (four million two hundred and nine thousand six hundred and ninety-five) from the revaluation appraisal fund from subsidiaries have been added to the capital and distributed free of charge to the shareholders in proportion to their respective shares under Article 298 of the Tax Procedure Law as amended by Law 3332.

NEW VERSION

CAPITAL

ARTICLE 6:

The Company adopted the registered capital system under the provisions of Capital Market Law 2499 and introduced this system with Capital Market Board permission 17-428 of 05.04.2001.

The registered capital of the Company is YTL 500,000,000 (five hundred million). The issued capital of the Company is YTL 201,433,624 (two hundred and one million four hundred and thirty-three thousand six hundred and twenty-four).

This capital is divided into a total of 20,143,362,400 bearer shares each with a nominal value of 1 (one) New Kurush.

Of this capital, the portion of YTL 62,630,000 (sixty-two million six hundred and thirty thousand) is fully paid. The portion of YTL 583,624 (five hundred and thirty-eight thousand six hundred and twenty-four) has been met from profits due to sales of immovable property within the Company under Article 8/12 of the Corporation Tax Law, and the portion of YTL 138,265,000 (one hundred and thirty-eight million two hundred and sixty-five thousand) by adding to the capital the inflationary adjustment differences related to the equity items in accordance with the Tax Procedure Law and with the procedure concerning capital increases specified in Capital Market Law 2499 and in the relevant communications, under CMB Document 78/997 of 01.10.2007 on the Completion of the Capital Increase Made by Joint-Stock Companies Subject to the Registered Capital System. This amount added to the capital has been distributed free of charge to the shareholders in proportion to their respective shares.

The registered capital ceiling permission granted by the Capital Market Board is valid for the years 2008 to 2012 (5 years). Even if the permitted registered capital ceiling is not reached by the end of 2012, a new permission must be obtained from the Capital Market Board for the previously permitted ceiling or a new ceiling amount, and authorization for a new term must be obtained from the general assembly, in order for the board of directors to adopt a capital increase resolution after 2012. In the event that such authorization is not obtained, the company shall be deemed to have left the registered capital system.