SODA SANAYİİ A.Ş.

2008 ANNUAL REPORT

40th Anniversary

Soda Sanayii A.Ş.

Soda Sanayii has continued to expand its operations in 2008, increasing capacity and adding new products (white sodium sulphate and new chromium chemicals).

Very good results have been obtained in Soda products...
Soda Sanayi, as the sole producer of soda and chromium in Turkey, has performed successfully in 2008 in its main line of products, namely, soda products.

With deficient supply in world markets in soda products, prices have taken an upward trend during the first three quarters of the year. As such, even if the global economic crisis does begin to make itself felt during the last quarter of the year, Mersin Soda Plant will have already achieved performance far beyond its targets for the year 2008. Soda Sanayi has fully used its capacity both at Mersin and Bosnia-Herzegovina plants, as well as the 25 percent capacity increase at its Sodi production partnership, and has sold all of the output thereof in both domestic and foreign markets.

At Mersin Soda, in early 2008, the investment project for increasing heavy soda production capacity has been completed. Furthermore, capacity for production of refined sodium bicarbonate has also been increased, thus strengthening the position of Soda Sanayii as the most important producer in its region. As a consequence of the choice of strategy for sale of soda itself directly in the markets, operations of the silicate plant have been shut down in 2008.

Soda Lukavac, in Bosnia-Herzegovina, has completed all investment operations successfully and within the periods as envisaged under the privatisation program. .

The investments completed include a new plant for production of heavy soda, lime kilns, cooling towers, finished product storage facilities, carbonisation column, distillation plant, absorption units, salt water treatment pools, and investment in various instrumentation and modernisation projects as well as information technologies.

At Soda Lukavac, work has already been completed on assessment of new project proposals that would comply with Bosnia-Herzegovina regulations in the context of emphasis placed on environmental health, with support having been obtained for the said work from Industrial R&D Projects Support Fund of TÜ'86B•'dcTAK Department of Technology and Innovation (TEYDEB).

Production of sodium bicarbonate has increased by 10 percent.
In addition to investments completed in previous years for capacity maximization purposes, with further contribution from the plant expansion investment as completed in 2008, capacity for production of sodium bicarbonate, the main product of Kromsan, has been increased by 10 percent. At about the same time, thanks to investment operations completed at the chromic acid plant, this plant now offers production capacity one third larger than its pre-investment capacity.

World leader in basic chromium sulphate.
As our Company, with its Kromsan facilities at Mersin and Cromital facilities in Italy, has been the world's largest producer of basic chromium sulphate (BCS), it maintains its position of world leadership in this product group.

Brand name and patent applications has been lodged for Ecol-tan, the new product that has been developed as part of the BCS portfolio of products, offering advantages in leather processing. This product is scheduled for market introduction in the second half of 2009.

New product: White Sodium sulphate
Sodium sulphate is a by-product of Kromsan and it can be converted to white sulphate, which is a high value added product that is being consumed at the Group's glass production plants and also in detergent and textile industries. An investment project for conversion of sodium sulphate to white sulphate has been completed in 2008, thus developing capacity for converting a by-product into a new product that brings a contribution to Kromsan's sales turnover figure.

Oxygen is consumed in significant volumes in Soda Sanayii operations. Therefore an oxygen production plant has been erected, now providing in-house production at low cost

Trisurfin has been introduced to the markets.
Kromsan, in responding to new developments in market demand, has taken steps for transition to new chromium chemicals. In that context, the new product "Trisurfin" has been introduced to the markets. Also, chrome chloride and chromium nitrate is now being produced at our facilities

As part of the work for new product development for chrome plating industries, the company is continuing with its project for establishing an in-house Chromium Plating Laboratory at Kromsan. This initiative in use of technology, along with the work in developing an auxiliary product to be offered to leather processing sector, have been found eligible for support under the Industrial R&D Projects Support Fund of TÜ'86B•'dcTAK Department of Technology and Innovation (TEYDEB).

REACH
In the context of REACH, which is very crucial for exports of our products to EU member states, preliminary registration procedures have been completed, for two products of the Soda Plant and 23 products of Kromsan in 2008.

In the area of chromium chemicals, the company has participated in various trade events in 2008 both at home and abroad, including China Leather Development Forum as well as trade fairs ACLE, FIMEC, Guangzhou, Tanning Tech, and Vietnam leather and shoe trade fairs, in addition to •'dcstanbul Leather Fair.

Mersin Co-generation Power Plant 2nd Production Line
Cami•'df Elektrik Ü'86retim A.•'de. has continued its investment operation in Mersin Co-generation Power Plant 2nd Production Line, which is intended for fully meeting the steam supply requirements of the soda production plant.

Under the project mentioned above, manufacturing of machinery and equipment and construction works at the site have continued without any interruptions in 2008. The second production line of the co-generation plant is scheduled to be commissioned during the second half of 2009. Once the second production line is operating, in-house electricity generation of the Company would double and realize a very large increase in production of steam as well.

Contents

2008 Milestones

- Soda Lukavac in Bosnia Herzegovina has successfully completed, within the periods as envisaged, the investments that it had undertaken under the privatisation program.

- Kromsan has increased its production capacity in Sodium Bichromate by 10 percent.

- Brand name and patent applications has been lodged for Ecol-tan, the new product that has been developed as part of the BCS portfolio of products, offering advantages in leather processing.

- The facility for production of White Sodium Sulphate has been commissioned in 2008.

- Oxygen is consumed in significant volumes in Soda Sanayii operations. Therefore an oxygen production plant has been erected, now providing in-house production at low cost.

- As part of the effort for transition to new chromium chemicals; "Trisurfin" the new product has been introduced in the markets. Also, chrome chloride and chromium nitrate is now being produced at our facilities.

- In the context of REACH, which is very crucial for exports of our products to EU member states, preliminary registration procedures have been completed, for two products of the Soda Plant and 23 products of Kromsan in 2008.

- As a consequence of our strategic choice for selling soda itself directly in the markets, operations of the silicate plant have been shut down in 2008.

Summary Consolidated Balance-Sheets Prepared According to the IFRS*

	2008		2007	
	TL	USD	TL	USD
Current Assets	300	198	165	142
Fixed Assets	564	373	489	420
Total Assets	864	571	654	561
Short-Term Liabilities	195	129	107	92
Long-Term Liabilities	173	115	117	100
Minority Shares	8	5	8	7
Owners Equity	487	322	422	362
Total Liabilities	864	571	654	561

Summary Consolidated Income Statements Prepared According to the IFRS*

	2008		2007	
	TL	USD	TL	USD
Net Sales	647	499	457	351
Cost of Sales	-517	-398	-392	-302
Gross Profit	130	100	64	49
Operating Expenses	-69	-53	-65	-50
Incomes and Profits from Other Activities	8	6	13	10
Expenses and Losses from Other Activities	-6	-5	-2	-2
Operating Profit	63	48	10	7
Equity Method Adjustment	6	5	13	10
Financing Expenses	-12	-9	-5	-4
Profit / (Loss) Before Tax and Monetary Gains	57	44	17	13
Monetary Gain	0	0	0	0
Minority Shares	2	2	3	2
Pre-Tax Profit / (Loss) After Monetary Gain	59	46	20	15
Tax Provision under Turkish Tax Legislation	-19	-14	-4	-3
Deferred Tax Provision under IAS 12	5	4	-1	0
Net Profit / (Loss)	46	35	16	12
Earning Before Interest and Tax (EBIT)	63	48	10	7
Depreciations	39	30	32	25
Earning Before Interest, Tax and Depreciation (EBITDA)	102	78	42	32
Cash from Operating Activities	25	19	29	23
Net Financial Debts	133	103	65	50
Earning Per Share (corresponding to 1 TL share)	0.220		0.074	

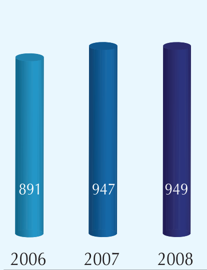
Financial Ratios

	2008	2007
Current Assets/ Short-Term Liabilities	1.54	1.54
Total Liabilities / Total Assets	0.43	0.34
Total Liabilities / (Equity + Minority Shares)	0.74	0.52
Net Financial Debts / Total Assets	0.15	0.10
Gross Profit / Net Sales	0.20	0.14
Operating Profit / Net Sales	0.10	0.02
EBIT / Net Sales	0.10	0.02
EBITDA / Net Sales	0.16	0.09
Net Financial Debts / Equity	0.17	0.15

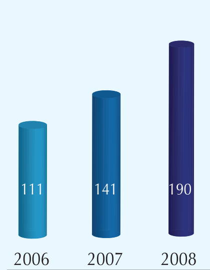
*Amounts are expressed in TL million and USD million, at the purchasing power of the Turkish currency at 31 December 2008.

SODA FACTORY

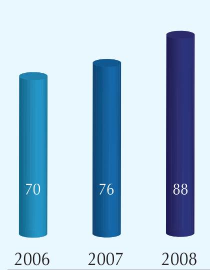
Total Production (000 Tons)



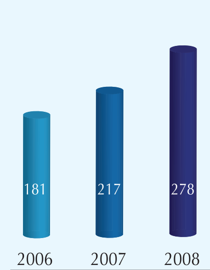
Domestic Sales (mio Fob/$)



Export (mio Fob/$)

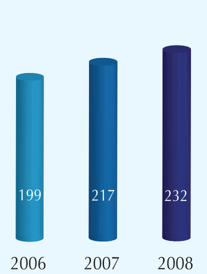


Total Sales (mio Fob/$)

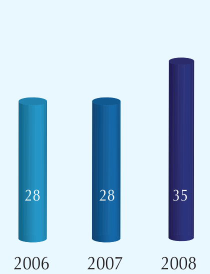


KROM FACTORY

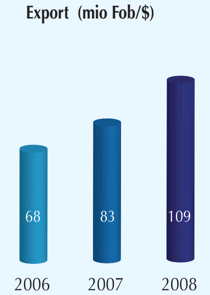
Total Production (000 Tons)



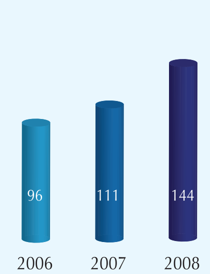
Domestic Sales (mio Fob/$)



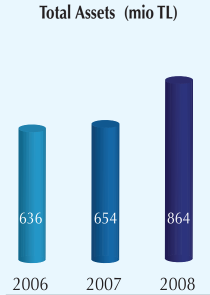
Export (mio Fob/$)



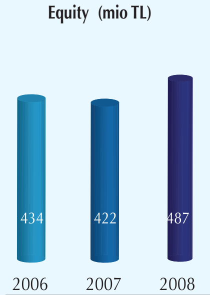
Total Sales (mio Fob/$)



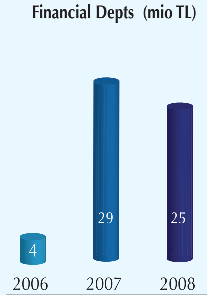
Total Assets (mio TL)



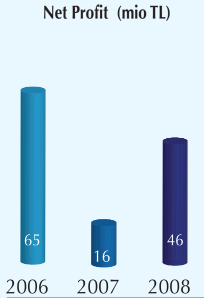
Equity (mio TL)



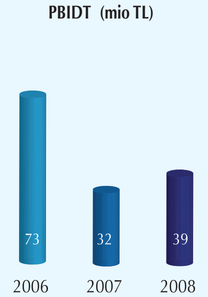
Financial Depts (mio TL)



Net Profit (mio TL)



PBIDT (mio TL)



BOARD OF DIRECTORS

President	Tevfik Ateş KUT	11.04.2006-11.04.2009
Vice President	Levent Korba	10.10.2007-11.04.2009
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 (*)	Candan Sevsevil Okay	23.05.2008-11.04.2009
Member	Mehmet İhsan Orhon	11.04.2006-11.04.2009

(*) Elected on 23.05.2008 to replace Dilek Çamlı.

DENETİM KURULU

Auditor	Yılmaz Mete	21.04.2008-21.04.2009
Auditor	Salim Zaimoğlu	21.04.2008-21.04.2009

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.

BOARD OF AUDITORS

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

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders;

We hereby submit to your review and approval the consolidated financial tables for operations of Soda Sanayii A.Ş. for the period January 1st, 2008-December 31st, 2008, which happens to be the 40th year of operations of our Company. The said financial tables have been prepared pursuant to Communiqué Series XI No: 29 of Capital Markets Board (SPK) and in compliance with UMS/IFRS.

Our Company belongs to the Chemical Group of Türkiye Şişe ve Cam Fabrikaları A.Ş. In 2008, as always, our Company has pursued its mission and responsibilities with utmost dedication to contribute to strengthening of our national economy, completing its 40th year of operations with successful results despite all unfavourable circumstances both at home and abroad.

Trends and Anticipations at Home and Abroad for 2008 and 2009

During the 2000s, the world economy has experienced a period of accelerating globalisation along with low inflation, high growth, high liquidity oversupply, and prevalent high risk appetite. However, the global growth processes fed by budget and current account deficits of the US economy have taken, in 2007, a trend of weakening. The financial crisis, having manifested itself first in the American housing markets, have spread in time to real sectors of the economy as well. Eventually, eighty years after the "Great Depression" of 1929, a worldwide economic crisis has once again come to be a topic of discussion.

2008 has been a year when the conditions of economic crisis, having risen in US but not yet having developed a global scope, have been experienced simultaneously with growth and expansion trends. The global economic growth rate, having reached the peak of 5.2 percent in 2007, declined quickly and significantly down to the level of 3.4 percent in 2008. The factor that effectively brought about such consequences proved to be the failure of monetary polices supported by low interest rates, as they had been put under implementation in early 2000s as a remedy to economic recession that existed at the time. Up until the eve of the economic crisis, loose monetary policies have led to financial sector's borrowing at low cost and using those funds to finance the economy in high risk operations, notably the housing sector. Such circumstances have, on one hand, enhanced economic liveliness at global scale and pushed up asset prices, however, on the other hand, have also led to weaknesses in auditing and supervision.

Another significant consequence of pre-crisis economic vitality has been the acceleration of international capital flows particularly in the direction of developing economies. Foreign capital flows in the order of trillions of dollars have continued to finance, for a rather long period of time, various economies pursuing fast paced current account deficit growth strategies. Nevertheless, the loss of confidence arising from the crisis, together with liquidity crunch that the central economies have created through their large resource requirements, has pushed down the said capital flows to one fifth of their pre-crisis levels.

The expansionary monetary and fiscal policies implemented in an effort to keep the demand sufficiently robust and thus maintain the pace of growth have kept inflation as an ever-existing threat, with governments remaining indifferent to risk of inflation while trying to avoid recession.

In 2008, rapid increases in commodity prices, particularly in oil and food, have kept inflation alive even as recession increasingly evident. Given the demand for certain commodities from large economies such as China and

India, all with growth rates well above world average, such commodities have been adopted as investment alternatives to a weakening dollar, resulting in speculative increases in prices of these commodities. However, as global demand declined with unmistakable certainty, downward pressure on prices developed, leading ultimately to dramatic price falls. Inflation, despite having increased somewhat relative to 2007, once again ceded its priority ranking to growth and the matter of remedies to economic crisis.

A natural consequence of the crisis has been the decline of international trade volume. This development is of vital concern to China, with its exports-based growth strategies, as well as developing economies and commodity exporting countries.

As a result, at this time, the common item of agendas around the world would appear to be crisis management. Governments, besides providing for regulation of their domestic markets, also need to assure coordination of economic policies at international scale. The reasons for the latter are that the pervasiveness and degree of the problems that are being experienced go well beyond any of the regional crises suffered previously, now threatening the entire world, and that globalisation (relations between national economies) has now reached a stage making such coordination essential. In almost all economies of the world, led by US and European economies, comprehensive economic packages are being introduced synchronously with each other in order for overcoming recession, revitalising demand, and using public funds to fill up the huge voids in the financial front.

The extent to which the measures implemented so far have been effective in stopping deterioration is not clear. However, it is acknowledged that expectations of improvement have proven to be false since the last quarter of 2008. The initial expectations that the recession phase of the crisis would last for about 18-20 months and that improvement would begin to emerge within 2009 are now being revised. Expectations now are rather that improvement would be delayed to 2010 and that the crisis would continue deepening in 2009. Therefore one can expect that the year 2009 would be a year in which we would need to struggle with social problems that develop along with the crisis, i.e., problems such as unemployment and poverty, in addition to economic troubles.

Turkey has been one of the luckier economies of the pre-crisis period of economic vitality. With the economic policies and stand-by agreements that have been put under implementation following the 2001 crisis, Turkey has entered a stage of economic performance that tended to be continuous; achieving an average annual growth rate of 6.8 percent during the period 2002-2007.

Yet, economic growth has finally lost steam in 2007 and that state of affairs has become even more visible in 2008. The growth rate measured for the third quarter of 2008 is merely 0.5 percent. Growth rate in the last quarter is expected to be significantly negative and average growth rate for the year would probably materialize in the range of 0-1 percent. Appreciation of TL has encouraged imports; with foreign trade reaching, in September 2008, record volumes, around the level of USD 350 billion. Current deficit has exceeded USD 40 billion during the same period, however, with continued international capital flows and borrowing, hardship has not been experienced in financing that current deficit.

On the inflation front; as the relatively low exchange rate kept a downward pressure on inflation in 2007, in 2008, with reverse effect, inflation was pushed upwards. In addition, the price increases that have occurred in oil and commodity markets have also contributed to inflation in proportion to dependence of the economies on such type of products. In the last quarter, though, as demand declined due to crisis, both input prices and inflation took a downward trend.

In the area of employment, any desirable extent of progress has not come about, despite all success in terms of economic growth; e.g., unemployment rate has not decreased to a level below 10 percent in any sustainable manner. Late in the same year, sharp declines began to occur in industrial output and capacity utilization ratios as well.

The reforms that had been started in early 2000s, in part as requirements of stand-by agreements, have been discontinued in 2007 and 2008. Underground economy continues to exist as a serious problem. Further reforms, referred to as second-generation reforms, remain on agendas, for implementation in such areas as increasing the capacity of the economy for generating value added, improving the business environment, effective use of public funds and other resources, justice, education, and budget. Despite the economic crisis, thanks to restructuring in the banking sector that had been carried out beginning in 2001, Turkey's financial sectors have not experienced the kind of problems commonly found elsewhere around the world.

As regards 2009, the main item of agenda, in one word, is the economic crisis. Even though the current deficit, which is one of the main problems of the economy, has decreased somewhat as a result of decreased economic activity, the level of indebtedness keeps the economy's requirements for new resources a hot item of agenda. That puts the renewal of the stand-by agreement with IMF, and the resources that would come with it, at a very important position in economic affairs. However, with the local elections having its place in political agendas, the signing of the said agreement is being delayed, rendering the economic environment uncertain.

While it would appear to be certain that growth would cede its place in 2009 to a recession in the range of 2-4 percent, preventing that recession from turning into economic collapse would depend on crisis management skills. To the extent that such requisite skills can be applied both at the firm level and at national level, the losses due to the crisis would be lessened. Consequently, there should be no doubt that a serious "economic adjustment" would have to be experienced in 2009, due to the fact that growth in recent years has been built on use of external resources in an unsustainable manner, combined with a very unfavourable external economic conjuncture.

The business and economic circumstances being as such, Soda Sanayii, with its soda production capacity of over 1.5 million tons per year including capacity of its subsidiaries, and nearly 70 thousand tons of sodium bichromate production capacity, along with its well diversified product portfolio and sales revenues in excess of USD 450 million a year, and its1,000-strong cadre of employees; continues full speed ahead with its work in 2009 to enhance and advance further its leadership in its area and region.

Our Operations in 2008

Soda Sanayi, as the sole producer of soda and chromium in Turkey, has performed successfully in 2008 in its main line of products, namely, soda products.

With deficient supply in world markets in soda products, prices have taken an upward trend during the first three quarters of the year. Even if the global economic crisis does begin to make itself felt during the last quarter of the year, Mersin Soda plant will have already achieved performance far beyond its targets for the year 2008. Soda Sanayi has fully used its capacity both at Mersin and Bosnia-Herzegovina plants, as well as the 25 percent capacity increase at its Sodi production partnership, and has sold all of the output thereof in both domestic and foreign markets.

In early 2008, the investment project for increasing heavy soda production capacity has been completed. Furthermore, capacity for production of refined sodium bicarbonate has also been increased, thus strengthening the position of Soda Sanayii as the most important producer in its region. As a consequence of the choice of strategy for sale of soda itself directly in the markets, operations of the silicate plant have been shut down in 2008.

In chrome, which is the other product group of our Company, in addition to investments completed in previous years for capacity maximization purposes, with further contribution from the plant investment completed in 2008, capacity for production of sodium bicarbonate, the main product of Kromsan, has been increased by 10 percent. At about the same time, thanks to investment operations completed at the chromic acid plant, this plant now offers production capacity one third larger than its pre-investment capacity.

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As part of our work for new product development for chrome plating industries, we are continuing with our project for establishing an in-house Chromium Plating Laboratory at Kromsan.

In the context of REACH, which is very crucial for exports of our products to EU member states, preliminary registration procedures have been completed, for two products of the Soda Plant and 23 products of Kromsan in 2008.

In the area of chromium chemicals, we have participated in various trade events in 2008 both at home and abroad, including China Leather Development Forum as well as trade fairs ACLE, FIMEC, Guangzhou, Tanning Tech, and Vietnam leather and shoe trade fairs, in addition to İstanbul Leather Fair.

Our Investments

At our soda plant, in early 2008, the investment project for increasing heavy soda production capacity has been completed. Furthermore, capacity for production of refined sodium bicarbonate has also been increased. Work will continue in the years ahead for expanding production capabilities of our facilities in the future.

Soda Lukavac, in Bosnia-Herzegovina, has completed all investment operations successfully and within the periods as envisaged under the privatisation program. The investments completed include a new plant for production of heavy soda, lime kilns, cooling towers, finished product storage facilities, carbonisation column, distillation plant, absorption units, salt water treatment pools, and investments in various instrumentation and modernisation projects as well as information technologies.

In addition to investments for capacity maximization for production of sodium bicarbonate, the main product of Kromsan, with further contribution from the plant expansion investment completed in 2008, capacity has been increased by 10 percent.

Oxygen is consumed in significant volumes in Soda Sanayii operations and is an important cost item, particularly in production of chromium products. An oxygen production plant has been erected, now providing in-house production at low cost.

Soda production process is energy-intensive and steam is an important input in this process. Steam is supplied by Co-generation Power Plant of Camiş Elektrik Üretim A.Ş., thus creating synergies with the Soda Plant. The investment operation for erecting the second production line of this co-generation plant has now entered the last stage of works. This new production line is scheduled to be commissioned in the second half of 2009.

Dividend Rates in the Last Three Years

Dividend rates in the last three years have been 12.50 percent in 2005; 25 percent in 2006; and 4 (four) percent in 2007.

Environment-Health-Safety

Kimya Sanayii
Çevre
Güvenlik
İnsan

Soda Sanayii A.S., ever since its foundation, has always placed great emphasis on technological advance in its operations. Furthermore, in all of its operations, our company has installed and implemented the kind of management systems that would assure protection of the environment as well as the health of its employees, customers, and other parties in any reasonable neighborhood of its operations.

All interim reviews of managements systems undertaken in 2008 have been completed successfully, covering;

- At Kromsan Plant, the ISO 9000 Quality Management System,
- At Soda and Kromsan Plants, ISO 14000 Environmental Management System and OHSAS 18000 Occupational Health and Safety Management System, implemented together as an "Integrated Management System", and
- ISO 22000 Food Safety Management System and FAMI-QS implementation, in connection with our refined sodium bichromate product.

Certificate renewal review for ISO 9000 Quality Management System has been completed successfully and Certificate has been renewed.

Our Tripartite Responsibility projects, which are pursued as voluntary activities in chemical sectors around the world, have continued in 2008. In that context, besides the management systems practices, the "open doors day" events have been organized for students of primary education schools of the nearby districts, as communication projects. Tripartite Responsibility field supervision and review activity has also been completed successfully.

Soda Sanayii A.Ş., fully aware of its social responsibilities, intends to continue its operations without compromising quality and with utmost care to environmental protection and occupational safety.

Our Human Resources Operations

Salient features of our Company's human capital investment operations for the year 2008 are as follows:

We employ a total of 1909 persons; specifically, 668 salary employees and 1,241 hourly wage employees.

Besides routine procedures for payment of wages, salaries, and fringe benefits as determined and tracking of attendance and other personnel rights and obligations, as well as procedures for recruitment, placement, and assessment for remuneration, the following work has been done in 2008:

Running Performance Evaluation Systems for wage and salary employees and reviewing results thereof,
Implementing Career Planning System and using the results for Succession Planning, and
Training needs assessment and planning.

We have conducted our affairs in the area of industrial relations in accordance with our policies; negotiating a two-year Collective Bargaining Agreement with Petrol-Is Union at Soda Sanayii A.Ş. and a one year agreement with Chemical and Ametal Union of Bosnia-Herzegonvina Federation at SSL.

Research and Development Activity

We are running our R&D activities with a mission to assure that our processes for production of soda and chromium would be based on environment-friendly and low-cost technologies; that product diversification would be enhanced with high value added products; that proactive projects would be implemented for turning threats to opportunities; and that our capabilities in product and process development would be strengthened up to a level sufficient to avoid need for transferring from abroad too many complete, self-contained packages of technology and know-how.

Soda Group of Products

In 2008, an investigation was undertaken to determine possibilities of using soda solid waste with reduced chloride content in cement, concrete, and other construction materials. Research work was done towards reducing costs by reducing the calcium hydroxide content of the solid waste. Work was carried out in 2008, jointly for soda and chromium product groups, also for monitoring changes

in international legislation (REACH, EPER, Kyoto Protocol, EU directives) concerning our products and processes.

In 2009, work will continue for conversion of soda waste into new products and reduction of the source of calcium hydroxide in solid soda waste. Furthermore, work will start for computer simulation modelling of soda production processes, using the software procured in 2008. Within the year 2009, again, jointly for soda and chromium groups, preparatory work will be completed to assure compliance of the laboratories of the Group Development Directorate with "ISO/IEC 17025.

General Conditions for Competence of Test and Calibration Laboratories" and applications will be filed requesting certification.

Chromium Group of Products

In 2008, sodium sulphate purification plant has been commissioned and the said product has been introduced for use at Sisecam (glass) plants and at facilities of other users without any problems. Work was completed for product development in the area of special chromium chemicals (chromium chloride, chromium nitrate), which is used in plating / coating and passivation (chromating) processes. Work was continued towards new product development, which is expected to change completely the process of leather tanning.
In 2009, the investment in facilities for production of chromium chloride and chromium nitrate will

be completed; a new pilot production plant will be erected for use in new product development work; and, also, experiments will be carried out at both laboratory and industrial scales for developing formulas for various applications of a new leather tanning product that is currently being developed. Having lodged REACH applications with European Environment Agency to enable sales of our products in EU countries, work will be continued for collating requisite data and completing risk analyses in order to finalize relevant registration procedures.

Information on Companies Covered Under Consolidation

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

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.

Asmaş Heavy-Duty Industrial Machinery A.S.

Established in Izmir in 1976, this Company, with its specialist staff and certificates that it holds, is a leading regional manufacturer of heavy-duty industrial machinery.

Asmas is a service provider preferred for quality and timeliness of its work in erecting turnkey-complete facilities, developing new projects and technologies thereof, and manufacturing and installation of equipment used in a large number of sectors including soda sector. Iron and steel sector, as well as cement, energy, and defence industry sectors are other important sectors in which Asmas offers its services. Soda Sanayii A.S. has acquired 82.53 percent of the shares of Asmas A.S. on March 31st, 2008.

DISTRIBUTION OF THE 2008 CONSOLIDATED PROFIT

Our Board of Directors during its meeting held on April 7th, 2009, has resolved:

That our 2008 net consolidated balance-sheet profit of TL 46,025,181 - in our 2008 consolidated balance-sheet prepared according to the International Financial Reporting Standards (UMS/UFRS), as referred to in CMB (Capital Market Board) Communiqué No. 29 of Series XI, should be distributed as indicated in the attachment, pursuant to Article 31 of our Articles of Association and CMB regulations concerning distribution of profits;

That the gross dividends in the amount of TL 20,949,096.90 corresponding to 10 percent of issued capital should be added to capital and the shares to be issued thereof should be distributed to shareholders as bonus shares,

That the distribution of said bonus shares should be completed by June 30th, 2009, and

That the matters pertaining to above-proposed distribution of profits shall be presented for review and approval of the Ordinary General Assembly of Shareholders as scheduled to convene on April 22nd, 2009.

Soda Sanayii A.Ş. 2008 Profit Distribution Schedule

1.	Issued Capital	209,490,969.00	209,490,969.00
2.	Total Legal Reserves	11,568,962.96	11,568,962.96
	Information on any preference, if exists, in profit distribution according to Articles of Association	**According to SPK (CMB) (Consolidated)**	**According to Legal Records (Solo)**
3.	Profit for the Period	59,076,803.00	85.699,544.44
4.	Taxes Payable	(13,051,622.00)	(15,254,347.95)
5.	**Net Profit for the Period**	**46,025,181.00**	**70,445,196.49**
6.	Losses in Previous Periods (-)		
7.	First Legal Reserves (-)	(3,522,259.82)	(3,522,259.82)
8.	**NET DISTRIBUTABLE PROFITS FOR THE PERIOD**	**42,502,921.18**	**66,922,936.67**
9.	Grants During the Period	73,725.00	
10.	Net Distributable Profits for the Period, Including Grants, for Calculating for the *First Dividend* Amount	**42,576,646.18**	
11.	First Dividend to Shareholders		
	-Cash		
	-Bonus Share	**20,949,096.90**	
	-Total		
12.	Dividend Paid to Preferred Shareholders		
13.	Dividend Paid to Executive Board Members, Employees etc.		
14.	Dividend Paid to Dividend Rights Shareholders		
15.	Second Dividend Paid to Shareholders		
16.	Second Legal Reserves		
17.	Statutory Reserves		
18.	Special Reserves		
19.	**EXTRAORDINARY RESERVES**	**21,553,824.28**	
21.	**Other Funds / Resources Allocated for Distribution**		
	-Profits in Previous Periods -Extraordinary Reserves -Other Reserves Distributable Pursuant to Law and Articles of Association		

DATA ON DIVIDEND PER SHARE

	GROUP	TOTAL AMOUNT OF DIVIDEND (TL)	AMOUNT OF DIVIDEND FOR TL 1 .00 (ONE) OF NOMINAL SHARE VALUE	
			AMOUNT (TL)	RATE (%)
GROSS	A			
	B			
	TOTAL	**20,949,096.90**	**0.10**	**10.00**
NET	A			
	B			
	TOTAL	**20,949,096.90**	**0.10**	**10.00**

RATIO OF DISTRIBUTED DIVIDEND AMOUNT TO NET DISTRIBUTABLE PROFITS FOR THE PERIOD, INCLUDING GRANTS	
AMOUNT OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TL)	RATIO OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS AMOUNT TO NET DISTRIBUTABLE PROFITS FOR THE PERIOD, INCLUDING GRANTS (%)
20,949,096.90	49.20

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

Your sincerely,

For the Board of Directors
President
Dr. Tevfik Ateş Kut
(signed)

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

Title	: Soda Sanayii A.Ş.
Head Office	: İstanbul
Capital	: TRL (TRY) 209, 490, 969.–
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 (21.04.2008-21.04.2009) Salim Zaimoğlu (21.04.2008-21.04.2009) 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 38 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 reachedç	: In the examinations conducted on the company books and documents on 13.05.2008, 23.06.2008, 22.08.2008, 26.09.2008, 30.10.2008, 25.12.2008, 10.02.2009, and 26.03.2009, 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 2009, 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 10.04.2008 – 29.05.2008 – 20.06.2008 – 18.07.2008 – 28.08.2008 – 19.09.2008 – 23.10.2008 – 27.10.2008 – 25.11.2008 – 29.12.2008 -16.01.2009 – 24.02.2009 – 18.03.2009, 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.

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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 01.01.2008 – 31.12.2008 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 31.12.2008 and the income statement for the period of 01.01.2008 – 31.12.2008, 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

Deloitte.

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CONVENIENCE TRANSLATION OFTHE REPORT AND
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

Independent Auditors' Report

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

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 2008, and the consolidated statement of income, consolidated statement of changes in 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.

We did not audit the financial statements of the Group's subsidiaries which are operating in foreign countries and accounted for by using the line by line consolidation. The assets and net sales of the aforementioned entities included in the accompanying consolidated financial statements constitute 17% of the Group's consolidated assets and 13% of the Group's net sales as of 31 December 2008. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of the other auditors.

Opinion

In our opinion, based on our audits and the report of the other auditors, 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 2008 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, 7 April 2009
DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU

Gökhan Alpman
Partner

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
Consolidated Balance Sheet as of 31 December 2008

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

ASSETS	Notes	31 December 2008	31 December 2007
Current Assets		**300.113.714**	**164.994.663**
Cash and cash equivalents	6	30.459.266	25.687.984
Trade receivables		91.904.798	64.543.211
-Due from related parties	10, 37	63.986.788	44.740.106
-Other trade receivables	10	27.918.010	19.803.105
Other receivables		40.958.613	4.820.198
-Due from related parties	11, 37	21.469.189	3.737.041
-Assets related to ongoing construction contracts	11, 15	19.211.264	-
-Other receivables	11	278.160	1.083.157
Inventories	13	117.437.901	59.321.930
Other current assets	26	19.353.136	10.621.340
Non-current Assets		**563.914.059**	**488.893.225**
Other receivables	11	33.408	78.303
Financial investments	7	27.902.614	28.528.094
Investments accounted for under equity method	16	131.929.866	111.284.090
Tangible fixed assets	18	393.315.814	342.880.192
Intangible assets	19	1.617.781	1.560.850
Deferred tax assets	35	1.063	-
Other non-current assets	26	9.113.513	4.561.696
TOTAL ASSETS		**864.027.773**	**653.887.888**

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
Consolidated Balance Sheet as of 31 December 2008

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

LIABILITIES	Notes	31 December 2008	31 December 2007
Current Liabilities		**195.252.656**	**106.905.935**
Financial liabilities	8	97.626.719	44.704.747
Trade payables		56.998.779	37.081.531
-Due to related parties	10, 37	14.740.364	13.375.548
-Other trade payables	10	42.258.415	23.705.983
Other payables		17.831.472	11.489.953
-Due to related parties	11, 37	3.478.233	9.004.529
-Order advances received	11	11.609.444	1.808.783
-Other payables	11	2.743.795	676.641
Corporate tax payable	35	5.850.883	-
Provisions	22	3.482.922	1.759.261
Provisions for employee termination benefits	24	1.522.349	1.148.764
Other liabilities	26	11.939.532	10.721.679
Non-current Liabilities		**173.174.510**	**116.905.522**
Financial liabilities	8	133.422.027	72.249.693
Provisions for employee termination benefits	24	17.418.312	16.194.438
Deferred tax liabilities	35	22.313.523	28.440.680
Other liabilities	26	20.648	20.711
EQUITY		**495.600.607**	**430.076.431**
Total Equity Attributable to Equity Holders of the Parent		**487.464.369**	**422.105.217**
Share capital	27	209.490.969	201.433.624
Inflation adjustments to share capital	27	1.489	1.489
Valuation funds	27	(4.410.088)	(2.269.391)
Currency translation reserve	27	32.550.616	(103.798)
Restricted reserves appropriated from profits	27	11.954.163	10.698.267
Retained earnings	27	191.852.039	196.798.962
Net profit / (loss) for the period	27	46.025.181	15.546.064
Minority Interest	27	**8.136.238**	**7.971.214**
TOTAL LIABILITIES AND EQUITY		**864.027.773**	**653.887.888**

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
Consolidated Statement of Income for the Year Ended 31 December 2008

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

Continued Operations	Notes	1 January - 31 December 2008	1 January- 31 December 2007
Sales revenue	28	647.267.956	456.563.091
Cost of sales (-)	28	(517.032.617)	(392.413.439)
Gross Profit		**130.235.339**	**64.149.652**
Marketing, sales and distribution expenses (-)	29	(33.337.567)	(28.983.614)
General administrative expenses (-)	29	(34.057.110)	(34.891.788)
Research and development expenses (-)	29	(1.553.722)	(1.368.374)
Other operating income	31	7.744.112	12.784.789
Other operating expenses (-)	31	(6.169.390)	(2.099.754)
Operating Profit		**62.861.662**	**9.590.911**
Share in net profit / (loss) of investments accounted for under equity method	16	5.893.281	13.117.831
Finance income	32	42.697.190	6.825.231
Finance expenses (-)	33	(54.620.023)	(12.185.343)
Profit before Taxation from Continued Operations		**56.832.110**	**17.348.630**
Tax benefit / (charge) from continued operations		(13.051.622)	(4.484.158)
-Current tax benefit / (charge)	35	(18.526.990)	(3.900.604)
-Deferred tax benefit / (charge)	35	5.475.368	(583.554)
Profit from the continuing operations		**43.780.488**	**12.864.472**
Profit for the Period		**43.780.488**	**12.864.472**
Attributable to:			
-Minority interest	27	(2.244.693)	(2.681.592)
-Equity holders of the parent		**46.025.181**	**15.546.064**
Earning per share	36	**0,220**	**0,074**

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
Consolidated Statement of Changes in Equity for the Year Ended 31 December 2008

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

	Share Capital	Inflation Adjustments to Share Capital	Valuation Fund	Currency Translation Reserve	Restricted Reserves Appropriated from Profits	Retained Earnings	Net Profit / (Loss) for the Period	Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total
Balance as of 1 January 2007	**62.630.000**	**138.266.489**	**(1.975.830)**	**11.063.461**	**7.271.561**	**151.217.793**	**65.203.999**	**433.677.473**	**11.414.466**	**445.091.939**
Currency translation reserves	-	-	-	(11.167.259)	-	-	-	(11.167.259)	(761.660)	(11.928.919)
Change in valuation fund	-	-	(293.561)	-	-	-	-	(293.561)	-	(293.561)
Net profit recognized directly in equity	**-**	**-**	**(293.561)**	**(11.167.259)**	**-**	**-**	**-**	**(11.460.820)**	**(761.660)**	**(12.222.480)**
Net profit for the period	-	-	-	-	-	-	15.546.064	15.546.064	(2.681.592)	12.864.472
Total net profit for the period	**-**	**-**	**(293.561)**	**(11.167.259)**	**-**	**-**	**15.546.064**	**4.085.244**	**(3.443.252)**	**641.992**
Transfer of prior period profit	-	-	-	-	3.426.706	46.119.793	(49.546.499)	-	-	-
Capital increase	138.803.624	(138.265.000)	-	-	-	(538.624)	-	-	-	-
Dividends paid	-	-	-	-	-		(15.657.500)	(15.657.500)	-	(15.657.500)
Balance as of 31 December 2007	**201.433.624**	**1.489**	**(2.269.391)**	**(103.798)**	**10.698.267**	**196.798.962**	**15.546.064**	**422.105.217**	**7.971.214**	**430.076.431**
Business combination effects of entities under common control (Note 3)	-	-	-	-	379.480	(11.445.055)	-	(11.065.575)	(450.226)	(11.515.801)
Currency translation reserves	-	-	-	32.654.414	-	-	-	32.654.414	1.740.782	34.395.196
Change in valuation fund	-	-	(2.140.697)	-	-	-	-	(2.140.697)	-	(2.140.697)
Net loss recognized directly in equity	**-**		**(2.140.697)**	**32.654.414**	**379.480**	**(11.445.055)**	**-**	**19.448.142**	**1.290.556**	**20.738.698**
Net profit for the period	-	-	-	-	-	-	46.025.181	46.025.181	(2.244.693)	43.780.488
Total net profit for the period	**-**	**-**	**(2.140.697)**	**32.654.414**	**379.480**	**(11.445.055)**	**46.025.181**	**65.473.323**	**(954.137)**	**64.519.186**
Transfer of prior period profit	-	-	-	-	870.696	14.675.368	(15.546.064)	-	-	-
Change in consolidation structure (Note 27)	-	-	-	-	5.720	(119.891)	-	(114.171)	114.171	-
Subsidiary's share capital increase (Note 27)	-	-	-	-	-	-	-	-	1.004.990	1.004.990
Share capital increase	8.057.345	-	-	-	-	(8.057.345)	-	-	-	-
Balance as of 31 December 2008	**209.490.969**	**1.489**	**(4.410.088)**	**32.550.616**	**11.954.163**	**191.852.039**	**46.025.181**	**487.464.369**	**8.136.238**	**495.600.607**

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
Consolidated Statement of Cash Flows for the Year Ended 31 December 2008

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

	Notes	1 January - 31 December 2008	1 January - 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		43.780.488	12.864.472
Adjustments to reconcile net profit to net cash provided by operating activities		**91.871.923**	**19.983.903**
- Depreciation and amortization expenses	18, 19	38.703.096	32.415.410
- Profit on sales of tangible fixed assets	31	(1.330.293)	(91.237)
- Allowance for impairment of tangible fixed assets	18	4.334.847	301.000
- Provision for employment termination benefits	24	3.309.841	2.498.371
- Interest expense and foreign currency differences related with financial Liabilities	33	38.270.456	(1.691.865)
- Change in allowance for diminution in value of inventories	13	39.639	(649.443)
- Change in sundry provisions		1.943.566	(1.708.753)
- Valuation (income) / expenses of Eurobond	7	(346.153)	253.793
- Dividend income	32	(211.417)	(243.650)
- Negative goodwill recognized as income	31	-	(2.466.050)
- Income from investments accounted for under equity method	16	(5.893.281)	(13.117.831)
- Accrued taxation	35	13.051.622	4.484.158
Operating cash flows provided before changes in working capital		**135.652.411**	**32.848.375**
- Trade receivables		349.500	(6.413.962)
- Inventories		(55.773.725)	(5.583.471)
- Due from related parties		(19.246.682)	1.852.835
- Other receivables and current assets		(12.421.688)	9.470.895
- Assets related to ongoing construction contracts		(11.601.103)	-
- Trade payables		16.078.058	(7.935.096)
- Due to related parties		1.364.816	11.307.466
- Other payables and expense accruals		2.526.624	8.228.382
- Advances received		(4.878.216)	(97.686)
Cash generated from operations		**52.049.995**	**43.677.738**
- Interest paid		(11.943.331)	(6.974.753)
- Taxes paid	35	(12.676.107)	(5.323.901)
- Employee termination benefits paid	24	(2.716.655)	(2.023.213)
Net cash provided by operating activities		**24.713.902**	**29.355.871**
CASH FLOWS FROM INVESTING ACTIVITIES			
- Cash paid for capital commitment of available for sale investments	7	(867.850)	(546.476)
- Cash paid for business combination of entities under common control	3	(6.272.049)	-
- Capital commitment payment for an available for sale investment	7	(132.000)	-
- Cash paid for purchase of an associate's additional shares		-	(2.864.815)
- Dividend received from unconsolidated subsidiaries	32	211.417	243.650
- Dividends received from affiliates		10.416.408	2.193.503
- Purchases of tangible fixed assets	18	(72.675.171)	(69.062.852)
- Purchases of intangible assets	19	(546.098)	(1.013.672)
- Proceeds from sales of tangible fixed assets	18, 31	2.846.805	483.678
- Change in currency translation reserve		667.928	678.336
Net cash used in investing activities		**(66.350.610)**	**(69.888.648)**

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
Consolidated Statement of Cash Flows for the Year Ended 31 December 2008

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

	Notes	1 January - 31 December 2008	1 January - 31 December 2007
CASH FLOWS FROM FINANCING ACTIVITIES			
- New financial liabilities raised		174.990.568	100.233.772
- Change in other receivables and other payables due from / due to related parties		(23.258.444)	(8.426.180)
- Minoritys’ participation in capital increase of a subsidiary	27	1.004.990	-
- Repayment of financial liabilities		(106.329.124)	(60.615.876)
- Dividends paid		-	(15.657.500)
Net cash provided by financing activities		**46.407.990**	**15.534.216**
Net change in cash and cash equivalents		4.771.282	(24.998.561)
Cash and cash equivalents at the beginning of the period	6	25.687.984	50.686.545
Cash and cash equivalents at the end of the period	6	**30.459.266**	**25.687.984**

Amounts are expressed in Turkish Lira ("TL") 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 (3 subsidiary, 1 investment in associates 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 and construction of heavy machines.

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 2008 Proportion of ownership	31 December 2007 Proportion of ownership
Subsidiaries				
Şişecam Soda Lukavac d.o.o	Soda manufacturing	Bosnia Herzegovina	78,34	78,34
Asmaş Ağır San. Mak. A.Ş.	Construction of heavy machines	Turkey	83,77	-
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	25,00

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

Group entered in construction of heavy machines business by acquiring the shares of Asmaş Ağır San. Mak. A. Ş. ("Asmaş") in 2008.

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

Average number of personnel in the current and prior year:	31 December 2008	31 December 2007
Monthly salaried personnel	668	621
Hourly waged personnel	1,241	1.156
Total	**1.909**	**1.777**

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

Approval of Financial Statements

The financial statements prepared as of and for the period ended 31 December 2008 have been approved and authorized for declaration on 7 April 2009 by the Board of Directors. The General Assembly has the authority to amend financial statements.

2. Basis of the Consolidated Financial Statements

2.1 Basis of Presentation

Preparation of Financial Statements and Accounting Standards

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries operating in foreign countries maintain their books of account in the currencies of those countries and prepare their statutory financial statements in accordance with the prevailing legislation in those countries.

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

As the differences between the International Financial Reporting Standards ("IAS/IFRS") as endorsed by the European Union and the Turkish Accounting/Financial Reporting Standards ("TAS/TFRS") have not been declared as of the date of this report, the accompanying financial statements and notes are prepared in accordance with IAS/IFRS as declared in the Communiqué Serial: XI, No: 29 with the required formats announced by the CMB on 14 April 2008. In this respect, certain reclassifications have been made to the previous period's financial statements prepared in accordance with Communiqué Serial: XI, No: 27, which is supplementary to Communiqué Serial: XI, No: 25 (Note 41).

Presentation and Functional Currency

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

In accordance with Law No: 5083 "Monetary Unit of the Turkish Republic" ("Law No: 5083"), the name of the Turkish Republic's monetary unit and its sub-currency unit was changed to the New Turkish Lira ("YTL") and the New Turkish Cent ("YKR"), respectively. However, in accordance with the additional decision of the Council of Ministers declared on Official Gazette dated on 22 August 2008 and numbered 26975 in regards to "Removal of the phase "New" in the New Turkish Lira and the New Turkish Cent and Its Application Principles", the phase "New" used in the Turkish Republic's monetary unit is removed both from YTL and YKR effective from 1 January 2009. Therefore, the accompanying consolidated financial statements are prepared and presented in TL accordingly.

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

The functional currencies of the Company's subsidiaries Şişecam Soda Lukavac d.o.o. operating in Bosnia Herzegovina, Şişecam Bulgaria Ltd. operating in Bulgaria and Solvay Şişecam Holding AG operating in Austria are Convertible Mark, Bulgarian Leva and Euro respectively. During preparation of consolidated financial statements, balance sheet items are translated at the closing TL/Convertible Mark, TL/Bulgarian Leva and TL/Euro rates at the date of those balance sheets. Income statement and statement of cash flows were translated at average TL/Convertible Mark, TL/Bulgarian Leva and TL/Euro rates exchange rates. Exchange rate differences are accounted under the foreign currency exchange differences account in Shareholders' Equity.

The functional currency of the Company's subsidiary and joint venture operating in Turkey is TL.

Preparation of Financial Statements in Hyperinflationary Periods

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

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled or jointly controlled by the Company (its subsidiaries) as explained in Note 1. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

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.

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

Currency	31 December 2008		31 December 2007	
	Year End	Period Average	Year End	Period Average
US DOLLAR	1,51230	1,29758	1,16470	1,30151
EURO	2,14080	1,89693	1,71020	1,77818
CONVERTIBLE MARK	1,09457	0,96988	0,87441	0,90917
BULGARIAN LEVA	1,09457	0,96988	0,87441	0,90917

Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The details of the Group’s associates as of 31 December 2008 are presented in Note 1.

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

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

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group’s interest in the relevant associate.

Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. The details of the Group’s joint ventures as of 31 December 2008 are presented in Note 1.

Joint Ventures are the entities jointly controlled by the Company or the Company’s subsidiaries together with one or more other parties and the entities which undertake economic activity in accordance with an contractual arrangement. Joint venture investment is accounted for by using equity method in Group’s consolidated financial statements. The application of equity method ends when the time joint control ends on the joint venture for which equity method has been used.

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group’s interest in the joint venture.

2.2 Changes in the Accounting Policies

Changes made in the accounting policies are applied retrospectively and the previous period’s financial statements are restated accordingly.

2.3 Changes in the Accounting Estimates and Errors

If the application of changes in the accounting estimates affects the financial results of a specific period, the accounting estimate change is applied in that specific period, if they affect the financial results of current and following periods, the accounting policy estimate is applied prospectively in the period in which such change is made. The Group did not have any major changes in the accounting estimates during the current period.

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

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

2.4 Adoption of New and Revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

Although the following standards and amendments and interpretations to published standards should be applied for accounting periods beginning on or after 1 January 2008, they are not adopted by the Group since they are not related to the Group's operations:

- IFRIC 11, "IFRS 2 – Group and treasury share transactions",
- IFRIC 12, "Service concession arrangements",
- IFRIC 14, "IAS 19- The limit on a defined benefit asset, minimum funding requirements and their interaction",
- IAS 39, IFRS 7 "Amendments relating to classification of Financial Assets"

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

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

• IFRS 8, "Operating segments"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 15, "Agreements for the construction of real estate"	Effective for annual periods beginning on or after 1 January 2009
• IFRIC 16, "Hedges of a net investment in a foreign operation"	Effective for annual periods beginning on or after 1 November 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 1, "First-time Adoption of International Financial Reporting Standards" Amendment relating to cost of an investment on first-time adoption	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 23, "(Amendment) Borrowing costs" Comprehensive revision to prohibit immediate expensing	Effective for annual periods beginning on or after 1 January 2009
• IAS 27, "Consolidated and Separate Financial Statements" Amendment relating to cost of an investment on first-time adoption	Effective for annual periods beginning on or after 1 January 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
• IAS 1, "Presentation of Financial Statements" Comprehensive revision including requiring a statement of comprehensive income	Effective for annual periods beginning on or after 1 January 2009
• IAS 39, "Financial Instruments: Recognition and Measurement" Amendments for eligible hedged items	Effective for annual periods beginning on or after 1 January 2009

IFRS 8, "Operating Segments"

IAS 14 "Segment Reporting" is replaced with IFRS 8 "Operating Segments". This standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The potential impact of IFRS 8 is currently being reviewed by the Group.

IFRS 3, "Business Combinations"

Costs related with acquisitions shall be presented under profit and loss statement when occurred and changes in the contingent costs recorded at the time of inception shall be recorded under profit and loss statement instead of correction from goodwill.

The Group's management anticipates that except for the changes in the IFRS 3 and IFRS 8 standards, the adoption of these Standards and Interpretations in future periods will not have a material impact on the financial statements of the Group.

2.5 Summary of Significant Accounting Policies

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 Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Heavy machines manufacturing revenue:

Heavy machines manufacturing revenue is accounted for by using percentage of completion method in accordance with the accounting policy explained in construction revenue section.

Dividend and interest revenue

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

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

Rental income

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

Inventory

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, being valued using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

Tangible Fixed Assets

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

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 use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

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

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

Intangible Fixed Assets

Intangible fixed assets acquired

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

Computer software

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

Impairment of Assets

Assets that have an indefinite useful life 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. Recoverable amount is the higher of an asset's fair value less costs to sell or 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 that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take 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 against the borrowing costs eligible for capitalization.

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

Financial Instruments

Financial assets

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

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

Effective interest method

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

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

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 future or the financial asset is a part 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 carried at fair value, with any resulting gain or loss recognized in profit or loss incorporating any dividend or interest earned on the financial asset. Assets in this category are classified as current assets.

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

Cash and cash equivalents

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

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

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 fair value, 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 acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under IFRS 3, "Business Combinations" are recognized at fair value at the date of acquisition, 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.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

In business combinations of entities under common control, assets and liabilities subject to business combination are accounted for at carrying value in consolidated financial statements. Statements of income are consolidated starting from the beginning of the fiscal year in which the business combination is realized. Financial statements of previous fiscal years are restated in the same manner in order to maintain consistency and comparability. Any positive or negative goodwill arising from such business combinations is not recognized in the consolidated financial statements. Residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary's equity is directly accounted for under equity as "effect of business combinations under common control".

Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TL"), 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 TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rates.

Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events After Balance Sheet Date

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

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

Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

Onerous contracts

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

An onerous contract is made 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.

Changes in the Accounting Estimates and Errors

Significant accounting errors that are detected in the current period are applied retrospectively and prior year financial statements are restated accordingly. If the application of changes in the accounting estimates affects the financial results of a specific period, the accounting estimate change is applied in that specific period, if they affect the financial results of current and following periods, the accounting policy estimate is applied prospectively in the period in which such change is made.

Construction Contracts

Contract costs are recognized when incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

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

The group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

Government Incentives and Grants

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

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

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.

Taxation and Deferred Income Taxes

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

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

Current tax

Tax currently payable is based on taxable profit for the 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.

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 acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Employee Benefits / Retirement Pay Provision

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (Revised) "Employee Benefits" ("IAS 19").
The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Statement of Cash Flows

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

Cash flows from operating activities reflect cash flows generated from soda, soda derivatives and chrom derivatives sales of the Group.

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

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

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

Share Capital and Dividends

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

2.6 Significant Accounting Estimates

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

Since the Group transfers all significant risks and rewards of ownership of the goods to the buyer at the stage of completion of the related transportation activities for certain portion export sales, the Group has deferred revenue associated with these transactions. The Group's management has made an estimation related to the goods invoiced but not transferred to buyers yet. In this respect, the Group has deferred revenue amount of TL 8.737.168 as of 31 December 2008 (31 December 2007: TL 8.040.897) (Note 26).

The Group applies the stage of completion method for the recognition of revenue with regards to fixed price construction contracts related to heavy machine manufacturing operations. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. If the actualized proportion is increased as the aforementioned proportion differs by 1% from the estimation of the Group’s management, the revenue to be recognized in the period would be increased by TL 676.428 and if the actualized proportion is decreased, the revenue to be recognized in the period would be decreased by TL 676.428 (31 December 2007: None).

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

3. Business Combinations

The Company acquired 82,53 % of Asmaş’s shares from T. İş Bankası A.Ş. which had owned 97,53% of Asmaş’s shares for 10.534.999 TL. The Company received 4.206.094 TL back from T. İş Bankası A.Ş. in June 2008 after finalizing the amount to be paid for the acquisition.

This business combination is defined as a business combination of entities under common control since the Company and Asmaş are ultimately controlled by the same party before and after the aforementioned business combination. Assets and liabilities subject to business combination are accounted for at carrying value in consolidated financial statements. Statements of income are consolidated starting from the beginning of the fiscal year in which the business combination is realized. Financial statements of previous fiscal years are not restated in the same manner since Asmaş’s financial statements are not considered material compared to the Group’s consolidated financial statements. No positive or negative goodwill arising from such business combinations is calculated. Residual balance calculated by netting off investment in subsidiary and the share acquired in subsidiary’s equity is directly accounted for under equity as “effect of business combinations under common control”.

4. Joint Ventures

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

5. Segment Information

Since the Group mainly operates in production and sale of Sodium and Chromium chemicals and its derivatives and the effect of other operations in revenue is not material, no segmental information is provided.

6. Cash and Cash Equivalents

	31 December 2008	31 December 2007
Cash on hand	14.980	6.349
Cash in banks		
- Demand deposits	5.298.646	16.056.759
- Time deposits (with maturities three months or less)	25.145.640	9.595.162
Other liquid assets	-	29.714
	30.459.266	**25.687.984**

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

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

Time deposits

Currency	Interest rate (%)	Maturity	31 December 2008
EUR	2,0-8,15	January 2009	6.852.767
USD	1,0-6,5	January 2009	15.554.259
BGN	4,8	January 2009	2.738.614
			25.145.640

Currency	Interest rate (%)	Maturity	31 December 2007
EUR	4,0	January 2008	5.198.775
USD	4,7	January 2008	1.175.287
BGN	3,75-5,0	March 2008	3.221.100
			9.595.162

7. Financial Investments

Non-current Financial Investments	31 December 2008	31 December 2007
-Available for sale financial investments	26.367.063	27.338.696
-Held to maturity financial investments	1.535.551	1.189.398
	27.902.614	**28.528.094**

Available for sale financial assets	Share (%)	31 December 2008	Share (%)	31 December 2007
Listed financial investments:				
Denizli Cam San. ve Tic. A. Ş. (*)	16,22	1.770.940	16,22	3.911.637
		1.770.940		3.911.637
Unlisted financial investments:				
Sintan Kimya San. ve Tic. A. Ş. (**)	3,00	396.000	3,00	264.000
Paşabahçe Cam San. ve Tic. A. Ş.	4,74	20.948.535	4,74	20.948.535
Şişecam Shangai Trade Co. Ltd. (***)	100,00	655.448	100,00	655.448
Cromital SPA (***)	50,00	3.039.460	50,00	2.171.610
Camiş Elektrik Üretim A. Ş.	0,08	42.914	0,08	42.914
Nemtaş Nemrut Liman İşletmeleri A. Ş.	0,02	158.241	-	-
Other	-	10.973	-	-
Impairment provision (-)		(655.448)		(655.448)
		24.596.123		23.427.059
		26.367.063		**27.338.696**

(*) Shares of this company are listed on the Istanbul Stock Exchange ("ISE") and the Group has valued such equity shares under the securities available for sale investments with market prices of the ISE. As a result of this valuation, the Group has accounted TL 4.564.127 of valuation decrease by offsetting against TL 154.039 of deferred tax due to this valuation decrease in "Valuation Fund on Financial Assets" under shareholders' equity (2007: TL 2.423.430 valuation decrease and TL 154.039 deferred tax) .

(**) 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.

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

(***) 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.

Held to maturity financial assets

	Nominal value	Maturity	31 December 2008	31 December 2007
Eurobond	USD 1.000.000	June 2010	**1.535.551**	**1.189.398**

The weighted average interest rate for Eurobond as of 31 December 2008 is 10,94% per annum (31 December 2007: 10,94% per annum).

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

8. Financial Liabilities

Short-term financial liabilities	31 December 2008	31 December 2007
Short-term loans	77.955.876	23.591.801
Current portion of long-term loans	19.670.843	21.112.946
Total short-term loans	**97.626.719**	**44.704.747**
Long-term financial liabilities		
Long-term loans	133.422.027	72.249.693
Total loans	**231.048.746**	**116.954.440**

Short-term and long-term bank loans are summarized below:

31 December 2008

Currency	Maturity	Weighted Average Interest rate (%)	Current Liabilities	Non-current Liabilities
USD	2009-2015	4,58	34.025.408	68.025.422
EUR	2009-2015	6,82	13.722.916	65.396.605
KM	2009	7,00	9.737.499	-
JPY	2009	4,95	444.014	-
TL	2009	22,71	39.696.882	-
			97.626.719	**133.422.027**

31 December 2007

Currency	Maturity	Weighted Average Interest rate (%)	Current Liabilities	Non-current Liabilities
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	-
TL	2008	14,3	4.235.441	-
			44.704.747	**72.249.693**

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

The borrowings are repayable as follows:

	31 December 2008	31 December 2007
Within 1 year	97.626.719	44.704.747
Within 1-2 years	25.593.660	14.304.340
Within 2-3 years	37.156.199	16.630.475
Within 3-4 years	29.151.999	14.309.490
Within 4-5 years	24.723.121	14.376.219
5 years and after	16.797.048	12.629.169
	231.048.746	**116.954.440**

The fair value of the Group's borrowings approximates their carrying value.

9. Other Financial Liabilities

None.

10. Trade Receivables and Payables

Trade Receivables	31 December 2008	31 December 2007
Trade receivables	27.593.427	19.103.140
Notes receivable	1.810.862	1.428.461
Due from related parties (Note 37)	63.986.788	44.740.106
Allowance for doubtful receivables (-)	(1.486.279)	(728.496)
	91.904.798	**64.543.211**

For intra-group sales of Soda products, sale term is on a cash basis. For other sales, average term is 29 days (2007: 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 (2007: 2% and 4%). Average sale term for domestic sales of chrome products is 17 days on a foreign currency basis (2007: 17 days). Interest of 1% is charged for overdue payments on a monthly basis (2007: 1%). For export sales, the average term is 60 days regardless of the product line (2007: 60 days). Trade receivable reated to heavy machine sales are collected in accordance with the progress payment schedule.

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

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

	2008	2007
Opening balance, 1 January	(728.496)	(828.228)
Effect of subsidiary acquisition	(354.455)	-
Foreign currency exchange differences	(183.423)	63.207
Period charge	(219.905)	36.525
Closing balance, 31 December	**(1.486.279)**	**(728.496)**

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

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

Trade payables	31 December 2008	31 December 2007
Trade payables	42.236.394	23.704.652
Trade payables due to related parties (Note 37)	14.740.364	13.375.548
Other trade payables	22.021	1.331
	56.998.779	**37.081.531**

Chromit and Antracite purchases are on cash basis (31 December 2007: Cash basis). Average credit period for other trade payables is 30-45 days. Corporate risk management policies are in place to ensure that all of the payables are paid within payment terms.

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

11. Other Receivables and Payables

Other current receivables	31 December 2008	31 December 2007
Due from personnel	76.364	65.090
Other receivables from related parties (Note 37)	21.469.189	3.737.041
Assets related to ongoing construction contracts (Note 15)	19.211.264	-
Deposits and guarantees given	50.326	26.935
Other current receivables	151.470	991.132
	40.958.613	**4.820.198**

Other non-current receivables	31 December 2008	31 December 2007
Deposits and guarantees given	33.408	78.303
	33.408	**78.303**

Other short-term payables	31 December 2008	31 December 2007
Order advances received (*)	11.609.444	1.808.783
Other payables to related parties (Not 37)	3.478.233	9.004.529
Deposits and guarantees received	1.061.183	233.075
Other sundry payables	1.682.612	443.566
	17.831.472	**11.489.953**

(*) The reason of increase in order advances received is Asmaş which was consolidated as of 1 January 2008.

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

12. Receivables and Payables from Financial Sector Operations

None.

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

13. Inventories

	31 December 2008	31 December 2007
Raw materials	67.686.801	25.782.825
Work in process	1.920.122	1.006.833
Finished goods	41.559.106	28.061.930
Trade goods	6.346.054	4.375.627
Other inventories	10.738	139.996
Allowance for diminution in value of inventories	(84.920)	(45.281)
	117.437.901	**59.321.930**

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

	2008	2007
Opening balance, 1 January	(45.281)	(694.724)
Charge for the period	(84.920)	-
Provision released	45.281	649.443
Closing balance, 31 December	**(84.920)**	**(45.281)**

14. Biological Assets

None.

15. Assets Related to Ongoing Construction Contracts

Based on IAS 11, realized progress payments and costs of Asmaş Ağır Sanayi Makinaları A.Ş. are as follows:

	31 December 2008	31 December 2007
Contract costs incurred for work performed	88.234.579	-
Revenue recognized less costs recognized (net)	(62.603)	-
Less: Progress payments received (-)	(69.563.385)	-
	18.608.591	**-**

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

	31 December 2008	31 December 2007
Receivables from ongoing construction contracts	19.211.264	-
Allowance for projects in loss (Note 26)	(62.603)	-
Progress payments of ongoing construction contracts (Note 26)	(540.070)	-
	18.608.591	**-**

In this context, as of 31 December 2008, the guarantee letters given to progress payments amount to TL 19.047.244 and the advances received amount to TL 10.391.043 (31 December 2007: None).

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

16. Investments Accounted for under the Equity Method

Joint ventures are accounted for by equity method in Group's consolidated financial statements (Note 4).

Carrying values, shares and summary financial statements information of investment in associate and joint venture are as follows:

	Share %	31 December 2008	Share %	31 December 2007
Investment in Associate				
Solvay Şişecam Holding AG	25,00	125.972.901	25,00	105.924.967
Joint Venture				
Oxyvit Kimya San. ve Tic. A.Ş.	44,00	5.956.965	44,00	5.359.123
		131.929.866		**111.284.090**

The summarized financial table of investment associate accounted for under the equity method is as follows:

Solvay Şişecam Holding AG (*)	**31 December 2008**	**31 December 2007**
Total assets	748.581.760	504.917.535
Total liabilities	(244.690.156)	(81.217.667)
Net assets	503.891.604	423.699.868
The Group's share in net assets	**125.972.901**	**105.924.967**

	1 January-31 December 2008	**1 January-31 December 2007**
Net sales	315.844.332	272.518.252
Net profit for the year	17.691.252	50.115.197
The Group's share in profit for the period	**4.422.813**	**12.352.873**
Negative goodwill (Note 31)	**-**	**2.466.050**

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

The summarized financial table of joint venture accounted for under the equity method is as follows:

Oxyvit Kimya San. ve Tic. A. Ş.	**31 December 2008**	**31 December 2007**
Total assets	17.666.728	16.457.804
Total liabilities	(4.128.171)	(4.277.978)
Net assets	**13.538.557**	**12.179.826**
The Group's share in net assets	**5.956.965**	**5.359.123**

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	1 January-31 December 2008	1 January-31 December 2007
Net sales	15.781.259	12.879.003
Net profit for the year	3.341.972	1.738.542
The Group's share in profit for the period	1.470.468	764.958

The amounts recorded as income for the investment associate and joint venture accounted for with equity method are as follows:

	1 January-31 December 2008	1 January-31 December 2007
Solvay Şişecam Holding AG	4.422.813	12.352.873
Oxyvit Kimya San. ve Tic. A. Ş.	1.470.468	764.958
Total	**5.893.281**	**13.117.831**

17. Investment Property

None.

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

18. Tangible Fixed Assets

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixture	Leasehold improvements	Construction in progress	Total
Opening balance, 1 January 2008	24.351.597	86.050.468	54.673.342	712.731.463	2.796.947	18.133.823	3.917.464	21.168.390	923.823.494
Effect of acquisition of subsidiary	2.650.225	495.349	6.031.835	12.602.826	1.414.207	7.403.686	-	73.405	30.671.533
Exchange differences	2.825.049	654.204	2.119.976	10.065.896	195.671	168.273	-	2.399.318	18.428.387
Additions	-	2.168.253	1.063.073	9.635.744	128.774	912.850	4.737	58.761.740	72.675.171
Disposals	(458.748)	-	(1.078.666)	(6.169.986)	(311.954)	(191)	-	-	(8.019.545)
Transfers from construction in progress	-	2.565.537	8.191.415	34.991.610	22.929	85.845	-	(45.857.336)	-
Closing balance, 31 December 2008	**29.368.123**	**91.933.811**	**71.000.975**	**773.857.553**	**4.246.574**	**26.704.286**	**3.922.201**	**36.545.517**	**1.037.579.040**
Accumulated depreciation									
Opening balance, 1 January 2008	-	(34.370.694)	(20.800.803)	(508.360.106)	(1.582.412)	(12.812.113)	(3.017.174)	-	(580.943.302)
Effect of acquisition of subsidiary	-	(486.985)	(4.156.327)	(12.822.695)	(1.370.059)	(7.291.639)	-	-	(26.127.705)
Exchange differences	-	(31.388)	(56.780)	(1.091.508)	(37.122)	(51.892)	-	-	(1.268.690)
Provision for impairment	-	-	-	(4.334.847)	-	-	-	-	(4.334.847)
Charge for the period	-	(2.299.204)	(1.760.333)	(31.983.274)	(445.734)	(1.362.792)	(240.378)	-	(38.091.715)
Disposals	-	-	843.169	5.350.192	309.598	74	-	-	6.503.033
Closing balance, 31 December 2008	**-**	**(37.188.271)**	**(25.931.074)**	**(553.242.238)**	**(3.125.729)**	**(21.518.362)**	**(3.257.552)**	**-**	**(644.263.226)**
Carrying value as of 31 December 2008	**29.368.123**	**54.745.540**	**45.069.901**	**220.615.315**	**1.120.845**	**5.185.924**	**664.649**	**36.545.517**	**393.315.814**

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

Cost	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Opening balance, 1 January 2007	25.026.062	76.125.092	50.973.907	683.394.872	2.510.294	16.915.321	3.526.597	7.465.425	865.937.570
Transfers	-	2.741.476	(2.741.468)	(408.066)	264.310	143.748	-	-	-
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	2.243.991	22.281.559	-	709.112	393.621	36.564.076	69.062.852
Disposals	-	-	(13.925)	(6.063.111)	(204.606)	(142.914)	(2.754)		(6.427.310)
Transfers from construction in progress	41.849	729.810	4.533.099	16.341.875	268.952	521.048	-	(22.765.446)	(328.813)
Closing balance, 31 December 2007	**24.351.597**	**86.050.468**	**54.673.342**	**712.731.463**	**2.796.947**	**18.133.823**	**3.917.464**	**21.168.390**	**923.823.494**
Accumulated depreciation									
Opening balance, 1 January 2007	-	(32.164.534)	(20.551.425)	(486.412.918)	(1.356.529)	(11.422.369)	(2.812.418)	-	(554.720.193)
Transfers	-	57.338	1.124.397	(1.163.419)	(10.563)	(7.753)	-	-	-
Exchange differences	-	2.557	4.376	89.397	3.091	2.093	-	-	101.514
Provision for impairment	-	-	(301.000)	-	-	-	-	-	(301.000)
Charge for the period	-	(2.266.055)	(1.077.944)	(26.598.667)	(420.953)	(1.490.117)	(204.756)	-	(32.058.492)
Disposals	-	-	793	5.725.501	202.542	106.033	-	-	6.034.869
Closing balance, 31 December 2007	**-**	**(34.370.694)**	**(20.800.803)**	**(508.360.106)**	**(1.582.412)**	**(12.812.113)**	**(3.017.174)**	**-**	**(580.943.302)**
Carrying value 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**	**21.168.390**	**342.880.192**

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

Expected useful lives for tangible fixed assets are as follows:

	Useful life
Land improvements	5 - 50 years
Buildings	10 - 50 years
Machinery and equipment	4 - 40 years
Vehicles	4 - 7 years
Furniture and fixtures	2 - 17 years
Leasehold improvements	5 years

The Company booked 4.334.847 TL provision for the slios in Mersin port due to impairment (31 December 2007: None). The related amount was recognized in the income statement (Note 31).

Depreciation expense of TL 35.107.400 (31 December 2007: TL 26.754.191) has been charged in cost of goods sold, TL 1.471.388 (31 December 2007: TL 3.094.516) in selling and marketing costs, TL 1.933.717 (31 December 2007: TL 2.362.263) in general administrative expenses and TL 190.591 (31 December 2007: TL 204.440) in research and development expenses.

19. Intangible Assets

Cost	**Rights**	**Other intangible assets**	**Total**
Opening balance, 1 January 2008	5.817.619	371.046	6.188.665
Effect of acquisition of subsidiary	207.393	-	207.393
Exchange differences	-	93.031	93.031
Additions	112.865	433.233	546.098
Closing balance, 31 December 2008	**6.137.877**	**897.310**	**7.035.187**
Accumulated amortization			
Opening balance, 1 January 2008	(4.614.806)	(13.009)	(4.627.815)
Effect of acquisition of subsidiary	(175.272)	-	(175.272)
Exchange differences	-	(2.938)	(2.938)
Charge for the period	(551.958)	(59.423)	(611.381)
Closing balance, 31 December 2008	**(5.342.036)**	**(75.370)**	**(5.417.406)**
Carrying value as of 31 December 2008	**795.841**	**821.940**	**1.617.781**

SODA SANAYİİ A.Ş. AND ITS SUBSIDIARIES
Notes to the Consolidated Financial Statements for the Year Ended 31 December 2008

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

Cost	Rights	Other intangible assets	Total
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 construction in progress	-	328.813	328.813
Closing balance, 31 December 2007	**5.817.619**	**371.046**	**6.188.665**
Accumulated amortization			
Opening balance, 1 January 2007	(4.267.461)	(3.621)	(4.271.082)
Exchange differences	-	185	185
Charge for the period	(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**

The following useful lives are used in the calculation of amortization:

	Useful life
Rights	3 - 50 years
Other intangible assets	5 - 50 years

20. Goodwill

None.

21. Government Grant and Incentives

In accordance with section 10 of the Corporate Tax Law No: 5220 research and development expenses related to technology and knowledge research and development recurring beginning from 2008 fiscal period are accounted as R&D reduction in the calculation of corporate tax base.

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

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

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

As per the Law No: 3218, companies authorized to operate in free zones are exempt from income and corporate tax provided that gains from these operations are limited with the license period, wages of employees working in these zones are exempt from income tax prior to 31 December 2008 and transactions related to these operations in free zones are exempt from all stamp taxes and duties prior to 31 December 2008. In addition, incomes of tax payers who are having operations in free zones are exempt from income and corporate tax until the end of the annual taxation period including the date of the full membership to the European Union.

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

22. Provisions, Contingent Assets and Liabilities

Provisions

Short-term provisions	31 December 2008	31 December 2007
Provision for cost expenses	71.501	177.826
Transportation price difference provision	994.076	-
Penalty provision	939.608	-
Legal case provisons	448.895	904.569
Provision for other debts and liabilities	1.028.842	676.866
	3.482.922	**1.759.261**

Group management allocated TL 939.608 provision for the penalty which is expected to be paid related to the disagreement with one of Asmaş's customers (31 December 2007: None).

The movement table of litigation provision is as follows:

	2008	2007
Provision at 1 January	904.569	1.230.551
Period charge	119.797	64.661
Payment	(351.696)	(344.386)
Agreed to a payment plan	(223.775)	-
Provisions released	-	(46.257)
Provision at 31 December	**448.895**	**904.569**

The Group management calculated the total expected amount paid for the lawsuits against the Group by obtaining the inputs from its legal advisors as TL 448.895 and booked provision for the amount (31 December 2007: TL 904.569).

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. The result of the lawsuit was against the Group and the Group is paying the penalty in accordance with a payment plan. 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 1st 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, and the lawsuit is still pending.

23. Commitments

The Company established a construction right over its 32.552 square meters real estate, on behalf of Camiş Elektrik Üretim A.Ş. for 30 years (31 December 2007: 28.010 square meters).

The Company is the guarantor of the loans amounting to EUR 6.785.714 and USD 24.614.614 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. The Company is the guarantor of one third of the loan amounting to EUR 200.000.000 borrowed by T.Şişe ve Cam Fabrikaları A.Ş and which has five years maturity with two and a half years non-payment period.

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

According to agreements made with Botaş Boru Hatları and Petrol Taşıma A.Ş., the Group has 110.000.000 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.

The Group has export commitment amounting to TL 9.872.294 (31 December 2007: TL 32.343.565).

The Company has TL 5.694.993 capital payment commitment for the involvement in Asmaş's capital increase.

The summary of contingent liabilities as of 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
Guarantee letters given	32.138.169	1.959.661
Other	6.470.739	3.580.104
	38.608.908	**5.539.765**

24. Employee Benefits

Short-term

	31 December 2008	31 December 2007
Due to personnel	604.796	778.277
Unused vacation provisions	917.553	370.487
	1.522.349	**1.148.764**

Retirement pay provisions

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

The amount payable consists of one month's salary limited to a maximum of TL 2.173,19 for each period of service as of 31 December 2008 (31 December 2007: TL 2.030,19).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2008, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5.40% and a discount rate of 12%, resulting in a real discount rate of approximately 6.26% (31 December 2007: 5.71%). The anticipated rate of forfeitures is considered. The maximum liability is revised semi annually and the provision has been calculated by using the maximum liability of 2.260,05 which is effective after 1 January 2009.

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

The movement of the employment termination benefits is as follows:

	2008	2007
Opening balance, 1 January	16.194.438	15.733.658
Effect of acquisition of subsidiary	586.066	-
Exchange differences	44.622	(14.378)
Service costs	2.680.877	1.599.980
Interest costs	902.971	898.391
Actuarial gain	(274.007)	-
Retirement payments made	(2.716.655)	(2.023.213)
Closing balance, 31 December	**17.418.312**	**16.194.438**

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

25. Pension Plans

None.

26. Other Assets and Liabilities

Other current assets	31 December 2008	31 December 2007
Prepaid expenses	305.450	302.016
VAT carried forward	4.813.632	88.288
Other VAT	10.057.657	4.478.088
Business advances	1.178	-
Order advances given	4.165.193	4.645.677
Prepaid taxes and dues	5.538	1.105.964
Other	4.488	1.307
	19.353.136	**10.621.340**

Other non-current assets	31 December 2008	31 December 2007
Prepaid expenses	511.030	558.145
Advances given	8.602.483	4.003.551
	9.113.513	**4.561.696**

26. Other Assets and Liabilities (Cont'd)

Other short-term liabilities	31 December 2008	31 December 2007
Taxes and dues payables	1.333.580	1.446.480
Social security premiums payable	1.087.867	1.092.516
Allowance for construction projects in loss (Note 15)	62.603	-
Progress payments of ongoing construction contracts (Note 15)	540.070	-
Other liabilities	170.770	1.210
Deferred revenue (*)	8.737.168	8.040.897
Other	7.474	140.576
	11.939.532	**10.721.679**

(*) The Group has deferred revenue amounting to TL 8.737.168 as of 31 December 2008 in accordance with IAS 18 (31 December 2007: TL 8.040.897).

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

Other long-term liabilities	31 December 2008	31 December 2007
Deferred revenue	20.648	20.711
	20.648	**20.711**

27. Equity

a) Capital / Treasury Shares

Shareholder Structure as of 31 December 2008 and 31 December 2007 is stated as below:

Shareholder	(%)	31 December 2008	(%)	31 December 2007
Türkiye Şişe ve Cam Fabrikaları A.Ş. (*)	70,77	148.247.405	70,68	142.363.651
Anadolu Cam Sanayii A.Ş.	14,24	29.836.490	14,24	28.688.933
Camiş Madencilik A.Ş.	0,04	79.988	0,04	76.911
Publicly held part	14,95	31.327.086	15,04	30.304.129
Nominal capital	100,00	209.490.969	100,00	201.433.624
Restated capital differences		1.489		1.489

(*) T. Şişe ve Cam Fabrikaları A.Ş. acquired 0,09% of The Company’s shares from publicly held part in 2008.

The total number of common stock shares of the Company in 2008 is 20.949.096.900 (2007: 20.143.362.400) with a par value of TL 0,01 per share (2007: TL 0,01 per share).

b) Valuation Funds

	31 December 2008	31 December 2007
Valuation fund on financial assets	(4.410.088)	(2.269.391)
	(4.410.088)	**(2.269.391)**

Valuation fund on financial assets

Valuation fund on financial assets arises from the measurement of available-for-sale financial assets at their fair value. In case of disposal of assets carried at fair value, the cumulative gain or loss related to that assets previously recognized in equity is included in the profit or loss for the period. Gains and losses arising from changes in fair value are recognized directly in equity, until the asset is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period (Note 7).

c) Restricted Reserves Appropriated from Profits

	31 December 2008	31 December 2007
Legal reserves	11.954.163	10.698.267
	11.954.163	**10.698.267**

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.

d) Retained Earnings / Accumulated Deficits

The Group's retained earnings amounting to TL 191.852.039 as of 31 December 2008 consists of differences of shareholders' equity amounting to TL 146.475.699, extraordinary reserves amounting to TL 52.892.536 and prior year's loss amounting to TL 7.516.196 (31 December 2007: TL 196.798.962, TL 146.190.608 differences of shareholders' equity, TL 46.274.513 extraordinary reserves and TL 4.333.841 TL prior years' profits).

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss offsetting.

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

- "Capital restatement differences" account, following the "Paid-in capital" line item in the financial statements, if such differences are arising from "Paid-in Capital" and not added to capital;

- "Retained earnings/ Accumulated loss", if such differences are arising from "Restricted profit reserves" and "Premium in excess of par" and has not been subjected to profit distribution or capital increase.

Other equity items are carried at the amounts that are valued based on the CMB's Financial Reporting Standards.

Capital restatement differences can only be included in capital.

Based on the CMB's decree issued on 9 January 2009, for listed companies, minimum profit distribution rate shall be applied as 20% for the year 2008 (31 December 2007: 20%). In accordance with this decree and CMB's Communiqué Volume: IV, No: 27 "Communique for the Principles of the Distribution of Dividends and Dividend Advances for Listed Companies Regulated by CMB", depending on the decision made in general shareholders' meeting, the profit distribution can be made either by giving bonus shares to shareholders which are issued either in cash or by adding dividend to capital or giving some amount of cash and some amount of bonus shares to shareholders. If the primary dividend amount determined is less than 5% of the paid-in capital, the Decree gives the option to not to distribute the related amount as to keep within the equity. However, for companies that have not made any dividend distributions in the prior period and therefore has classified their shares as "old shares" and "new shares" and those that will distribute dividends from the profit for the year obtained from their activities, primary dividend amount shall be distributed in cash.

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

In addition, the aforementioned decision prohibits the presentation of profit of companies which are required to prepare consolidated financial statements and subject to calculation of net distributable profit in the parent company's consolidated financial statements by including profits of their subsidiaries, joint ventures and affiliates in the consolidated profits but excluding these profits from the net distributable profit since profit distribution proposals has not been approved by their general assemblies and also forbids the disclosure of such amounts both in the notes to the financial statements and in a separate paragraph in the independent auditor's report. The decision also allows companies to compute their distributable profit amounts by considering the net profit for the period presented in the publicly disclosed financial statements prepared in accordance with the Communiqué Serial: XI, No: 29, if such distributable profits could be fully recovered from resources subject to profit distribution in the statutory records.

In this respect, if the dividend amount calculated based on the CMB's regulation on the minimum profit distribution requirements over the net distributable profit calculated based on the CMB's regulations is fully recovered from the distributable profits presented in the statutory records, the Company should distribute the full amount; if not, the Company will only distribute the net distributable profit presented in the statutory records.

e) Minority Interest

The movement of minority interest is as follows:

	2008	2007
Opening balance, 1 January	7.971.214	11.414.466
Exchange differences	1.740.782	(761.660)
Effect of acquisition of subsidiary	(450.226)	-
Change in consolidation structure	114.171	-
Capital increase of subsidiary	1.004.990	-
Minority interest on operating results of the period	(2.244.693)	(2.681.592)
Closing balance, 31 December	**8.136.238**	**7.971.214**

Minority share was increased by TL 450.226 on 1 January 2008 since the Company acquired Asmaş's shares from T.İş Bankası T. A. Ş. and this business combination was considered as a business combination of entities under common control (Note 3).

Minority share was also increased by TL 1.004.990 as a result of Asmaş's capital increase. As some of the minority did not participate in the capital increase, minority share increased by TL 114.171.

28. Sales and Cost of Sales

Sales	**1 January - 31 December 2008**	**1 January - 31 December 2007**
Domestic sales	322.109.603	234.310.965
Export sales	330.454.910	226.825.013
Other revenues	68.135	194.435
Sales returns	(186.986)	(75.935)
Sales discount	(5.104.325)	(4.638.964)
Other deductions from sales	(73.381)	(52.423)
	647.267.956	**456.563.091**

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

Cost of sales	1 January - 31 December 2008	1 January - 31 December 2007
Direct materials	(151.544.721)	(115.153.263)
Direct labor	(18.036.357)	(14.752.669)
Production overhead	(247.582.295)	(158.738.010)
Depreciation expenses	(35.107.400)	(26.754.191)
Change in work-in-process inventories	913.289	(45.888)
Change in finished goods inventories	13.497.176	1.673.466
Cost of goods sold	**(437.860.308)**	**(313.770.555)**
Cost of merchandise sold	(79.172.309)	(78.642.884)
	(517.032.617)	**(392.413.439)**

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

	1 January - 31 December 2008	1 January - 31 December 2007
Marketing, selling, and distributing expenses	(33.337.567)	(28.983.614)
General administrative expenses	(34.057.110)	(34.891.788)
Research and development expenses	(1.553.722)	(1.368.374)
	(68.948.399)	**(65.243.776)**

30. Expenses by Nature

	1 January - 31 December 2008	1 January - 31 December 2007
Direct materials	(3.067.391)	(1.819.129)
Personnel expenses	(24.824.912)	(23.261.201)
Miscellaneous expenses	(18.042.566)	(20.636.220)
Services rendered by third parties	(18.332.059)	(11.232.803)
Duties, taxes and levies	(1.085.775)	(2.633.204)
Depreciation and amortization expenses	(3.595.696)	(5.661.219)
	(68.948.399)	**(65.243.776)**

31. Other Operating Income / (Expenses)

Other operating income	1 January - 31 December 2008	1 January - 31 December 2007
Negative goodwill (Note 16)	-	2.466.050
Service income	1.718.230	6.281.386
Profit on sale of tangible fixed assets	1.330.293	91.237
Other ordinary income and profits	4.695.589	3.946.116
	7.744.112	**12.784.789**

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

Other operating expenses	1 January - 31 December 2008	1 January - 31 December 2007
Commission expenses	(5.331)	(6.804)
Subsidiary impairment provision	-	(655.448)
Impairment of property, plant and equipment provision (Note 18)	(4.334.847)	(301.000)
Other expense and losses	(1.829.212)	(1.136.502)
	(6.169.390)	**(2.099.754)**

32. Finance Income

	1 January - 31 December 2008	1 January - 31 December 2007
Dividend income	211.417	243.650
Interest income	2.873.147	2.230.344
Foreign exchange gains	38.888.216	4.123.138
Discount income	724.410	228.099
	42.697.190	**6.825.231**

33. Finance Expenses

	1 January - 31 December 2008	1 January - 31 December 2007
Interest expense	(12.162.337)	(7.669.389)
Exchange losses on loans	(26.108.119)	9.361.254
Discount expenses	(341)	(11.650)
Foreign exchange losses	(16.349.226)	(13.865.558)
	(54.620.023)	**(12.185.343)**

34. Assets Held for Sale and Discontinued Operations

None.

35. Tax Assets and Liabilities

Tax provision as of 31 December 2008 and 2007 are as follows:

	31 December 2008	31 December 2007
Current tax liability	(18.526.990)	(3.900.604)
Less: Advance taxes	12.676.107	3.900.604
Tax provision in the balance sheet	**(5.850.883)**	**-**

	1 January - 31 December 2008	1 January - 31 December 2007
Current tax liability	(18.526.990)	(3.900.604)
Deferred tax benefit / (charge)	5.475.368	(583.554)
Taxation in the statement of income	**(13.051.622)**	**(4.484.158)**

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

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

The effective rate of tax in 2008 is 20% (2007: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2008 is 20% (2007: 20%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 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 was 10% starting from 24 April 2003. This rate was changed to 15% by Article 15 in the Code numbered 5520 commencing from 21 June 2006. However, until the resolution of council of ministers, it was used as 10%. After the resolution declared in the Official Gazette on 23 July 2006, this rate has been changed to 15% effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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 that are directly related to production facilities of the company within the scope of the investment incentive certificate. Investments without investment incentive certificates do not qualify for tax allowance.

Investment incentive certificates are revoked commencing from 1 January 2006. If companies cannot use investment incentive due to inadequate profit, such outstanding investment incentive can be carried forward to the following years as of 31 December 2005 so as to be deducted from taxable income of the subsequent profitable years. Additionally, for investment incentives prior to 1 January 2006, the investment expenditures made after 1 January 2006, which are economically and technically related to the investments made in accordance with annulled Article 19 of Income Withholding Tax Law started before the afore-mentioned date, and expenditures made after 1 January 2006, which were related to the investment incentive certificates obtained prior to 24 April 2003 can be carried forward. However, companies can deduct carried forward outstanding allowance from the 2006, 2007 and 2008's taxable income. The investment incentive amount that cannot be deducted from the 2008's taxable income will not be carried forward to the 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 incentive carried forward, the effective tax rate will be 20% and the unused investment incentive will be forfeited.

Since the Group benefits from the investment incentive considering the consolidated subsidiaries as separate entities, the Group has applied 20% or 30% of corporate tax rate based on the separate entity basis in 2007. Corporate tax rate of 20% has been applied in 2008.

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

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.

Deferred Tax

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

Deferred tax assets and liabilities are calculated at %20 (2007: 20%).

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

	2008	**2007**
Deferred tax assets	(1.063)	-
Deferred tax liabilities	22.313.523	28.440.680
Deferred tax liabilities (net)	**22.312.460**	**28.440.680**

Deferred tax (assets) / liabilities	**1 January - 31 December 2008**	**1 January - 31 December 2007**
Restatement and depreciation / amortization differences of tangible and other intangible assets	25.156.042	30.306.534
Provision for employment termination benefits	(3.442.763)	(3.203.443)
Restatements of inventories	(224.914)	96.717
Impairment of available for sale financial asset	(154.039)	(154.039)
Deferred revenue	(38.178)	(271.720)
Foreign subsidiary dividend stoppage provision	579.451	1.763.601
Carry forward tax losses	(3.724.346)	-
Other	(615.635)	(96.970)
Deferred tax liabilities	**17.536.048**	**28.440.680**
Provision for deferred tax asset (*)	4.776.412	-
Deferred tax liability as of balance sheet date	**22.312.460**	**28.440.680**

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

The Company's subsidiary Asmaş has TL 18.621.732 carry forward tax loss as of balance sheet date (Since Asmaş was not consolidated as of 31 December 2007, there was no carry forward loss). Maturity of carry foward tax loss is as follows:

	31 December 2008	31 December 2007
2012	4.967.555	-
2013	13.654.177	-
	18.621.732	**-**

(*) The Company only accounted the portion of carry forward tax loss which nets off its deferred tax liability.

Movement of deferred tax liabilities	**2008**	**2007**
Opening balance, 1 January	28.440.680	28.011.165
Deferred income tax recognized in equity	-	(154.039)
Foreign currency exchange differences	(414)	-
Effect of consolidation adjustments	(652.438)	-
Deffered tax (income) / expense	(5.475.368)	583.554
Closing balance, 31 December	**22.312.460**	**28.440.680**

Reconciliation of taxation	**1 January - 31 December 2008**	**1 January - 31 December 2007**
Profit before taxation and minority interest	59.076.803	20.030.222
Effective tax rate	% 20	% 20
Expected taxation	**(11.815.361)**	**(4.006.044)**
Tax effects of		
- Non-deductible expenses	(338.591)	(91.316)
- Dividends and other non-taxable income	36.906	1.090.132
- Carry forward tax losses	(1.824.067)	(1.939.759)
- Foreign subsidiaries subject to different tax rates	588.675	244.919
- Effect of equity pick-up method	294.094	152.992
- Consolidation adjustments	6.722	64.918
Taxation in the statement of income	**(13.051.622)**	**(4.484.158)**

36. Earnings Per Share

Earnings per share	**31 December 2008**	**31 December 2007**
Average number of shares in circulation during the period (*)	20.949.096.900	20.949.096.900
Net profit for the period attributable to equity holders of the parent	46.025.181	15.546.064
Earning per 1 TL nominal share from continued operations	0,220	0,074

(*) Since the Company's capital was increased by "Bonus Shares" in 2008, the average number of shares used in earnings per share calculation was adjusted for the effect of "Bonus Shares" retrospectively.

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

37. Related Party Transactions

Since the transactions between the Company and its subsidiaries have been eliminated on consolidation, they are not disclosed in this note.

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

Deposits at T. İş Bankası A.Ş.	**31 December 2008**	**31 December 2007**
Demand deposit	2.958.281	5.595.837
Time deposit	9.905.526	6.374.062
	12.863.807	**11.969.899**
Loans received from related parties		
Loans used from İş Bankası	4.955.557	4.150.740
Loans used through Şişecam Dış Ticaret A.Ş.	58.287.903	-
Loans used through T.Şişe ve Cam Fabr.A.Ş	88.513.632	64.486.960
	151.757.092	**68.637.700**

Trade receivables from related parties	**31 December 2008**	**31 December 2007**
Şişecam Dış Ticaret A.Ş.	59.350.962	41.192.054
Trakya Glass Bulgaria EAD	1.417.039	456.964
Trakya Cam Yenişehir San. A.Ş.	943.118	576.402
Trakya Cam San. A.Ş.	693.953	1.190.449
Anadolu Cam San. A.Ş.	489.403	511.248
Anadolu Cam Yenişehir San. A.Ş.	456.244	310.944
Paşabahçe Eskişehir Cam San.ve Tic. A.Ş.	278.687	104.272
Paşabahçe Cam San. ve Tic. A.Ş.	240.831	298.625
Oxyvit Kimya San. ve Tic. A.Ş.	56.789	3.094
Denizli Cam San. ve Tic. A.Ş.	32.719	14.084
Cam Elyaf San. A.Ş.	11.815	4.942
Cromital S.p.A.	9.467	30.168
Sintan Kimya San. ve Tic.A.Ş.	5.761	-
T.Şişe ve Cam Fabr. A.Ş.	-	46.860
Total (Note 10)	**63.986.788**	**44.740.106**

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Other receivables from related parties	31 December 2008	31 December 2007
Trakya Cam San. A.Ş.	306.009	264.117
T.Şişe ve Cam Fabr. A.Ş.	18.248.847	-
Camiş Madencilik A.Ş.	171.166	430.726
Oxyvit Kimya San. ve Tic. A.Ş.	-	121.929
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	-	65.238
Anadolu Cam San. A.Ş.	79	303.098
Camser Madencilik A.Ş.	351.529	399
Madencilik San. Tic. A.Ş.	-	71
Denizli Cam San. ve Tic. A.Ş.	465	3.504
Camiş Ltd.	13.984	11.171
Anadolu Cam Yenişehir San. A.Ş.	108.405	254.871
Cam Elyaf San. A.Ş.	109.138	133.606
T.İş Bankası A.Ş.	10.832	-
Sintan Kimya San. ve Tic. A.Ş.	75.830	5.448
Paşabahçe Cam San. ve Tic. A.Ş.	-	165.991
Camiş Ambalaj San. A.Ş.	-	311
Trakya Cam Yenişehir A.Ş.	2.530	345.798
Camiş Elektrik Üretim A.Ş.	2.070.375	1.630.763
Total (Note 11)	**21.469.189**	**3.737.041**

Trade payables to related parties	31 December 2008	31 December 2007
T. Şişe ve Cam Fabr. A.Ş.	443.480	569.554
Solvay Sodi AD	-	2.376.500
Camiş Elektrik Üretim A.Ş.	14.296.884	10.428.644
Camiş Ambalaj San. A.Ş.	-	850
Total (Note 10)	**14.740.364**	**13.375.548**

Other payables to related parties	31 December 2007	31 December 2007
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	260.908	299.069
Oxyvit Kimya San. ve Tic. A.Ş.	4.690	-
İş Merkezleri Yönetim. ve İletişim A.Ş.	5.122	-
Paşabahçe Cam San. ve Tic. A.Ş.	65.563	-
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	5.248	-
Solvay Sodi AD	1.440.844	-
Çayırova Cam San. A.Ş.	102.586	32.125
Paşabahçe Mağazaları A.Ş.	9.813	8.299
Camiş Ambalaj San. A.Ş.	903	-
T.Şişe ve Cam Fabr. A.Ş.	31.130	7.534.738
Şişecam Dış Ticaret A.Ş.	1.543.640	1.122.468
Other	7.786	7.830
Total (Note 11)	**3.478.233**	**9.004.529**

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

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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 2008 was 1,80% (2007 December: 1,35%).

Sales to related parties	1 January - 31 December 2008	1 January - 31 December 2007
Trakya Cam San. A.Ş.	47.463.872	40.400.070
Paşabahçe Cam San. ve Tic. A.Ş.	13.100.289	9.748.264
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	6.945.299	4.045.349
Denizli Cam San. ve Tic. A.Ş.	405.109	310.128
T.Şişe ve Cam Fabr. A.Ş.	-	98.382.678
Cam Elyaf San. A.Ş.	195.430	155.614
Anadolu Cam San. A.Ş.	24.724.258	19.030.612
Trakya Cam Yenişehir A.Ş.	31.836.668	6.304.938
Anadolu Cam Yenişehir A.Ş.	15.931.723	7.592.897
Şişecam Dış Ticaret A.Ş.	264.730.585	109.609.627
Trakya Glass Bulgaria ead	20.591.976	13.951.214
Camiş Madencilik A.Ş.	237.552	-
Sintan Kimya San. Ve Tic. A.Ş.	10.508	-
Oxyvit Kimya San. ve Tic. A.Ş.	345.234	398.368
	426.518.503	**309.929.759**

Purchases from related parties	1 January - 31 December 2008	1 January - 31 December 2007
T.Şişe ve Cam Fabr. A.Ş.	-	9.193.311
Camiş Madencilik A.Ş.	85.329	917.493
Camiş Elektrik Üretim A.Ş.	117.852.745	100.610.647
Solvay Sodi AD	62.795.296	59.540.432
	180.733.370	**170.261.883**

Interest income from related parties	1 January - 31 December 2008	1 January - 31 December 2007
Trakya Cam San. A.Ş.	193.797	162.673
Trakya Cam Yenişehir A.Ş.	59.850	-
T. Şişe ve Cam Fabrikaları A.Ş.	426.139	-
Şişecam Dış Ticaret A.Ş.	-	28.835
Anadolu Cam San. A.Ş.	186.150	292.546
Anadolu Cam Yenişehir A.Ş.	69.935	-
Paşabahçe Cam San. ve Tic. A.Ş.	44.959	20.231
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	4.923	12.876
Cam Elyaf San. A.Ş.	63.367	119.282
Camiş Madencilik A.Ş.	55.677	144.626
Camiş Elektrik Üretim A.Ş.	74.553	168.393
T.İş Bankası A.Ş.	356.101	957.217
Other	49.837	41.675
	1.585.288	**1.948.354**

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Interest expenses to related parties	1 January - 31 December 2008	1 January - 31 December 2007
Şişecam Dış Ticaret A.Ş.	565.049	51.714
Anadolu Cam San. A.Ş.	-	87.018
Paşabahçe Cam San. ve Tic.A.Ş.	-	9.357
Çayırova Cam San. A.Ş.	-	6.313
Camiş Elektrik Üretim A.Ş.	294.333	778
Cam Elyaf San. A.Ş.	-	40.035
T.İş Bankası A.Ş.	1.719.899	493.190
T.Şişe ve Cam Fabr. A.Ş.	3.139.433	1.609.236
Türkiye Sınai Kalkınma Bankası A.Ş.	221.283	-
Trakya Cam San. A.Ş.	-	121.913
Other	32.632	612
	5.972.629	**2.420.166**

Dividend income from related parties	1 January - 31 December 2008	1 January - 31 December 2007
Cromital S.p.A	193.290	243.650
Nemtaş Nemrut Liman İşlt. A.Ş.	17.643	-
İş Merk.Yön ve İşlt. A.Ş.	484	-
	211.417	**243.650**

Commission expenses to related parties	1 January - 31 December 2008	1 January - 31 December 2007
T.Şişe ve Cam Fabr. A.Ş.	249.277	247.064
Şişecam Dış Ticaret A.Ş.	1.314.252	1.043.948
Trakya Cam San. A.Ş.	-	721.629
	1.563.529	**2.012.641**

Service fees paid to related parties	1 January - 31 December 2008	1 January - 31 December 2007
T.Şişe ve Cam Fabr. A.Ş.	5.036.061	4.171.380

Other income from related parties	1 January - 31 December 2008	1 January - 31 December 2007
Cam Elyaf San. A.Ş.	1.159.507	1.194.527
Camiş Madencilik A.Ş.	1.331.034	1.735.005
Camser Madencilik A.Ş.	300.060	-
Paşabahçe Cam San. ve Tic. A.Ş.	842.390	-
Trakya Cam San. A.Ş.	3.192.482	374.283
Trakya Cam Yenişehir A.Ş.	2.493.945	-
T.Şişe ve Cam Fabrikaları A.Ş.	102.080	-
Anadolu Cam Yenişehir A.Ş.	2.795.890	560.656
Camiş Elektrik Üretim A.Ş.	10.310.767	9.044.493
Anadolu Cam San. A.Ş.	2.274.092	-
Oxyvit Kimya San. Ve Tic. A.Ş.	1.834.023	1.026.598
Sintan Kimya San.ve Tic. A.Ş.	46.333	26.944
Cromital S.p.A.	9.467	502.365
Other	1.598	1.617
	26.693.668	**14.466.488**

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Other expenses to related parties	1 January - 31 December 2008	1 January - 31 December 2007
T.İş Bankası A.Ş.	142.698	211.583
İş Merkezleri Yön. ve İşl. A.Ş.	50.105	108.449
Şişecam Shanghai Trading Co.Ltd.	719.790	577.264
Çayırova Cam San. A.Ş.	452.084	247.243
Camiş Menkul Değerler A.Ş.	12.600	43.000
Oxyvit Kimya San. Ve Tic. A.Ş.	331.437	-
Anadolu Anonin Türk Sig. Şti.	40.765	-
Trakya Cam Yenişehir A.Ş.	191.284	-
Trakya Cam San. A.Ş.	6.500	-
T.Şişe ve Cam Fabrikaları A.Ş.	450.011	-
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	128.469	-
Other	43.957	20.699
	2.569.700	**1.208.238**

Compensation to key management personnel during the period is as follows:

Compensation to key management personnel	1 January - 31 December 2008	1 January - 31 December 2007
Parent company	1.358.924	1.264.913
Consolidated entities	309.966	65.584
	1.668.890	**1.330.497**

38. Nature and Level of Risks Derived from Financial Instruments

(a) Capital risk management

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

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

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

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

As of 31 December 2008 and 31 December 2007, the Group's net debt / total equity ratios are as follows:

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

	31 December 2008	31 December 2007
Total liabilities	368.427.166	223.811.457
Less: Cash and cash equivalents	30.459.266	25.687.984
Net debt	**337.967.900**	**198.123.473**
Total equity	495.600.607	430.076.431
Net debt / total equity ratio	**% 68**	**% 46**

The Group's general strategy is not different from previous periods.

(b) Financial Risk Factors

The Group's activities expose it to various financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

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

(b.1) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's management mitigates this risk through limitations on the contracts made with counterparties and obtaining sufficient collaterals where appropriate. The Group's credit risks mainly arise from its trade receivables. The Group manages this risk by the credit limits up to the guarantees received from customers. Use of credit limits is monitored by the Group by taking into consideration the customer's financial position, past experiences and other factors and customer's credibility is evaluated on a consistent basis. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 10).

Trade receivables consist of many customers operating in various industries and locations. Credit risk of the receivables from counterparties is evaluated periodically.

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Credit risks exposed through types of financial instruments	Receivables					
	Trade Receivables		Other Receivables			
31 December 2008	Related Parties	Third Parties	Related Parties	Third Parties	Cash and cash equivalents	Other
Maximum credit risk exposed as of balance sheet date (*) (A +B+C+D+E)	63.986.788	27.918.010	21.469.189	19.522.832	30.444.286	-
- The part of maximum risk under guarantee with collaterals, etc.	(31.143.575)	(6.722.965)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	55.664.164	16.509.310	21.469.189	19.522.832	30.444.286	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	5.264.757	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	7.673.450	6.143.943	-	-	-	-
- The part under guarantee with collaterals, etc.	(6.765.206)	(4.442.886)	-	-	-	-
D. Net book value of impaired assets	649.174	-	-	-	-	-
- Past due (gross carrying amount)	1.223.534	911.919	-	-	-	-
- Impairment (-)	(574.360)	(911.919)	-	-	-	-
- The part under guarantee with collaterals, etc.	(644.582)	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

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

Credit risks exposed through types of financial instruments:	Receivables					
	Trade Receivables		Other Receivables			
31 December 2007	Related Parties	Third Parties	Related Parties	Third Parties	Cash and cash equivalents	Other
Maximum credit risk exposed as of balance sheet date (*) (A +B+C+D+E)	44.740.106	19.803.105	3.737.041	1.161.460	25.651.921	-
- The part of maximum risk under guarantee with collaterals, etc.	(31.191.674)	(5.894.092)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	33.675.515	14.095.348	3.737.041	1.161.460	25.651.921	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	11.064.591	5.707.757	-	-	-	-
- The part under guarantee with collaterals, etc.	(7.150.863)	(4.668.914)	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	728.496	-	-	-	-
- Impairment (-)	-	(728.496)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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

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

Total of trade receivables not due as of 31 December 2008 is TL 77.438.231 (31 December 2007: TL 47.770.863).

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

	31 December 2008	31 December 2007
Promissory notes and bills	-	1.449.912
Letters of guarantee	5.777.442	6.215.850
Mortgages	200.000	520.500
	5.977.442	**8.186.262**

Trade receivables amounting to TL 13.817.393 which is past due was not considered as impaired and no provision has been booked (31 December 2007: TL 16.772.348 TL). The Group does not anticipate collection risk for the trade receivables up to 75 days overdue considering the dynamics and circumstances of the industry in which it operates. The Group renegotiates its trade receivables overdue more than 75 days by applying maturity difference and does not anticipate a collection risk since it holds guarantees such as mortgages, bails and guarantee notes. The current status of overdue trade receivables is a result of the characteristics of the industry and is similar to the prior period status.

Trade receivables amounting to TL 2.135.453 (31 December 2007: TL 728.496) was considered as doubtful receivable and after deducting total amount of collaterals received the Group has booked TL 1.486.279 (31 December 2007: TL 728.496) as doubtful receivable provision for the remaining receivable. The provisions on doubtful receivables have been estimated based on the experience from previous years considering the collection issues associated with these receivables. The group manages its credit risk by reducing the average counterparty limits and obtaining collaterals if needed. Credit risk is mostly related to trade receivables. The Group manages its credit risk for dealers by capping dealers' limit with the collaterals received. The utilization of credit limits is continuously monitored; and the customers' credit quality is monitored by evaluating customers' financial position, the experience from previous years and other factors. Trade receivables are evaluated by considering the Group policies and procedures and are presented on the balance sheet net of the doubtful receivable provision.

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

	Receivables	
31 December 2008	Trade Receivables	Other Receivables
One month due	9.658.473	-
Due within 1-3 months	3.581.980	-
Due within 3-12 months	576.940	-
Total over due receivables	**13.817.393**	**-**
The part under guarantee with collateral etc.	(11.208.092)	-

	Receivables	
31 December 2007	Trade Receivables	Other Receivables
One month due	15.140.938	-
Due within 1-3 months	1.452.198	-
Due within 3-12 months	179.212	-
Total over due receivables	**16.772.348**	**-**
The part under guarantee with collateral etc.	(11.819.777)	-

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

Collaterals for the trade receivables that past due but not impaired are as stated below:

	31 December 2008	31 December 2007
Guarantee letter	4.442.886	3.837.117
Commercial letter of credit	919.698	3.984.176
Eximbank export insurance	5.845.508	3.998.484
	11.208.092	**11.819.777**

(b.2) Liquidity risk management

The Group manages its 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 the financial assets and liabilities.

Liquidity risk tables

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

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

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

31 December 2008

Maturities in accordance with contracts	Carrying value	Total cash outflows in accordance with contracts (I+II+III+IV)	Not due (I)	Less than 3months (II)	3 - 12 months (III)	1-5 years (IV)	More than 5 years (V)
Non derivative financial liabilities							
Bank loans	231.048.746	259.478.123	-	57.139.036	39.731.035	138.308.800	24.299.252
Trade payables	42.258.415	42.778.780	-	42.078.446	700.334	-	-
Due to related parties (Note 37)	18.218.597	18.348.330	6.850.630	11.497.700	-	-	-
Other payables	14.353.239	14.353.239	1.633.355	6.721.123	5.998.761	-	-
Total liabilities	305.878.997	334.958.472	8.483.985	117.436.305	46.430.130	138.308.800	24.299.252

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

31 December 2007

Maturities in accordance with contracts	Carrying value	Total cash outflows in accordance with contracts (I+II+III+IV)	Not due (I)	Less than 3months (II)	3 - 12 months (III)	1-5 years (IV)	More than 5 years (V)
Non derivative financial liabilities							
Bank loans	116.954.440	135.781.211	-	21.083.361	23.411.405	62.830.766	28.455.679
Trade payables	23.705.983	23.944.360	-	23.944.360	-	-	-
Due to related parties (Note 37)	22.380.077	22.454.638	11.951.433	10.503.205	-	-	-
Other payables	2.485.424	2.485.424	2.485.424	-	-	-	-
Total liabilities	165.525.924	184.665.633	14.436.857	55.530.926	23.411.405	62.830.766	28.455.679

(b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks or the measurement methods used for such risks.

(b.3.1) Foreign currency risk management

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

Foreign Currency Position Table

	31 December 2008				31 December 2007			
	TL Equivalent	US Dollar	Euro	Other	TL Equivalent	US Dollar	Euro	Other
1. Trade receivables	67.979.298	23.094.920	15.152.804	613.727	48.287.331	25.765.214	10.601.588	147.750
2a. Monetary financial assets(cash and banks account included)	21.076.725	11.489.786	1.720.420	17.647	12.735.852	3.358.526	5.155.054	8.004
2b. Non monetary financial assets	-	-	-	-	-	-	-	-
3. Other receivables	19.282.510	46.706	8.973.871	614	38.015	25.180	5.080	-
4. Current assets(1+2+3)	**108.338.533**	**34.631.412**	**25.847.095**	**631.988**	**61.061.198**	**29.148.920**	**15.761.722**	**155.754**
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	125.972.901	-	58.843.844	-	105.924.967	-	61.937.181	-
6b. Non monetary financial assets	-	-	-	-	-	-	-	-
7. Other receivables	-	-	-	-	-	-	-	-
8. Non current assets (5+6+7)	**125.972.901**	**-**	**58.843.844**	**-**	**105.924.967**	**-**	**61.937.181**	**-**
9. Total assets (4+8)	**234.311.434**	**34.631.412**	**84.690.939**	**631.988**	**166.986.165**	**29.148.920**	**77.698.903**	**155.754**
10. Trade payables	3.364.006	437.466	1.253.456	19.028	1.870.064	653.579	644.316	6.931
11. Financial liabilities	28.570.211	9.074.811	6.727.560	444.014	36.104.940	7.380.773	16.084.993	-
12a. Other monetary liabilities	1.171.519	774.458	143	-	1.225.437	922.226	88.481	-
12b. Other non monetary liabilities	-	-	-	-	-	-	-	-
13. Short term liabilities (10+11+12)	**33.105.736**	**10.286.735**	**7.981.159**	**463.042**	**39.200.441**	**8.956.578**	**16.817.790**	**6.931**
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	85.007.012	43.243.143	9.160.317	-	31.204.894	16.114.714	7.271.714	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-	-	-	-	-
17. Long term liabilities (14+15+16)	**85.007.012**	**43.243.143**	**9.160.317**	**-**	**31.204.894**	**16.114.714**	**7.271.714**	**-**
18. Total liabilities (13+17)	**118.112.748**	**53.529.878**	**17.141.476**	**463.042**	**70.405.335**	**25.071.292**	**24.089.504**	**6.931**
19. Net assets of off balance sheet derivative items / (liability) position (19a - 19b)	-	-	-	-	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-	-	-	-	-
20. Net foreign assets / (liability) position(9-18+19)	116.198.686	(18.898.466)	67.549.463	168.946	96.580.830	4.077.628	53.609.399	148.823
21. Net foreign currency asset / (liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(96.916.176)	(18.945.172)	58.575.592	168.332	96.542.815	4.052.448	53.604.319	148.823
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-	-	-	-
23. Export	318.283.764	124.569.487	80.873.867	3.232.824	242.174.859	96.804.092	60.251.396	2.271.124
24. Import	176.067.223	64.066.254	48.990.431	4.716	111.614.647	24.221.062	42.070.383	381.310

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

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of the balance sheet date: USD Dollar 1 = TL 1,5123 and Euro 1 = TL 2,1408 (31 December 2007: USD Dollar 1 = TL 1,1647 and Euro 1 = TL 1,7102).

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

Foreign currency sensitivity

	31 December 2008			
	Profit / Loss		**Equity**	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of US Dollar against TL by 10%				
1 - US Dollars net assets / liabilities	(2.286.412)	2.286.412	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	(2.286.412)	2.286.412	**-**	**-**
Change of Euro against TL by 10%				
4 - Euro net varlık / yükümlülük	(1.490.959)	1.490.959	12.597.290	(12.597.290)
5 - Euro riskinden korunan kısım (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**(1.490.959)**	**1.490.959**	**12.597.290**	**(12.597.290)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets / liabilities	13.516	(13.516)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**13.516**	**(13.516)**	**-**	**-**
Total (3 + 6 + 9)	**(3.763.855)**	**3.763.855**	**12.597.290**	**(12.597.290)**

	31 December 2007			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Change of US Dollar against TL by 10%				
1 - US Dollars net assets / liabilities	379.937	(379.937)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	**379.937**	**(379.937)**	**-**	**-**
Change of Euro against TL by 10%				
4 - Euro net assets / liabilities	(1.139.374)	1.139.374	10.592.497	(10.592.497)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**(1.139.374)**	**1.139.374**	**10.592.497**	**(10.592.497)**
Change of other currencies against TL by 10%				
7 - Other currencies net assets / liabilities	11.906	(11.906)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**11.906**	**(11.906)**	**-**	**-**
Total (3 + 6 + 9)	**(747.531)**	**747.531**	**10.592.497**	**(10.592.497)**

(b.3.2) Interest rate risk management

The Group's exposure to interest rate risk is related to its financial liabilities. The Group's financial liabilities mostly consist of fixed rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the interest rates were increased / decreased by 1% with the assumption of keeping all other variables constant, the effect on net profit / loss for the period before taxation and minority interest would decrease / increase by TL 1.392.287 as of 31 December 2008 (31 December 2007: decrease / increase by TL 827.152).

Interest rate sensitivity

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

31 December 2008				
Financial assets	**Floating interest**	**Fixed interest**	**Non-interest bearing**	**Total**
Cash and cash equivalents	-	25.145.640	5.313.626	30.459.266
Available for sale financial assets	-	-	26.367.063	26.367.063
Held to maturity financial assets	-	1.535.551	-	1.535.551
Trade receivables	-	-	91.904.798	91.904.798
Other receivables	-	-	40.992.021	40.992.021
Financial liabilities				
Bank borrowings	183.853.025	47.195.721	-	231.048.746
Trade payables	-	-	56.998.779	56.998.779
Other payables	-	-	17.831.472	17.831.472

31 December 2007				
Financial assets	**Floating interest**	**Fixed interest**	**Non-interest bearing**	**Total**
Cash and cash equivalents	-	9.595.162	16.092.822	25.687.984
Available for sale financial assets	-	-	27.338.696	27.338.696
Held to maturity financial assets	-	1.189.398	-	1.189.398
Trade receivables	-	-	64.543.211	64.543.211
Other receivables	-	-	4.898.501	4.898.501
Financial liabilities				
Bank borrowings	-	6.001.553	110.952.887	116.954.440
Trade payables	-	-	37.081.531	37.081.531
Other payables	-	-	11.489.953	11.489.953

(b.3.3) Other price risks

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

Equity price sensitivity

Sensitivity analysis presented below is determined based on the equity share price risks as of the reporting date.

As of the reporting date, if the equity share prices were increased / decreased by 10% with the assumption of keeping all other variables constant:

- As of 31 December 2008, if equity share investments classified as available for sale assets would not be disposed of or as long as not impaired, net profit/loss would not be affected,
- Increases/decrease in the other equity funds would amount to TL 177.094 (2007: increase/decrease amounts to TL 391.164). This change is caused by the fair value change of equity share investments classified as available for sale.

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

39. Fair Value of Financial Instruments and Hedge Accounting

31 December 2008	Held to maturity	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	-	30.459.266	-	-	30.459.266	6
Financial assets	1.535.551	-	26.367.063	-	27.902.614	7
Trade receivables	-	91.904.798	-	-	91.904.798	10
Other receivables	-	40.992.021	-	-	40.992.021	11
Financial liabilities						
Financial liabilities	-	-	-	231.048.746	231.048.746	8
Trade payables	-	-	-	56.998.779	56.998.779	10
Other payables	-	-	-	17.831.472	17.831.472	11

31 December 2007	Held to maturity	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying value	Note
Financial assets						
Cash and cash equivalents	-	25.687.984	-	-	25.687.984	6
Financial assets	1.189.398	-	27.338.696	-	28.528.094	7
Trade receivable	-	64.543.211	-	-	64.543.211	10
Other receivable	-	4.898.501	-	-	4.898.501	11
Financial liabilities						
Financial liabilities	-	-	-	116.954.440	116.954.440	8
Trade payables	-	-	-	37.081.531	37.081.531	10
Other payables	-	-	-	11.489.953	11.489.953	11

The Company believes that the carrying values of its financial instruments reflect their fair values.

40. Events after the Balance Sheet Date

The Company paid third installment (25%) of its capital commitment to its subsidiary Asmaş in February 2009.

The Company management decided to rent its steam production facility to Camiş Elektrik Üretim A.Ş. which is the Company's main supplier of steam for TL 1.420.000 annually.

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

a)Restatement of Prior Period Financial Statements

Since the presentation or classification of the financial statements have been changed during the preparation of the consolidated financial statements in accordance with the Communiqué Serial: XI, No: 29, prior period's financial statements and footnotes are reclassified in order to maintain consistency and comparability. The following table summarizes the reclassifications made to the prior period's consolidated financial statements.

	As previously reported (*)	Reclassifications	As restated (**)
Current assets	**164.994.663**	**-**	**164.994.663**
Cash and cash equivalents	25.687.984	-	25.687.984
Trade receivables	19.830.040	44.713.171	64.543.211
Due from related parties	48.477.147	(48.477.147)	-
Other receivables	6.729.869	(1.909.671)	4.820.198
Receivables from finance sector operations	-	-	-
Inventory	63.967.607	(4.645.677)	59.321.930
Other current assets	302.016	10.319.324	10.621.340
Non-current assets	**488.893.225**	**-**	**488.893.225**
Trade receivables	78.303	-	78.303
Financial investments	139.812.184	(111.284.090)	28.528.094
Investments accounted for under equity method	-	111.284.090	111.284.090
Tangible fixed assets	346.883.743	(4.003.551)	342.880.192
Intangible assets	1.560.850	-	1.560.850
Other non-current assets	558.145	4.003.551	4.561.696
TOTAL ASSETS	**653.887.888**	**-**	**653.887.888**

(*) Prepared in accordance with the Capital Markets Board's announcement on 20 December 2004.
(**) Prepared in accordance with the Capital Markets Board's announcements on 17 April 2008 and 9 January 2009.

LIABILITIES	As previously reported (*)	Reclassifications	As restated (**)
Short-term liabilities	**106.905.935**	-	**106.905.935**
Financial liabilities	23.591.801	21.112.946	44.704.747
Current portion of long term liabilities (net)	21.112.946	(21.112.946)	-
Other financial liabilities	3.458.399	(3.458.399)	-
Trade payables	23.939.058	13.142.473	37.081.531
Due to related parties (net)	22.380.077	(22.380.077)	-
Other payables	1.808.783	9.681.170	11.489.953
Provisions	2.129.748	(370.487)	1.759.261
Provisions for employee termination benefits	-	1.148.764	1.148.764
Other short-term liabilities	8.485.123	2.236.556	10.721.679
Long-term liabilities	**116.905.522**	**-**	**116.905.522**
Financial liabilities	72.249.693	-	72.249.693
Provisions for employee termination benefits	16.194.438	-	16.194.438
Deferred tax liability	28.440.680	-	28.440.680
Other long-term liabilities	20.711	-	20.711
EQUITY	**430.076.431**	**-**	**430.076.431**
Total Equity Attributable To Equity Holders of the Parent	**422.105.217**	-	**422.105.217**
Share capital	201.433.624	-	201.433.624
Inflation adjustments to share capital	-	1.489	1.489
Valuation funds	(2.269.391)	-	(2.269.391)
Inflation adjustments to share capital	146.192.097	(146.192.097)	-
Currency translation reserve	(103.798)	-	(103.798)
Restricted reserves appropriated from profits	56.972.780	(46.274.513)	10.698.267
Retained earnings	4.333.841	192.465.121	196.798.962
Net profit / (loss) for the period	15.546.064	-	15.546.064
Minority Interest	**7.971.214**	**-**	**7.971.214**
TOTAL LIABILITIES AND EQUITY	**653.887.888**	-	**653.887.888**

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Restatements to the 1 January - 31 December 2007 statement of income:

Continued Operations	**As previously reported (*)**	**Reclassifications**	**As restated (**)**
Sales revenue	456.368.656	194.435	456.563.091
Cost of sales (-)	(392.413.439)	-	(392.413.439)
Other Operating Income / Interest + Dividend + Rent (net)	194.435	(194.435)	-
Gross Profit / (Loss)	**64.149.652**	-	**64.149.652**
Research and development expenses (-)	(1.368.374)	-	(1.368.374)
Marketing, sales and distribution expenses (-)	(28.983.614)	-	(28.983.614)
General administrative expenses (-)	(34.891.788)	-	(34.891.788)
Other operating income	26.146.270	(13.361.481)	12.784.789
Other operating expenses (-)	(2.099.754)	-	(2.099.754)
Operating Profit / (Loss)	**22.952.392**	(13.361.481)	**9.590.911**
Share in net profit / (loss) of investments accounted for under equity method)	-	13.117.831	13.117.831
Financial income	-	6.825.231	6.825.231
Financial expenses	(5.603.762)	(6.581.581)	(12.185.343)
Profit / (Loss) Before Taxation From Continued Operations	**17.348.630**	-	**17.348.630**
Tax benefit / (charge) from continued operations	(4.484.158)	-	(4.484.158)
Current tax benefit / (charge)	(3.900.604)	-	(3.900.604)
Deferred tax benefit / (charge)	(583.554)	-	(583.554)
Profit From Continued Operations	**12.864.472**	-	**12.864.472**
Net Profit	**12.864.472**	-	**12.864.472**
Attributable to			
Minority interest	(2.681.592)	-	(2.681.592)
Equity holders of the parent	**15.546.064**	**-**	**15.546.064**
Earnings per share (*)	0, 077		0, 074

(*) Note 36.

REPORT ON COMPLIANCE WITH PRINCIPLES OF GOOD CORPORATE GOVERNANCE

1. Statement of Compliance with Corporate Governance Principles

Pursuant to legal arrangements, provisions, and principles as laid down in Capital Markets Legislation, the Company's Articles of Association, and the Corporate Governance Principles as issued by the Capital Markets Board of Turkey; this statement describes, as summarized below, the commitments of Soda Sanayii Anonim Şirketi (Soda A.Ş.) as a going concern, in matters that pertain to setting the relations with shareholders and stakeholders, as well as defining the duties, powers, and responsibilities of the Board of Directors along with its subordinate Committees and individual managers.

Soda A.Ş., established in 1969 as a member of the Şişecam Group and a subsidiary of Türkiye İş Bankası, has operations in soda products and chromium chemicals sectors. Soda A.Ş. sells heavy and light soda and refined sodium bicarbonate, which in part it produces at its Soda Plant in Mersin and in part procures from Solvay Sodi in Bulgaria and from Şişecam Soda Lukavac d.o.o. in the Tuzla Canton of the Bosnia-Herzegovina, partly owned subsidiaries since 1997 and 2006, respectively. The Company also sells sodium silicate products that it manufactures. The Company is offering its products to a number of industrial sectors both at home and abroad, in particular, glass, textiles, detergents, chemicals, food, and fodder.

As one of the world's major producers of chromium chemicals, Soda A.Ş. sells sodium bichromate, basic chromium sulphate, chromic acid, sodium sulphur and sodium sulphate products, which it manufactures at its Kromsan Factory in Mersin and also procures from Cromital SpA in Italy, again, a partly owned subsidiary since 2005. The Company offers its products to key industrial sectors at home and abroad, including leather, impregnated wood, chemicals, and pulp and paper sectors.

In soda sector, Soda A.Ş. is among the world's top ten suppliers and one of the big five in Europe. The Company has a prominent place in chromium chemicals as well, as one of the world's major producers. As a requirement of such prominence, the Company has built its management concept on the principles of equality, transparency, accountability and responsibility. Perhaps a most convincing evidence of the Company's commitment to such a management concept is the fact that, with its volume of business, its accumulated expertise, and its highly competitive operations, Soda A.Ş., happens to be a leading producer in its areas of interest in Europe and the world as well.

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 31.12.2008, 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.tr
Ahmet Bayraktaroğlu	Fin. Affairs Mng.	0212 350 36 40	abayraktar@sisecam.com.tr
Bala Zaimoğlu	Fin. Resources Mng.	0212 350 35 94	bzaimoglu@sisecam.com.tr

3. Exercise of the Shareholders' Right to Information

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

During the period, there was not any written request for information; the requests for information made orally and by telephone concentrated in capital increases and profit distribution and were instantly answered by the company authorities. In addition, with the aim of extending the shareholders' right to information, a section of "Investor Relations" was created in the second half of 2004 in our company's website at the address www.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 2007 on 21 April 2008 with a quorum of 85.59 %. 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 Reports of the Board of Directors and the Board of Auditors as well as independent External Auditors, the balance-sheet, the income statement, and the Recommendation of the Board of Directors on Placement of the Net Profit funds would be made available for inspection by shareholders, at least 15 days prior to the general assembly meeting, at the company head office and also on company web site at address www.sodakrom.com;

- Our shareholders that would not be able to attend the Meeting personally would need to obtain sample forms of power of attorney from our Company Head Offices or Company web site at address www.sodakrom.com and arrange for presentation of completed forms of power of attorney bearing signatures as certified by notary public, having also fulfilled requirements as laid down in Capital Markets Board Communiqué Series IV No: 8,

- As regards our shareholders that have their shares deposited in investor accounts of Brokerage Houses at Central Registry Agency, Inc. (MKK); those shareholders that wish to attend the General Assembly meeting should move in accordance with provisions governing procedures for “General Assembly Blockage”, as laid down in MKK Business and Transactions Rules, which is accessible at MKK address http://www.mkk.com.tr/MkkComTr/assets/files/tr/yay/formlar/is_bilisim.pdf, and have themselves registered in the General Assembly Blockage list. It is legally not possible to attend the General Assembly Meeting for our Shareholders that fail to register as such in the “Assembly Blockage List” of MKK

- As stated in General Letter 294 of CRA, eligible investors may not attend General Assembly Meetings and exercise their shareholding rights unless they dematerialise their shares pursuant to Provisional Article 6 of Capital Markets Law. Any applications for attending the General Assembly meeting as filed by our shareholders shall be processed only after dematerialization of their shares. Our shareholders that physically hold their shares would need to apply to Camiş Menkul Değerler A.Ş., commissioned for carrying out dematerialisation transactions in behalf of our Company and thus have their shares dematerialised.

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. Announcements are also sent via mail to those of our shareholders that have addresses known to our Company. In addition, the general assembly hours are determined in view of traffic, transport and similar environmental factors, taking care to hold the general assembly meetings at hours when traffic is not intensive.

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

5. Voting Rights and Minority Rights

No privileges attach to the voting rights of the shareholders in our company, and there do not exist any companies among our shareholders with any relationship of reciprocal shareholding between them.
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 Governance Principles, a profit distribution policy has been adopted. Accordingly;

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 payment of dividends to Directors or employees through a founder's dividend right certificates.

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

"Communiqué on Principles for Public Disclosure of Special Circumstances" Series VIII No: 54 of SPK the Capital Markets Board, as published in Official Gazette No: 27133 of February 6th, 2009, has brought an obligation to Companies with shares quoted in the stock exchange to establish a disclosure policy for purposes of informing the public and announce such policy on the Company's web site for the benefit of the public.

As such, "Disclosure Policy" shall be created by May 1st, 2009, and it shall be announced to the public through of the Company's web site.

Employees in charge of communication and coordination in relation to the stock market shall be Mr. Cihan Sirmatel, the Group's Financial Affairs Manager; Mr. Bala Zaimoglu, the Financial Resources Manager; Mr. Ahmet Bayraktaroğlu, the Financial Affairs Manager; and Ms. Ayse Aruz, Chief of Managerial Accounting.

9. Special Situation Disclosures

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

10. Company's Website and its Content

A section of "Investor Relations" with the following content was created on the website of our company at www.sodakrom.com and it is kept up-to-date and made available in Turkish and English for use of shareholders and stakeholders.

- Corporate Governance 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,

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	Share Holding (TL)	Shareholding (%)
T.Şişe ve Cam Fabrikaları A.Ş.	148,247,405.17	70,77
Anadolu Cam Sanayi A.Ş.	29,836,490.37	14,24
Camiş Madencilik A.Ş.	79,987.57	0,04
Other	31,327,085.89	14,95
Total	**209,490,969.00**	**100,00**

12. Disclosure of Insiders

"Communiqué on Principles for Public Disclosure of Special Circumstances" Series VIII No: 54 of SPK the Capital Markets Board, as published in Official Gazette No: 27133 of February 6th, 2009, has brought an obligation to Companies with shares quoted in the stock exchange to prepare a list of persons that work for them and have regular access to inside information. As such, the "List of Persons that Have Access to Inside Information" shall have been prepared by May 1st, 2009.

SECTION III

STAKEHOLDERS

13. Informing the 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, procedures and principles have been established for recruitment and hiring; conditions of employment; grading systems, remuneration systems including fringe benefits; performance evaluation procedures, career management, and termination of employment contract as well. Our Human Resources unit is running the Company's relations with our employees without any problems.

Company management has 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 is continuing its work with great effort. 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 seven (7) members whose names are written below. Two of them are executive directors and others are not. There are no directors who meet the criteria of independence specified in the CMB (SPK) Corporate Governance Principles.

Name and Surname	Position
Tevfik Ateş KUT	President
Levent Korba	Vice President
Mehmet Nur Atukalp (*)	Member
Özgün Çınar (**)	Member
Mehmet Ali Kara (**)	Member
Candan Sevsevil Okay	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 members of board of directors of any duty or duties outside the company, no specific rules have been laid down for the assumption by members of board of directors of any duty or duties outside the company.

19. Qualifications of Members of Board 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 Governance Principles are not eligible for board of directors membership. Candidates for board membership are also required to possess minimum 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 five (5) 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

The Risk Management Section under the Department of Risk Management and Internal Controls at our Parent Company, which reports directly to the Board of Directors of the Parent Company, coordinates the Risk Management functions at our Company. The said Risk Management Section at our Parent Company aims at identifying, prioritising, and measuring real and potential risks that arise or may arise in the course of operations within our Group; taking measures for ameliorating such risks, and developing effective control mechanisms. In order to assure that an effective program of risk management is run at Group level, "Şisecam Group Risk Management Regulation" and "Risk Policies" have been put in force in 2007. Pursuant to the said Regulation and policy document, work has been going on for producing a Risk Catalogue, defining potential risks that arise at Group level, and the this work is now near completion.

Staff members from the above-referred Risk Management Section, of the Department of Risk Management and Internal Controls at our Parent Company, 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 they report their findings directly to Board of Directors of our Parent Company.

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 president 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. Operating 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, 38 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 Governance 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 these eight properties are reflected in our logo. In addition, rules for employees have been determined in the “Human Resources Systems Regulation” and made known to employees. The rules determined for employees may be summarized as follows: complying with all regulations, procedures, circulars and instructions issued and to be issued by the company; maintaining such behaviour as befits the reputation of the company in their private lives as well as in their relations with each other and with third persons; keeping confidential the information acquired by them in relation to company activities and developments, company policies, new investments, new projects, and personnel affairs, and the business secrets acquired by them in the course of their duties in relation to company’s customers, other firms or other private or legal entities; and not engaging in activities that would result in their being regarded as “Merchants” or “Tradesmen” or “Self-Employed Professionals”.

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

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

27. Financial Rights Granted to the Board of Directors

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

In our company’s Ordinary General Assembly meeting for 2007, which was held on **21** April 2008, 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.
2008 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 2008,

3. Examination, Discussion and Approval of the 2008 Balance-Sheet and Income Statement Accounts,

4. Acquittal of the Directors and the Auditors,

5. Adopting a Resolution Concerning the Distribution of the 2008 Profit and the Date of Such Distribution,

6. Approving appointment of a new member to Board of Directors to replace the member that left the Board during the year.

7. Election of the New Directors,

8. Election of the New Auditors,

9. Granting Permission to the Directors under Articles 334 and 335 of the Commercial Law,

10. Determining the Fees of the Directors,

11. Determining the Fees of the Auditors,

12. Providing the Shareholders with Information Concerning Donations Made During the Year.

Date: 22 April 2009 Time: 14:30

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

Not:

SODA SANAYİİ A.Ş.
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