

SODA SANAYİİ A.Ş.



2012 ANNUAL REPORT

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Important Developments in 2012

- 70.000 Tons/year capacity increase investment in Mersin Soda Factory has been completed and total capacity has been increased up to 1.250.000 tons/year.
- Total of approximately 2.000.000 tons of production capacity has been achieved in our Mersin and Bosnia facilities and in Solvay Sodi facility, our production partner in Bulgaria.
- In order to meet increasing demand in refined sodium bicarbonate product and to benefit from the emerging areas of use and market potentials, capacity increase investment has been initiated in Mersin Soda Factory.
- In Soda Product Group, the numbers of exporting countries and customers have been increased in all facilities and market penetration has been expanded in line with our market share increase strategy in target markets.
- Our Bosnia Factory, which maintains its successful works regarding increasing market diversity and sales channels, has become a regional power.
- In Chrome Product Group, our market share continues to increase in line with our marketing strategy that we apply in export markets that we have diversified.
- With our company in Italy, Cromital S.p.A., which was completely included within Soda Sanayii A.Ş. by the end of 2011, we have become an important actor in production and sales of chrome chemicals in Italy and Europe.
- Within the scope of capacity increase investment in Kromsan Factory, production has been increased after the completion of monochromatic and Sulfide Refinery Plant Extensions.

**Consolidated Financial Statement Summaries Prepared as per IFRS***

	2012		2011	
	TL	USD	TL	USD
Current Assets	548	308	522	276
Fixed Assets	879	493	703	372
Total Assets	1.428	801	1.225	648
Short-term Foreign Assets	322	181	266	141
Long-term Foreign Assets	108	60	160	85
Equities	998	560	798	422
Total Liabilities	1.428	801	1.225	648

Consolidated Financial Statement Summaries Prepared as per IFRS*

	2012		2011	
	TL	USD	TL	USD
Net Sales	1.182	660	872	522
Cost of Sales	(940)	(524)	(621)	(372)
Gross Profit	243	136	250	150
Operational Expenses	(106)	(59)	(87)	(52)
Income and Profits from Other Activities	11	6	10	6
Expenses and Losses from Other Activities	(8)	(4)	(3)	(2)
Operating Profit	140	78	170	102
Equity Method Effect	16	9	8	5
Financing Expenses	(14)	(8)	38	23
Pre-tax and Post-monetary Acquisition Profit/(Loss)	141	79	216	130
Monetary Acquisition	0	0	0	0
Minority Shares	(1)	(0)	1	0
Pre-tax and Post-monetary Acquisition Profit/(Loss)	140	78	217	130
Tax Provision as per Turkish Tax Legislation	(21)	(12)	(44)	(26)
Deferred Tax Provision as per IAS 12	12	7	12	7
Net Profit/(loss)	131	73	185	110
Earnings Before Interest and Tax (FVÖK)	140	78	170	102
Depreciations	69	39	54	32
Earnings Before Interest, Depreciation and Tax (FAVÖK)	209	117	224	134
Cash Obtained from Operational Activities	108	60	140	84
Net Financial Debts	44	25	42	22
Earnings per Share (earnings per share with 1 TL nominal value)	0,354		0,595	

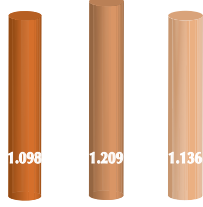
Financial Ratios

	2012	2011
Current Assets/Short-term Foreign Assets	1,70	1,96
Total Foreign Assets/Total Assets	0,30	0,35
Total Foreign Assets /(Equities)	0,43	0,53
Net Financial Liabilities/Total Assets	0,03	0,03
Gross Profit/ Net Sales	0,21	0,29
Operating Profit/ Net Sales	0,12	0,20
FVÖK/Net Sales	0,12	0,20
FAVÖK/ Net Sales	0,18	0,26
Net Financial Liabilities/ Equities	0,06	0,05

* The amounts are in Million TL and Million USD

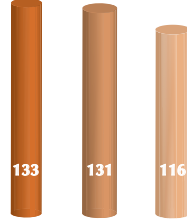
SODA FACTORY

Total Production (000 Ton)



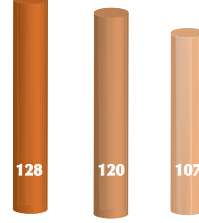
2012 2011 2010

Domestic Sales (mio Fob/\$)



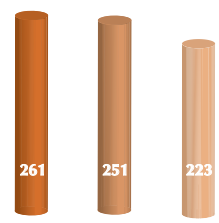
2012 2011 2010

Export (mio Fob/\$)



2012 2011 2010

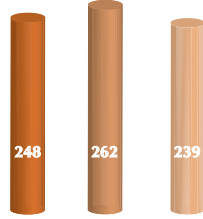
Total Sales (mio Fob/\$)



2012 2011 2010

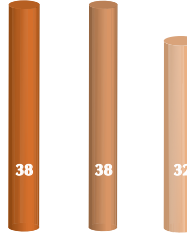
KROMSAN FACTORY

Total Production (000 Ton)



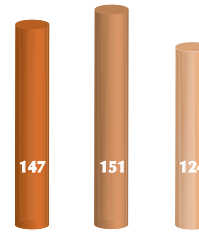
2012 2011 2010

Domestic Sales (mio Fob/\$)



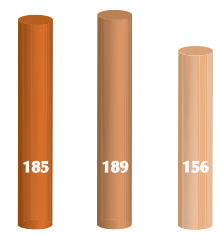
2012 2011 2010

Export (mio Fob/\$)



2012 2011 2010

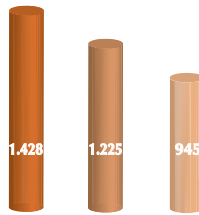
Total Sales (mio Fob/\$)



2012 2011 2010

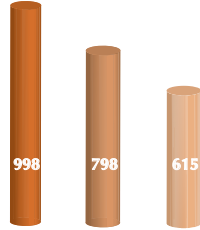
CONSOLIDATED

Total Assets (mio TL)



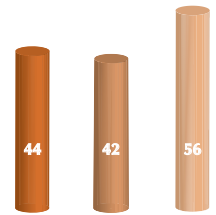
2012 2011 2010

Equities (mio TL)



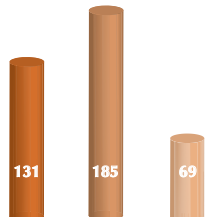
2012 2011 2010

Financial Liabilities (mio TL)



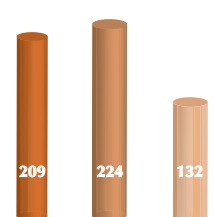
2012 2011 2010

Net Profit (mio TL)



2012 2011 2010

FAVÖK (mio TL)



2012 2011 2010

ADMINISTRATIVE BOARD

Sabahattin Günceler President



(61) Completed his education in Middle East Technical University in Department of Chemical Engineering in 1978 and started working for Azot Sanayii T.A.Ş. Günceler, who started to work for Şişecam in 1982, took charge in different administrative levels in research and production and became General Manager of Camiş Elektrik Üretim A.Ş. in 1997. As of February 2011, Günceler has been appointed as the President of Chemicals Group. Sabahattin Günceler, who takes charge in execution in accordance with the Corporate Management Principles of CMB, is not an independent member. Sabahattin Günceler took charge in Administrative Board of the Group Companies within last ten years and still the Board Chairman of Cam Elyaf Sanayii A.Ş., Camiş Madencilik A.Ş., Madencilik Sanayii ve Ticaret A.Ş., Oxyvit Kimya Sanayii ve Ticaret A.Ş., Dost Gaz Depolama A.Ş., Cromital S.p.A., Şişecam Shanghai Trading C.O. L.T.D., Camiş Elektrik Üretim A.Ş., Şişecam Soda Lukavac d.o.o., Asmaş Ağır Sanayi Makinaları A.Ş., Vice President of the Executive Board of Solvay Şişecam Holding A.G. and Board Member in Solvay Sodi A.D.

Soner Benli Vice President



(43) Soner Benli, who has completed his education in City University Business School Msc in Department of Banking and Finance, has started to work as Assistant Inspector in Directorate of Inspection Committee of T. İş Bankası A.Ş. in 29.07.1994. In 2002, he was appointed as Vice President of Risk Management Department of Türkiye İş Bankası A.Ş., and appointed as Group Manager in the same department in 2006. Soner Benli, who has been appointed as Unit Manager of Commercial Loan Allotment Department in 2007, has been appointed as the Manager of Credit Risk Management and Manager of Portfolio Monitoring Department in 2010. In 2012, he has been appointed as Unit Manager of Individual Loan Allotment Department and maintains this duty at present. Soner Benli, who does not take charge in execution in accordance with the Corporate Management Principles of CMB, is not an independent member. As from 2008, Soner Benli has been taking charge in Administrative and Supervisory Boards of Türkiye İş Bankası A.Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. affiliate companies.

Cihan Sirmatel Member



(54) He graduated from Marmara University Faculty of Commercial Sciences in 1980. Sirmatel, who completed his post-graduate degree in “Accounting Control Specialty” in Istanbul University Accounting Institute in 1 year, also received Pedagogical Formation in Ankara University Faculty of Education within a year. He started to work for Trakya Cam Sanayii A.Ş. of Türkiye Şişe ve Cam Fabrikaları A.Ş. in Lüleburgaz in 1980. Cihan Sirmatel, who became Şişecam Inspector in 1989, has performed various supervision and investigation works in Türkiye Şişe ve Cam Fabrikaları A.Ş. and its affiliated companies. In 1994, he has been appointed as Financial Resources Manager in Şişecam Chemicals Group. Cihan Sirmatel, who has been appointed as Group Financial Affairs Manager in 2002 and Group Financial Affairs Director in 2011 in the same group, still continues his duty as Financial Affairs Director of the Chemicals Group. Sirmatel, who has given “Financial Analysis Training” within the group for many years, has an unpublished work on Operation Budgets. Sirmatel, who is also an Independent Accountant and Financial Advisor, is a member of TURMOB, Turkish Internal Auditing Institute and Association of Turkish Accounting Specialists. Cihan Sirmatel, who takes charge in execution in accordance with the Corporate Management Principles of CMB, is not an independent member. Cihan Sirmatel has worked as Vice President of Administrative Board in Cam-Ser Madencilik A.Ş., and worked as Board Member in Camiş Lojistik Hizmetleri A.Ş. and Madencilik Sanayii ve Ticaret A.Ş., and still works as Vice President of Administrative Board in Madencilik Sanayii ve Ticaret A.Ş., as Board Member in Cam Elyaf Sanayii A.Ş., Camiş Madencilik A.Ş., Dost Gaz Depolama A.Ş., Camiş Elektrik Üretim A.Ş., Asmaş Ağır Sanayi Makinaları A.Ş. and Şişecam Soda Lukavac d.o.o. and as Supervisory Board Member in Anadolu Cam Sanayii A.Ş. and as from 24.05.2012, he has been working as Board Member of the Company and as the Corporate Administrative Board Member.



Zeynep Hansu Uçar

Member

(40) Uçar, who has completed her education in METU Faculty of Economics and Administrative Sciences Department of Business Administration, started to work as Assistant Investment Manager in 1994 in Türkiye İş Bankası A.Ş. Department of Participations. Uçar, who took charge in different management levels being responsible for various group companies in the same department, has been working as Unit Manager of Participations Department since 2007. Uçar has been working as Administrative Board and Supervisory Board Member since August 2, 2010 in Soda Sanayii A.Ş. Zeynep Hansu Uçar has been continuing her duty as Board Member in Camiș Yatırım Holding A.Ş. since 27.03.2012, as Member of Board of Directors in Kültür Yayınları İş-Türk Ltd. Şti since 22.07.2010, as Administrative and Supervisory Board Member in Anadolu Cam Sanayii A.Ş. since 02.08.2010, as Administrative Board Member in Anadolu Cam Yenışehir Sanayii A.Ş., Administrative Board Member in Trakya Polatlı Cam Sanayii A.Ş., and Trakya Yenışehir Cam Sanayii A.Ş., Vice President of Administrative Board Cam Elyaf Sanayii A.Ş., Administrative Board Member in Camiș Madencilik A.Ş. and Çayırova Cam Sanayii A.Ş., Paşabahçe Cam Sanayii ve Ticaret A.Ş., since 22.08.2010, as Administrative Board Member in Türkiye Şiše ve Cam Fabrikaları A.Ş., Administrative and Supervisory Board Member in Trakya Cam Sanayii A.Ş. since 15.04.2011, Administrative Board Member in Arap-Türk Bankası A.Ş. since 24.10.2011 and as Administrative Board Member in Anadolu Cam Eskişehir Sanayii A.Ş. since 22.11.2011. Zeynep Hansu Uçar, who does not take charge in execution in accordance with the Corporate Management Principles of CMB, is not an independent member. Since 2004, Uçar has been in charge as administrative and supervisory board member in different group companies of Türkiye İş Bankası A.Ş. and Türkiye Şiše ve Cam Fabrikaları A.Ş., as corporate administration committee member and early risk determination committee member in Anadolu Cam Sanayii A.Ş. and Trakya Cam Sanayii A.Ş. since 17.05.2012, as corporate administration committee member and early risk determination committee member in Soda Sanayii A.Ş. since 24.05.2012.



Prof Dr. Halil Ercüment Erdem

Independent Member*

(51) Prof. Dr. Halil Ercüment Erdem graduated from Dokuz Eylül University Faculty of Law in 1984, worked as research assistant in Dokuz Eylül University between 1984 and 1997 and then carried out Law and Professional French classes with Assistant Professor title and offered classes in graduate school and thesis consultancy. Between 1997 and 2011, he offered classes in Galatasaray University Faculty of Law as Assistant Professor and then as Professor of Commercial Law and took charge in management of various graduate and doctorate thesis. In 1998, he co-founded Erdem&Erdem Law Office and has been offering consultancy services to national and international clients in various branches of private law, and especially in Commercial Law. Along with this, he has been Administrative Board Member of CMACMG company since 2011. Prof. Dr. Halil Ercüment Erdem took his master's degree on Special Law in Social Sciences Institute of Ankara University, completed his doctoral degree in Fribourg University in Sweden and made research on American Law in Yale Law School, he became an Associate Professor in Commercial Law in 1997 and Professor in Commercial Law in 1003. Erdem, who is the Vice President of International Chamber of Commerce International Commercial Applications Commission, is also a member of Istanbul Bar Association. He has memberships in International Chamber of Commerce Council, in Advisory Board of Bank and Commercial Law Research Institute and other professional institutions. Prof. Dr. Halil Ercüment Erdem has 9 scientific books, 42 articles and 4 translation studies published on different dates. He has been continuing his duty as committee president responsible for supervision, as the president of corporate management committee, the president of early risk determination committee since 17.05.2012 in Anadolu Cam Sanayii A.Ş., as the committee member responsible for supervision, the president of corporate management committee and as the member of early risk determination committee since 24.05.2012 in Soda Sanayii A.Ş. In accordance with the Corporate Management Principles of CMB, Prof. Dr. Halil Ercüment Erdem is an independent member and he is not associated with Soda Sanayii A.Ş. and other affiliates whatsoever.



Üzeyir Baysal

Independent Member*

(51) He graduated from the Department of Economics – Finance in Ankara University Faculty of Political Sciences in 1984. He started to work as Deputy Controller in Banks Certified Controllers Board in 1985. He worked as Banks Certified Controller in the same Board between 1988 and 1996 and in he became the Chief Certified Controller in Banking Regulation and Supervision Agency in 1996. He retired from this job in 30.03.2012. He has been continuing his duty as Committee President Responsible for Supervision, President of Corporate Management Committee, President of Early Risk Determination Committee in Denizli Cam Sanayii ve Ticaret A.Ş. since 16.05.2012 and as Committee President Responsible for Supervision, Corporate Management Committee Member and President of Early Risk Determination Committee in Soda Sanayii A.Ş. since 24.05.2012. In accordance with the Corporate Management Principles of CMB, Üzeyir Baysal is an independent member and he is not associated with Soda Sanayii A.Ş. and other affiliates whatsoever.



* Committee Members Responsible for Supervision.

The Board Members have been assigned for the period between 24.05.2012 and 24.05.2015

and their authorities have been determined in the provisions of Turkish Trade Act and the Articles of Association.

The Administrative Board has met 22 times within the year and 19 of these meetings were fully attended and 3 of them were completed with the absence of 1 member.

SUPERVISORY BOARD

Supervisor	Haşim Yeşilköy	24.05.2012-24.05.2013
Supervisor	Erhan Karadağ	24.05.2012-31.12.2012

The authorities of Administrative and Supervisory Board Members have been determined in the provisions of Turkish Trade Act and the Articles of Association.

MANAGERS

Hidayet Özdemir	Vice President of Production
Tahsin Burhan Ergene	Vice President of Marketing and Sales
Cihan Sırmatel	Director of Financial Affairs
Kevser İnceler	Planning Director
İmran Eroğul	Human Resources Director
Mehmet Gürbüz	General Manager
İlham Güven	General Manager of Asmaş Ağır Makina Sanayii A.Ş.
Umut Barış Dönmez	General Manager of Şişecam Soda Lukavac
Yalçın Orhan	General Manager of Oxyvit Kimya San. A.Ş.



ADMINISTRATIVE BOARD REPORT

Dear Shareholders;

We kindly submit the inspected consolidated financial statements for your review and approval, which have been prepared in accordance with IAS/IFRS within the frame of the Communiqué of Capital Market Board Serial: XI No: 29, regarding the activities of Soda Sanayi A.Ş., which has completed its 44th activity year, between 01.01.2012 and 31.12.2012.

Our company is involved in the Chemicals Group of Türkiye Şişe ve Cam Fabrikaları A.Ş. Our company has shown ultimate attention to perform its duties and responsibilities that it undertakes in order to increase its contribution to the national economy in 2012 and successfully completed its 44th activity year despite of many national and international negativities.

Global and National Developments and Expectations for 2012 and 2013

A. Global Economy

Even though the negative conditions that became steep with the global crisis have turned into a relative and high growth in 2010-2011 period, in 2012, worse crisis conditions and downward trend in expectations dominated global economy.

First and foremost, the developed economies started to apply classical monetary and financial policies in order to revive economic activities; they pulled down the interests nearly to zero and tried to encourage production by pressurizing saving trends. Reviving expansion moves in monetary policies of EU and US Central Banks could not instigate the markets for a long time. Enlargement in monetary supply did not flow from financial areas to real sector, therefore, foreign currency and rate risks have increased in the countries, where excessive amount of money is positioned.

While consumer distrust has been increasing due to the delay in economic recovery in EU countries with high indebtedness, the demands have shrunk significantly in some sectors, including glass sector. American economy has grown 2.2% in 2012.

The developing countries have been affected more from the recession and demand shrinkage in developed countries comparing to the previous years. The countries, such as China and India, which are the impetus of the global growth, have completed the year with lower growth rates than expected due to the demand shrinkage in export markets. Chinese Central Bank has reduced interest rates for the first time since 2009; according to the official data, it has provided an opportunity for credit expansion of 1.2 trillion dollar in the first 11 months of the year. The central banks of the developing countries have reduced interest rates; thus, it





has been aimed to revive local and global demand.

Although the effects of the Arab Spring in the Middle East have been diminishing, the demand is still not at the desired level due to the negative conjuncture in Iran and Syria.

CIS market continues to develop rapidly with the influence of World Trade Organization membership of Russia. Latin America is estimated to grow only 0.5% in 2012.

High unemployment rates in US, Europe and Japan keeps pulling down the expectations despite of all expansionist policies and smoothing down investment, consumption and purchasing motives.

For 2013, it is anticipated that the national and regional optimizations will be on the foreground, and that the developed countries will emaciate their currencies and become more aggressive about supporting their economies in foreign trade arena and the currency wars are expected to increase.

Since the last quarter of 2012, the debt crisis of European countries remain out of the agenda, Euro continues to gain value in international markets and there are positive developments in industrial production in the first quarter of 2013, and these facts give positive signals in 2013 for Europe. However, the permanent solution is the labor reform that will increase productivity. The EU countries, which are under different circumstances, cannot apply a monetary policy that satisfies everyone due to currency union.

8% unemployment rate in the US is not fond satisfactory and it is believed that economy has not been fully revived yet.

It is anticipated that Chinese economy will show a stable growth comparing to 2012. It is suggested that China may be on the rise again in 2013 and this will partially be based on the revival of the domestic consumption. The policies of Japan, where the rate of its debts is 200% of the national income, cause anxiety amongst the economists for 2013. Latin America is expected to grow 4% in 2013. The tax reductions that will be applied in Brazil is expected to revive industrial production and accelerate the national economy, and to contribute the rapid growth of the region.

B. Turkish Economy

The main equation in production and consumption policies of Turkey in 2012 can be summarized as follows:

- Sustainably reducing the mechanism of paying off the chronic savings gap by using external sources (current deficit),
- Limiting credit expansion with a threshold, reducing the attraction of interest with a corridor application, increasing reserve ratios,



- Slowing down/reducing import and domestic consumption
- Reducing the damage that it creates on growth as much as possible by export growth;
- Since budget incomes are generally based on indirect taxes such as VAT and SCT, which live on domestic consumption and export growth, controlling the growth in budget deficit through taxing/pricing of public institutions.

Both the rehabilitation of public finance and the monetary policy of the central bank have approximated the inflation to 5%, which is the long-term goal. However, current accounts deficit, which is the main problem in 2012, has decreased dramatically comparing to the previous year. Together with gold, the reserves of Turkey have reached a historical level with 125 billion dollar. Turkey has almost reset its IMF debt, which became the insignia of 2001 crisis, and has guaranteed to contribute 5 billion dollars to the fund.

However, it is significant that the overall picture in real sector is not a pretty sight and the industrial production has slowed down in the last quarter and even shrunk in December 2012. In consideration of the aforementioned information, it is anticipated that Turkish economy did not show 3.2% of growth as it was forecasted in the Medium-Term Plan for 2012, but completed the year with 2-2.5% of growth. As it is in other countries, consumer trust has reached the bottom in the last quarter of the year. Thus, Turkish economy, which has grown rapidly in 2010 and 2011, has shown lower growth performance than expected along with the recession in domestic demand in 2012.

Even though the budget deficit has increased in 2012 comparing to 2011, the rate of budget deficit to the national income was 2% with the effect of strict financial policies in the last quarter of the year. While the taxes have been increased at the end of the year, non-interest expenses have been reduced at the same time. In addition, strict financial policies accelerated appreciation of TL.

One of the most significant developments for Turkish economy in 2012 is that Fitch has increased the credit note of Turkey from BB+ to BBB-, which is the investable level. As a result of this increase, the credibility and reliability of the government bonds have increased, the government was allowed to become indebted with lower costs and interests and our country become more attractive for foreign capital.

In 2013, TRCB has determined the goal of Turkish economy as 5% of growth, 5% of inflation and 5% of current deficit. European Bank for Reconstruction and Development (EBRD) forecasts that Turkey will continue to grow relatively in 2013 with the base effect, following the deceleration in 2012 and the growth rate in 2013 is expected to be 3.7%.

World Bank has anticipated 4% of growth in 2013 for Turkish economy in its latest report. According to the same report, Turkey has made a remarkable progress in terms of inflation. In summary, there are no inflationist risks anticipated for Turkish economy in 2013, however, it is anticipated that the potential danger is the recession in consumer demand. For the government, the most significant risk field for Turkey in 2013 is the beyond-control economic and financial fluctuations that may come from outside.

The most important factor that will definitely pave the way for





Turkey is a visionary behavior and the determination to perform the requirements of this behavior incrementally. In case it is strategically determined in which sectors the economy will deepen, the humane investments are supported, and all rehabilitations that consolidate the business environment in general, Turkey will be able to display more determined behavior. The business volume that is required for the vision, which has been determined as being one of the top ten economies of the world in 100th year of the Republic, is pretty high. However, as it is in the other countries, 2013 is anticipated to be a year, where the countries stay on hold.

Our Activities in 2012

Soda Sanayii A.Ş., which continues its growth with the investments in existing facilities in 2012, has increased its sales revenue with market diversity and penetration in target markets, despite of the shrinkage in European market and has achieved a successful performance in international sales.

In soda market, where a recovery has been observed in 2011, the growth has continued in 2012. However, due to the economic instabilities in the Europe and the political uncertainties in the Middle East, the recovery process has lost its speed in some regions. Even though the demand increases show regional differences, the soda sector has grown 2.5-3% globally in 2012.

Considering the regional demand, it can be seen that soda demand has increased above global average in India, Russia, Latin America, Africa and the Middle East, and it has been below the global average in Europe, China and North America.

When we take a look at the demand development of the sectors that Soda Sanayii A.Ş. offers service in 2012, the demand has remained active in developing countries in Flat Glass sector, and the consumer trends have positively affected the demand in Glass Package sector. However, the Flat Glass facilities that has closed down in the Europe has significantly decreased soda demand. Even though the demand for soda has decreased with the use of liquid detergents in Europe in detergent sector, the demand increase has continued in developing and densely-populated regions, such as the Middle East, China and India.

In domestic markets, there was a relative demand increase in 2012 in glass sector, which is the leading sector that uses soda, and this increase significantly resulted from the demand of Glass Package sector. In textile sector, where soda products are used as auxiliary raw materials, no growth has been achieved in 2012 due to the recession in EU countries.

The fact that local manufacturers in detergent sector have developed export in line with the increasing demand in surrounding markets especially through border trade has positively reflected on domestic soda consumption.

A successful activity year has been left behind as of 2012 in soda product group, the sales revenue and profitability has gone beyond expected values. Total sales revenue of soda products in 2012 has increased 15% comparing to the previous year.

As from 2012, the number of export countries and customers have been increased for the sales from each of our facilities, and market penetration has been expanded in line with our strategy of market share increase in target markets. Our Bosnia factory, which continues its successful operations for increasing market diversity and sales channels, has become a regional power.

Our Mersin and Bosnia facilities and Solvay Sodi facilities, our



production partner in Bulgaria, we have reached total of approximately 2 million tons of production capacity. In parallel with the geographical expansion strategies in markets, 63% of the total sales from these three facilities are international sales in our soda activities, which is the fourth major manufacturer in Europe and among top ten manufacturers in the world.

In line with our growth in soda vision in 2013, we are planning operations for growth with geographical expansion and new capacities. We are planning to optimize our product portfolio, which will serve for profitable growth, by increasing the volume of value added products. Along with market diversity, we also aim to increase our market share in target markets. We will focus on ensuring customer satisfaction with solution partner approach in order to fulfill our vision. With the increasing input prices and in this highly competitive environment, we will be focusing on effective cost management and the projects for increasing energy productivity. In the first half of 2012, there was a horizontal progress in the world in economic terms in the industries, where chrome chemicals are used as input and in associated sectors. The demand in chrome chemicals has consistently retained its current level until the end of the third quarter of the year. However, in the last quarter of the year, the shrinkage in Europe, especially in automotive and construction sectors, has negatively affected leather and metal coating sectors that we offer input. Nevertheless, chrome product group has shown a successful performance in 2012 and sales revenue and profitability targets have been outreached. Same as the previous year, 81% of the sales have been made in international markets. As in soda product group, the rapid growth in 2011 has left its place to a more deliberate progress in 2012.

Kromsan Krom Bileşikleri Fabrikası, which is one of the leading organizations of the world in terms of product quality, production technology and environmental standards, has become world's greatest Sodium Bichromate, Basic Chrome Sulfide producer and world's third greatest Chromic Acid producer with the investment started in 2011 and completed in 2012. With our company in Italy, Cromital S.p.A., which completely incorporated with Soda Sanayii A.Ş. at the end of 2011, we became one of the main actors in Italy and Europe in production and sales of chrome chemicals. Along with acquiring the control of the major part of the Italia BCS market with the group company Cromital S.p.A., we have also become a center that meets the liquid product needs of European market in other chrome chemicals.

As of 2012, the number of export countries and customers have been increased with the sales from all our facilities. In line with our marketing strategies that we apply in the export markets that we have diversified, our market share continues to increase each day.

Predicting an increase in demand especially in European market in 2012 and with the increasing importance of Chrome III products in metal coating industry, we have started to work on receiving our REACH registry for our Chrome Nitrate product.

Regarding Chrome Chemicals, the Group has participated All China Leather Fair / Shanghai – China; Shoes & Leather Exhibition / Guangzhou – China; FIMEC Leather Fair / Nova Hamburgo – Brazil in 2012.

Within the scope of Mersin, Kazanlı Beach Sea Turtle Protection Project that Soda Sanayii A.Ş. has been the main sponsor since 2007, we have supported the studies regarding the sea turtles, which are on the verge of extinction. With this project, our company has participated in ISO Environment Awards in Environment Management and Corporate Social Responsibility Category and ranked among the finalists and has received a plaque.

In line with our growth vision in chrome in 2013, we make plans to work for growing with geographical expansion and new capacities by benefiting from market potentials, and we aim to increase our sales revenue



by using the capacities in our current facilities optimally in parallel with the developments in market demand. We will continue to optimize our product portfolio, which will support our profitable growth, by increasing the number of value added products. We aim to increase penetration in recently diversified export markets, and especially in developing target markets. In order to achieve our vision, we will be focusing on providing customer satisfaction with solution partner approach, and all our marketing and sales activities will be maintained with customer-oriented approach.

Our Investments

70.000 ton/year capacity increase investment in Mersin Soda Factory has been completed and total capacity has been increased up to 1.250.000 ton/year. Most of the salt processing investments, which are required by the production increase, have been completed. Due to the increasing demand in Refined Sodium Bicarbonate product and in order to benefit from new usage areas and market potentials, the capacity increase investment of Mersin Soda Factory has been initiated.

Within the scope of Capacity Increase investment in Kromsan Factory, Monochromate and Sulfide Purification Plant Enlargements have been completed and production has been increased. In line with profitable growth target, and in order to increase our competitiveness, we continue our modernization investments to reinforce the performance of the facilities, to reduce energy costs and to increase productivity.

Dividend Rates Distributed within the Last Three Years

10% of cash dividend have been distributed for 2009, 7.5% cash dividend have been distributed for 2010; no dividends have been distributed for 2011.



Environment, Health, Safety, Quality

Soda Sanayii A.Ş. has maintained its management systems applications to manage all of its activities as to protect the environment, the employees, customers and surrounding environment.

In 2012;

- “Product Conformity Certificates” of our Soda and Chrome products have been renewed,
- We have successfully passed ISO 9001:2008 Quality Management System, ISO 22000 Food Safety Management System regarding our Refined Bicarbonate product and the interim investigations performed by TSE authorities for GMP+, Kocher and Helal Certificates.
- The certificate renewal investigations for ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System, which are applied as “Integrated Management System” have been successfully passed.
- Soda Sanayii A.Ş. Environmental License have been received.

Triple Responsibility works that has been conducted as a voluntary application in global chemistry industry have continued in 2012. Within this scope, the following activities have been performed as communication activities along with management systems applications;

- Plantation of 3000 trees,
- 11th traditional painting contest among primary school students with “Nature and Environment” theme,
- Visit requests from schools and non-governmental organizations,
- Sponsorship of Kazanlı İlkokulu Kaplumbağa Magazine,
- Kite fest for handicapped kids.

Along with these, we have supported Mersin International Music Festival as a sponsor, and Sea Turtle Population Research, Monitoring and Protection Project in Kazanlı Coast, which has been carried out under the supervision of T.R. Ministry of Forestry and Water Affairs, as the main sponsor.

Soda Sanayii A.Ş. will continue its activities with social responsibility conscious by placing importance on environmental and occupational health and safety applications without compromising quality.



REACH

Both for soda and chrome products, Soda Sanayii A.Ş. has substantially completed its product registries in 2010 in order to fulfill its obligations within the scope of REACH Regulations as a company that exports to EU, which is essential for the European Union. While the Licensing process for our Chromic Acid product, of which the License process has started within the scope of REACH in 2012, we have also started the registry process of our Chrome Nitrate product in the second half of the same year.

Our Human Resources Activities

As of the end of 2012;

There are 1706 employees in our companies, 700 of whom are monthly paid and 1006 of whom are hourly paid.

As it was in the previous years, the specified wages and social benefits our monthly and hourly paid personnel were paid on time. In addition;

Personnel selection and placement, charging and orientations,

Hourly Paid Performance Evaluation System applications and evaluation of the results,

Other Human Resources activities, such as determination of training requirements and training planning were also fulfilled.

Within the frame of our policies, Industrial Affairs activities were carried out.

The validity period of Collective Bargaining, which covers Soda and Kromsan Factories, and which has been signed with Petrol-İs Union, has expired on 31.12.2011. Since the Collective Bargaining negotiations for the period between 2012 and 2013 starting in 17.01.2012 have resulted in disagreement, there was a strike between May 18, 2012 and July 4, 2012, which has lasted for 48 days. Collective Bargaining that covers the period between 2012 and 2013 has been signed on 04.07.2012.

The negotiations for Collective Bargaining for 2013 in Şişecam Soda Lukavac d.o.o, which will expire in 31.12.2012, has started in December and the Collective Bargaining has been signed in 14.02.2012.

The validity period of the Collective Bargaining of Asmaş Agir Is Makinalari A.Ş. has ended on 31.08.2012 and following the authorization of Turkish Metal Union, Collective Bargaining negotiations for the period between 01.09.2012 and 31.08.2014 has begun with MESS – an employer union that we are a member of – in 09.01.2013.

Research and Development Activities

Our R&D activities are performed in line with the missions of cost efficient and environment friendly technologies used in existing processes in production of soda and chrome compounds, enrichment of product range with value added and innovative products, turning threads into opportunities with proactive projects and bringing the product and process development skills to the level, where it does not require fully outsourced “know-how”. Our projects benefit from TUBITAK-TEYDEB Industry R&D Project Support Program.

Soda Product Group:

In 2012, the different usage areas of sodium bicarbonate have been analyzed; feasibility works for the new products have been completed; laboratory experiments have been conducted for precipitated calcium carbonate production; soda process has been maintained to be transferred into model environment with simulation program; validation operations have been completed for use of solid waste in cement production; the research on increasing soda facility productivity has been maintained; the company has involved in Industrial Symbiosis project in Iskenderun Gulf, which has been conducted by Turkish Technology Development Foundation; pilot scale testing has been completed regarding the use of solid soda waste in cement and the research for drying the waste materials through solar method has been conducted.

In 2013, the projects regarding different uses of sodium bicarbonate will be conducted; pilot scale tests will be initiated for precipitated calcium carbonate production; simulation and productivity improver operations will be maintained; research will be made for the production of value added products.

Chrome Group:

In 2012, the operations for the use of our new tanning product on bovine leather have been maintained; the laboratory studies for the development of new trivalent chrome products have been conducted and the establishment of surface treatment technologies laboratory has been completed; the decomposition



of sodium monochromate from the cake obtained within the scope of developing a different sodium bichromate production process has been analyzed; the laboratory studies for the recycling of vanadium and chrome from sludge have been conducted; trials have been performed to increase chrome recycling.

In 2013, the research will be conducted to increase tanning productivity of our new tanning product; production methods of different chrome compounds will be researched; feasibility and basic engineering works will be conducted for a different sodium bichromate production process; feasibility and basic engineering works will be completed for vanadium acquisition from sludge and the research for chrome recycling will continue.

Information about our Consolidated Companies

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

The company was established in Tarsus Organized Industrial Zone in 1996. The field of activity of the company is production and marketing of Vitamin K₃ and derivatives. This product is a value added product, which is used as an additive in animal feeds, especially for winged animals. After starting to produce sodium metabisulphide in 2007, the company has added food additives and intermediate production for chemicals industry along with animal food additives. Oxyvit, which is one of a few producers in this sector and which has a remarkable place within global capacity, exports more than 90% of its production. Other major partner of Oxyvit is Italian-capitalized Cheminvest Türkiye Deri Kimyasalları Sanayii ve Ticaret A.Ş., which was established in Turkey. The share of Soda Sanayii A.Ş. in this company is 44%.

Şişecam Bulgaria Ltd.

Our company, of which the head office is located in Varna, merchandizes soda products in Bulgaria. 100% of the company belongs to Soda Sanayii A.Ş.

Solvay Şişecam Holding A.G.

The company, of which the head office is in Vienna, is a stock corporation, which was established in 1997 to participate in Solvay Sodi AD.

The share of Soda Sanayii A.Ş. within the capital of this company is 25% and the share of other major partner, Solvay Deutschland G.m.b.H is 75%.

Sisecam Soda Lukavac d.o.o.

The company was established in Tuzla Canton in Bosnia Herzegovina in 2006. Our share in this company is 89.30%. The remaining shares belong to another company that is affiliated to Tuzla Canton Government.



Asmaş Ağır Makine Sanayii A.Ş.

The company, which was established in Izmir in 1976, is one of the most significant producers in heavy machinery industry with its experienced technical personnel and certificates.

Asmaş is a service provider, which is preferred with its quality and timing precision in establishing a complete facility, manufacturing projects and technology, and to manufacture the equipment, which are used by many industrial sectors including soda sector

Iron-steel, cement, energy sectors and defense industry are the other significant sectors that Asmaş offers service. Soda Sanayii A.Ş. has included Asmaş among its affiliates in 2008 and the share of Soda Sanayii A.Ş. in this company is 84.98%.

Cromital S.p.A.

The company was established in Bergamo/Italy in 1992. Soda Sanayii A.Ş. has included Cromital among its affiliates by purchasing 50% of its shares in 2005 and purchased the remaining 50% from Cheminvest S.p.A in 2011 and now has 100% of its shares.

Cromital is a company, which manufactures Basic Chrome Sulfide, a base chemical that is used in leather industry, and which markets its products especially in Italy.

Dost Gaz Depolama A.Ş.

The company was established in Istanbul in 2010 and its field of activity is natural gas storage and trade. The share of Soda Sanayii A.Ş. in this company is 84.94%.

Other Considerations

For all transactions that our company carried out with our holding company and affiliates of our holding company in 2012 have been made in accordance with the provisions of the regulation regarding hidden income distribution through transfer pricing and due to the transactions explained in loyalty report, there were not any circumstances that might actualize damage equalization in 2012.

DISTRIBUTION OF CONSOLIDATED PROFIT IN 2012

In the meeting of our Company's Administrative Board in 07.03.2013;

It has been decided to discern our 131.022.198 TL of net consolidated accounting profit for 2012, which is specified in our 2012 consolidated account that has been prepared in accordance with "Communique on Principles Regarding Financial Reporting in Capital Market" Serial: XI No. 29 of Capital Market Board ("CMB"), as specified in the appendix in accordance with the 31st article of our Articles of Association and with the regulations CMB regarding profit distribution,

It has also been decided to submit this matter regarding profit distribution to the review and approval of the Ordinary General Assembly of Shareholders that will be held in 10.04.2013.



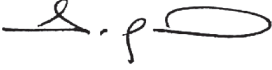
Profit Distribution Table of Soda Sanayii A.Ş. for 2012 (TL)

1.	Paid-in/Issued Capital		425.000.000,00
2.	Total Legal Reserve Funds (According to Legal Records)		34.372.613,52
	Information regarding benefits, if there are any benefits in profit distribution according to articles of association		
		According to CMB (Consolidated)	According to Legal Records (Solo)
3.	Period Profit	140.375.965,00	104.458.392,31
4.	Payable Taxes (-)	(9.353.767,00)	(18.923.164,28)
5.	Net Period Profit	131.022.198,00	85.535.228,03
6.	Losses from Previous Years (-)		
7.	Primary Legal Reserve (-)	(4.276.761,40)	(4.276.761,40)
8.	The Amount Taken for Special Fund As Per Article 5/1e of Corporate Tax Law	(278.217,39)	(278.217,39)
9.	NET DISTRIBUTABLE PERIOD PROFIT	126.467.219,21	80.980.249,24
10.	Donations within the year	189.390,00	
11.	Net Distributable Period Profit Plus Donations, where the Primary Dividend will be Calculated	126.656.609,21	
12.	Primary Dividend for the Partners		
	- Cash	32.000.000,00	
	- Free	32.000.000,00	
	- Total	64.000.000,00	
13.	Dividend Distributed to the Owners of Privileged Stocks		
14.	Dividend for the Board Members and Employees etc.		
15.	Dividend Distributed to the Owners of Dividend Shares		
16.	Secondary Dividend for the Partners		
17.	Secondary Legal Reserve	1.075.000,00	
18.	Statutory Reserves		
19.	Special Reserves		
20.	EXCESS RESERVE	61.392.219,21	15.905.249,24
21.	Other Resources to be Distributed		
	- Retained Earnings		
	- Excess Reserves		
	- Other Distributable Reserves as per the Law and the Articles of Association		
INFORMATION ABOUT THE DISTRIBUTED PROFIT SHARE RATE			
DIVIDEND INFORMATION PER SHARE			
	GROUP	TOTAL DIVIDENDS (TL)	DIVIDEND PER SHARE WITH 1 TL OF NOMINAL VALUE
			AMOUNT (TL) RATE (%)
GROSS	CASH	32.000.000,00	0,0753 7,53
	FREE	32.000.000,00	0,0753 7,53
	TOTAL	64.000.000,00	0,1506 15,06
NET	CASH (*)	27.200.000,00	0,0640 6,40
	FREE	32.000.000,00	0,0753 7,53
	TOTAL	59.200.000,00	
THE RATE OF DISTRIBUTED PROFIT SHARE TO THE NET DISTRIBUTABLE PERIOD PROFIT PLUS DONATIONS			
THE AMOUNT OF PROFIT SHARE DISTRIBUTED TO THE PARTNERS		THE RATE OF DISTRIBUTED PROFIT SHARE TO THE PARTNERS TO THE NET DISTRIBUTABLE PERIOD PROFIT PLUS DONATIONS (%)	
64.000.000,00		50,53	

(*) It has been calculated in accordance with the assumption that the cash part of the dividend payment will be subject to 15% stoppage.

We would like to thank all our partners, customers and the managers, officers and employees of our company, who made a great contribution for the abovementioned results that we submitted for your information in our report.

Best Regards,



On Behalf of the Administrative Board,

President

Sabahattin Günceler



SODA SANAYİİ A.Ş.
2012 SUPERVISORY BOARD REPORT
To the General Assembly of Soda Sanayii A.Ş.

Title: : Soda Sanayii A.Ş.
Registered Office: : Istanbul
Capital: : 425.000.000,- TL
Field of Activity: :To produce of sodium carbonate, sodium bicarbonate and other soda chemicals, bichromate, chromic acid, basic chrome sulfate and other chrome chemicals and all kinds of chemicals, to establish and participate in factories for the production of other materials and to manufacture heavy machinery.

Names and duty terms of the Supervisor or Supervisors, And whether they are partners Or personnel of the Company:

: Haşim Yeşilköy (24.05.2012-24.05.2013)
Erhan Karadağ (24.05.2012-31.12.2012)
The supervisors are not partners or personnel of the Company.

Number of participated Administrative Board meetings And Supervisory Board meetings:

: 8 Administrative Board meetings were attended,
4 Supervisory Board meetings were held.

Scope, review dates and results Of partnership accounts, books And documents:

:In the reviews that were made on company's books and documents in 15.02.2012, 19.07.2012, 19.10.2012 and 28.12.2012, it has been determined that the books are kept in accordance with the laws and general accounting principles.

The number and results of the Partnership fund performed in Accordance with the related Articles and provisions of Turkish Trade Act:

: In 2012, the treasury of the Company has been counted 4 times and the results were consistent with the records.

Dates and results of supervisions Performed in accordance with the Related articles and provisions of Turkish Trade Act:

:At the end of the reviews in 11.01.2012-17.02.2012-07.03.2012-20.04.2012-04.05.2012-13.06.2012-25.07.2012-06.08.2012-07.09.2012-22.10.2012-28.11.2012-19.12.2012 and 18.01.2013, it has been determined that all kinds of valuable papers, which were delivered by bailment through pledge, guarantee or Company's fund, were consistent with their enquiries and records.

Inherited complaints and malpractices And proceedings regarding these Actions:

: There were not any complaints or malpractices.

We have reviewed accounts and transactions of Soda Sanayii A.Ş. for the period between 01.01.2012 and 31.12.2012 in accordance with the articles of incorporation of the partnership and other legislations and generally accepted accounting principles and standards. In our opinion, enclosed balance statement drafted as from 31.12.2012 and the income statement for the period between 01.01.2012 and 31.12.2012 realistically reflects the financial condition of the partnership on the aforementioned date and the results of the activities, and profit distribution proposal is consistent with the laws and the articles of incorporation of the company.

We kindly submit the approval of the financial statement and income statement and the acquittal of the Administrative Board.

DENETÇİLER
Haşim Yeşilköy

**SODA SANAYİİ A.Ş.
CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDIT REPORT CONCERNING THE
PERIOD BETWEEN
JANUARY 1ST AND DECEMBER 31ST 2012**



SODA SANAYİİ A.Ş.



Başaran Nas Bağımsız Denetim ve
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BAĞIMSIZ DENETÇİ RAPORU

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

1. We have audited the accompanying consolidated balance sheet of Soda Sanayii A.Ş., its subsidiaries and its joint ventures (collectively referred to as the "Group") as of 31 December 2012, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards issued by the CMB. Those Standards requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Soda Sanayii A.Ş. as of 31 December 2012 and of its financial performance and its cash flows for the years then ended in accordance with the financial reporting standards accepted by the CMB (Note 2).

Emphasis of matter

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

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

Cihan HARMAN, SMMM
Partner

İstanbul, 6 March 2013

SODA SANAYİİ A.Ş.
Consolidated Balance Sheets As Of 31 December 2012 And 2011

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

ASSETS	Notes	31 December 2012	31 December 2011
Current Assets			
		548,493,598	521,846,318
Cash and cash equivalents	6	167,092,092	197,145,157
Trade receivables	10,37	207,950,333	169,506,594
-Due from related parties	37	125,121,022	106,416,189
-Other trade receivables	10	82,829,311	63,090,405
Other receivables	11,37	8,394,380	22,666,824
-Due from related parties	37	6,161,461	21,799,263
-Other receivables	11	2,232,919	867,561
Inventories	13	120,310,094	92,059,683
Other current assets	15,26	44,746,699	40,468,060
Non-Current Assets			
		879,073,053	702,947,349
Other receivables	11	6,328,902	106,668
Available for sale financial assets	7	30,084,097	29,130,519
Investments accounted for under equity method	16	148,114,155	138,406,268
Property, plant and equipment	18	664,381,645	517,170,177
Intangible assets	19	1,525,139	1,762,747
Goodwill	20	5,540,593	4,899,103
Deferred tax assets	35	2,792,721	414,028
Other non-current assets	26	20,305,801	11,057,839
TOTAL ASSETS		1,427,566,651	1,224,793,667

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

SODA SANAYİİ A.Ş.

Consolidated Balance Sheets As Of 31 December 2012 And 2011

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

LIABILITIES	Notes	31 December 2012	31 December 2011
Current Liabilities		322,185,975	266,355,529
Financial liabilities	8	88,311,793	62,583,747
Trade payables	10,37	149,897,119	88,213,109
-Due to related parties	37	34,879,855	33,963,614
-Other trade payables	10	115,017,264	54,249,495
Other payables	11,37	51,864,398	76,625,703
-Due to related parties	37	42,462,769	63,952,136
-Other payables	11	9,401,629	12,673,567
Corporate tax payable	35	2,848,374	8,319,573
Provisions	22	3,965,135	4,301,878
Provision for employee benefits	24	640,793	510,213
Other liabilities	26	24,658,363	25,801,306
Non-Current Liabilities		107,538,404	160,463,311
Financial liabilities	8	86,700,289	134,051,113
Other payables	11	150,231	382,609
Provision for employment termination benefits	24	20,687,884	19,373,100
Deferred tax liabilities	35	-	6,652,836
Other liabilities	26	-	3,653
TOTAL LIABILITIES		429,724,379	426,818,840
EQUITY	27	997,842,272	797,974,827
Total Equity Attributable to Equity Holders of the Parent		989,052,617	790,374,005
Share capital		425,000,000	254,100,000
Fair value reserve		2,430,622	1,524,724
Foreign currency translation reserve		47,023,755	54,129,004
Restricted reserves		34,372,614	24,818,317
Retained earnings		349,203,428	271,250,516
Net profit for the period		131,022,198	184,551,444
Non-controlling interest		8,789,655	7,600,822
TOTAL LIABILITIES AND EQUITY		1,427,566,651	1,224,793,667

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

**SODA SANAYİİ A.Ş.****Consolidated Statement Of Comprehensive Income For The Years Ended 31 December 2012 And 2011**

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

	Notes	1 January- 31 December 2012	1 January- 31 December 2011
Revenue	28	1,182,484,827	871,842,188
Cost of sales (-)	28	(939,579,547)	(621,415,741)
Gross Profit		242,905,280	250,426,447
Marketing, selling and distribution expenses (-)	29-30	(50,861,138)	(44,528,777)
General administrative expenses (-)	29-30	(53,063,373)	(40,665,678)
Research and development expenses (-)	29-30	(2,121,240)	(1,599,817)
Other operating income	31	10,815,172	9,896,955
Other operating expenses (-)	31	(7,639,713)	(3,132,277)
Operating Profit		140,034,988	170,396,853
Share in net profit of investments accounted for under equity method	16	15,605,454	7,562,303
Financial income	32	39,453,356	99,285,730
Financial expenses (-)	33	(53,832,371)	(60,819,942)
Profit Before Taxation		141,261,427	216,424,944
Tax charge		(9,353,767)	(32,471,577)
Current tax charge	35	(21,259,125)	(44,063,387)
Deferred tax income	35	11,905,358	11,591,810
Net Profit for the Period		131,907,660	183,953,367
Attributable to:			
Non-controlling interest	27	885,462	(598,077)
Equity holders of the parent		131,022,198	184,551,444
		131,907,660	183,953,367
Earnings Per Share	36	0.354	0.595
	Notes	1 January- 31 December 2012	1 January- 31 December 2011
Net profit for the period		131,907,660	183,953,367
Other Comprehensive Income			
Change in values of available-for-sales financial assets	7	953,578	(12,445,233)
Change in currency translation reserves		(7,347,797)	29,471,346
Tax charge relating to fair values of available-for-sale financial assets	35	(47,680)	622,262
Other Comprehensive Income After Tax		(6,441,899)	17,648,375
Total Comprehensive Income		125,465,761	201,601,742
Attributable to:			
Non-controlling interest		642,914	765,428
Equity holders of the parent		124,822,847	200,836,314
		125,465,761	201,601,742
Earnings Per Share	36	0.338	0.647

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



SODA SANAYİİ A.Ş.

Consolidated Statements Of Change In Equity For The Years Ended 31 December 2012 And 2011

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

	Share Capital	Financial assets fair value reserves	Currency Translation Reserve	Restricted Reserves	Retained Earnings	Net Profit for the Period	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interest	Total
Balance as of 1 January 2011	254,100,000	13,347,695	26,069,093	19,509,257	227,454,563	69,474,703	609,955,311	5,467,744	615,423,055
Transfers to restricted reserves	-	-	-	5,309,060	45,108,143	(50,417,203)	-	-	-
Dividend distributed	-	-	-	-	-	(19,957,500)	(19,957,500)	-	(19,957,500)
Acquisition of non controlling interest	-	-	(47,930)	-	(1,312,190)	-	(1,360,120)	1,360,120	-
Share capital increase in subsidiary	-	-	-	-	-	-	-	7,530	7,530
Total comprehensive income	-	(11,822,971)	28,107,841	-	-	184,551,444	200,836,314	765,428	201,601,742
Balance as of 31 December 2011	254,100,000	1,524,724	54,129,004	24,818,317	271,250,516	184,551,444	790,374,005	7,600,822	797,974,827
Balance as of 1 January 2012	254,100,000	1,524,724	54,129,004	24,818,317	271,250,516	184,551,444	790,374,005	7,600,822	797,974,827
Transfers to restricted reserves	-	-	-	9,554,297	174,997,147	(184,551,444)	-	-	-
Shares issued for transaction under common control	114,696,022	-	-	-	(40,294,338)	-	74,401,684	-	74,401,684
Share capital increase	56,203,978	-	-	-	(56,203,978)	-	-	-	-
Acquisition of non controlling interest	-	-	-	-	(545,919)	-	(545,919)	545,919	-
Total comprehensive income	-	905,898	(7,105,249)	-	-	131,022,198	124,822,847	642,914	125,465,761
Balance as of 31 December 2012	425,000,000	2,430,622	47,023,755	34,372,614	349,203,428	131,022,198	989,052,617	8,789,655	997,842,272

Detailed information on changes in equity have been disclosed in Note 27.

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



SODA SANAYİİ A.Ş.

Consolidated Statements Of Cash Flows For The Years Ended 31 December 2012 And 2011

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

	Notes	1 January- 31 December 2012	1 January- 31 December 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period		131,907,660	183,953,367
Adjustments to reconcile net profit to net cash provided by operating activities		77,973,743	58,256,034
-Depreciation	18	68,427,414	53,277,484
-Amortisation	19	704,249	650,962
-Gain on sales of property, plant and equipment and intangibles	31	-	(1,580,480)
-Foreign currency differences related to financial liabilities	32-33	9,858,896	(34,027,988)
-Interest expense and foreign currency differences related with financial liabilities	32-33	8,961,297	23,741,019
-Provision for employment termination benefits	24	5,882,650	3,101,838
-Other provisions	10-11-22	(1,422,858)	1,584,363
-Interest income	32	(6,649,635)	(8,415,882)
-Effect of business combinations achieved in stages		-	(4,954,564)
-Dividend income	32	(1,536,583)	(29,992)
-Income from investments accounted for under equity method	16	(15,605,454)	(7,562,303)
-Tax charge	35	9,353,767	32,471,577
Operating cash flows provided before changes in working capital		209,881,403	242,209,401
-Trade receivables	10	(18,299,711)	(19,334,402)
-Inventories	13	(25,177,194)	(21,364,707)
-Due from related parties	37	(26,419,221)	(23,931,564)
-Other receivables and current assets	11-26	(2,546,444)	(27,712,268)
-Trade payables	10	55,139,382	22,348,614
-Due to related parties	37	(36,557,684)	7,585,147
-Other payables and expense accruals	11-22-24-26	(3,529,250)	16,019,378
Cash generated from operations		152,491,281	195,819,599
-Interest paid	33	(13,563,914)	(10,351,025)
-Taxes paid	26-35	(26,777,141)	(42,851,562)
-Employment termination benefits paid	24	(4,530,008)	(3,011,133)
Cash generated from operating activities		107,620,218	139,605,879
CASH FLOWS FROM INVESTING ACTIVITIES			
-Disposal of joint ventures		3,826,926	-
-Impact of transactions with non-controlling interest	3	(795,808)	958,783
-Dividend income from investments accounted for under equity method	16	3,560,473	14,209,886
-Purchases of property, plant and equipment	18	(90,187,375)	(119,057,331)
-Purchases of intangibles	19	(469,312)	(24,990)
-Proceeds from sales of property, plant and equipment and intangibles	18-19	1,185,798	2,104,914
-Dividends received from available-for-sale financial assets	32	1,536,583	-
-Interest received		6,915,444	7,973,202
-Change in currency translation reserve		(1,419,908)	(22,618)
Net cash used in investing activities		(75,847,179)	(93,858,154)
CASH FLOW FROM FINANCING ACTIVITIES			
-Proceeds from bank borrowings		59,788,689	28,116,305
-Repayment of bank borrowings		(105,629,975)	(58,578,842)
-Dividends paid		-	(19,057,500)
-Change in other receivables and other payables due from / due to related parties	11	(5,851,565)	27,136,095
-Non-controlling interests' participation in capital increase of a subsidiary	27	-	7,530
Net cash used in financing activities		(51,692,851)	(22,376,412)
Effects of foreign exchange rate changes on cash and cash equivalents	32-33	(9,858,896)	34,027,988
Net change in cash and cash equivalents		(29,778,708)	57,399,301
Cash and cash equivalents at the beginning of the period	6	196,674,622	139,275,321
Cash and cash equivalents at the end of the period	6	166,895,914	196,674,622

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

SODA SANAYİİ A.Ş.

Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

1. Organisation and Nature of Operations

Soda Sanayii Group (the “Group”) comprises Soda Sanayii A.Ş. (the “Company”) as the parent company and its subsidiaries, joint ventures and associates (5 subsidiaries, 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, basic chromium sulphate, chromic acid and derivatives of soda and other products derived from soda, and importing and exporting the production of these products and construction of industrial machinery, generating electricity, and selling the generated electricity.

The Company was founded in 19 October 1969 and is registered in Istanbul/ Turkey according to Turkish Commercial Code. The Company has been quoted in the Istanbul Stock Exchange Market since 2000. The Group’s immediate and ultimate parent companies are T. Şişe ve Cam Fabrikaları A.Ş. and Türkiye İş Bankası A.Ş., respectively.

The Head Office and the Shareholding Structure of the Company

The shareholding structure of the Company is presented in Note 27.

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Trade Register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu

Registry no : 495852/443434

Average number of personnel

	31 December 2012	31 December 2011
White-collar	700	710
Blue-collar	1.006	1.059
Total	1.706	1.769

Approval of Consolidated Financial Statements:

The consolidated financial statements have been approved and authorized for issue on 6 March 2013 by the Board of Directors

SODA SANAYİİ A.Ş.
Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

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	Proportion of Ownership	
			31 December 2012	31 December 2011
Subsidiaries				
Şişecam Soda Lukavac D.o.o.	Soda manufacturing	Bosnia Herzegovina	89,30	88,37
Asmaş Ağır San. Mak. A.Ş.	Construction of heavy machinery	Turkey	84,98	84,98
Şişecam Bulgaria Ltd.	Trading of soda products	Bulgaria	100,00	100,00
Dost Gaz Depolama A.Ş.	Natural gas storage	Turkey	84,94	84,94
Cromital S.p.A.	Chrome derivatives	Italy	100,00	100,00
Joint Ventures				
Sintan Kimya San.ve Tic.A.Ş.(*)	Chemical Products	Turkey	-	48,92
Oxyvit Kimya San. ve Tic. A.Ş.	Vitamin K-3 and its derivatives	Turkey	44,00	44,00
Associates				
Solvay Şişecam Holding A.G	Investing	Austria	25,00	25,00

(*) Sintan Kimya San. ve Tic. A.Ş was sold on 19 April 2012 (Note 16)

Since the direct ownership rates are the same, only a single rate of ownership is presented as effective ownership rates in the above table.

2. Basis of Presentation of Consolidated Financial Statements
2.1 Basis of Presentation
Financial Reporting Standards Applied

The CMB regulates the principles and procedures of preparation, presentation and announcement of financial statements prepared by entities through the “Communique No: XI-29, “Principles of Financial Reporting in Capital Markets” (the “Communique”). This Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes the Communiqué No: XI-25, “The Financial Reporting Standards in the Capital Markets”. According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards (“IAS/IFRS”) endorsed by the European Union. Until the Public Oversight Accounting and Auditing Standards Authority (“POAASA”) announces the differences between IAS/IFRS as adopted by the European Union and those issued by the International Accounting Standards Board (“IASB”), Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) issued by the POAASA will continue to be in line with standards issued by the IASB.

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by POAASA as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué XI, No:29 and related promulgations to this Communiqué as issued by the CMB in accordance with the accounting and reporting principles accepted by the CMB (“CMB Financial Reporting Standards”) which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance

SODA SANAYİİ A.Ş.

Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

with the formats required at the announcements of CMB dated 14 April 2008 and 9 January 2009

The Company and its Turkish subsidiaries maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislations and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the Capital Markets Board (“CMB”). The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards.

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 (“TRY”), which is the functional and presentation currency of the Company.

Financial Statements of Group Companies In Foreign Countries

Financial statements of subsidiaries, joint ventures and associates in foreign countries, are prepared in accordance with the legislation of the country they operate in. Necessary reclassifications and adjustments are made to achieve fair presentation of financial statements in accordance with CMB Financial Reporting Standards. Foreign subsidiaries’ assets and liabilities are translated to TRY using the period-end exchange rates, income and expenses are translated into TRY using the average exchange rates. Foreign currency differences resulting from translation of opening net assets of these companies and difference between translation of certain items at average and period-end exchange rates are recognized in equity

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

<u>Currency</u>	<u>31 December 2012</u>		<u>31 December 2011</u>	
	<u>Period End</u>	<u>Period Average</u>	<u>Period End</u>	<u>Period Average</u>
USD	1.78260	1.79219	1.88890	1.67075
EUR	2.35170	2.30433	2.44380	2.32437
Konvertable Mark	1.20241	1.17819	1.24950	1.18843
BGN	1.20241	1.17819	1.24950	1.18843

Going Concern

Consolidated financial statements have been prepared with the assumption that Group will be able to continue as a going concern and discharge its liabilities in the following year in the ordinary course of business.

Comparatives and restatement of prior periods

In order to give accurate trend analysis about the financial position and performance, the consolidated financial statements of the Group together with the consolidated statements of income, comprehensive income, cash flows and equity are prepared comparatively. Comparative figures have been reclassified to

SODA SANAYİİ A.Ş.

Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

conform to the presentation of the current year consolidated financial statements. Reclassifications are presented below:

As of 31 December 2011 the Company has reclassified items between Other Receivables and Other Current Assets amounting to TRY 13,683,782 and between Employee Benefits and Other Payables amounting to TRY 1,584,231, in respective balance sheets.

As of 31 December 2011 the Company has represented foreign currency differences related with cash and cash equivalents, amounting to TRY 34,027,988 separately from change in cash and cash equivalents, in respective statements of cash flow.

Consolidation

Subsidiaries

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

Subsidiaries are companies over which the Company has capability to control the financial and operating policies for the benefit of the Company, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the voting rights, otherwise having the power to exercise control over the financial and operating policies.

The subsidiaries and the respective effective ownership rates at 31 December 2012 and 2011 are presented in Note 1.

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

The balance sheets and statements of income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company and its subsidiaries is eliminated against the related shareholders' equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from shareholders' equity and income for the period, respectively.

Non controlling interests in the net assets of the consolidated subsidiaries are identified separately from the Group's equity therein. Non controlling interests consist of the amount of those interests at the date of the original business combination (Note 2.5) and the non controlling's share of changes in equity since the date of the combination.

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 2012 and 2011 are presented in Note 1.

Results and assets and liabilities of associates are incorporated in the 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

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Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

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

Interests in Joint Ventures

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Soda Sanayii A.Ş and its subsidiaries and one or more other parties. The Group’s interest in joint ventures is accounted for using the equity method. Equity accounting is discontinued when the joint control over the joint venture is ceased.

The details of the Group’s joint ventures as of 31 December 2012 and 2011 are presented in Note 1.

2.2 Changes in the Accounting Policies

Changes made in the accounting policies are applied retrospectively and the previous period’s financial statements are restated accordingly. There has not been any changes in accounting policies for the periods 1 January - 31 December 2012 and 2011.

2.3 Changes in the Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. Accounting estimates, used in the preparation of these consolidated financial statements for the period 1 January - 31 December 2012 are consistent with those used for the periods 1 January - 31 December 2011.

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

2.4 Amendments in International Financial Reporting Standards (“IFRS”)

The Group has applied new standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 1 January 2012 and are relevant to the Group’s operations. There are no relevant amendments or interpretations for the Group which have been enforced as of 1 January 2012 and in interim periods subsequent to 1 January 2012.

a) Standards, amendments and IFRICs applicable to 31 December 2012 year ends:

- IFRS 7 (amendment), “Financial instruments: Disclosures on transfers of assets”, is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.

- IFRS 1 (amendment), “First-time adoption of IFRS”, is effective for annual periods beginning on or after 1 July 2011. The amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

- IAS 12 (amendment), “Income taxes” on deferred tax, is effective for annual periods beginning on or after 1 January 2012. This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value

SODA SANAYİİ A.Ş.**Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011**

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

b) New IFRS standards, amendments and IFRICs effective after 1 January 2013:

- IAS 19 (amendment), “Employee benefits”, is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. Early adoption is permitted. Considering the financial statements as of December 31, 2012, with this amendment, actuarial gains and losses are expected to have an impact amounting to TRY1,338,262 on the statement of other comprehensive income.
- IAS 1 (amendment), “Presentation of financial statements”, regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income. Early adoption is permitted.
- IFRS 10, “Consolidated financial statements”, is effective for annual periods beginning on or after 1 January 2013. The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, “Joint arrangements”, is effective for annual periods beginning on or after 1 January 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed.
- IFRS 12, “Disclosures of interests in other entities”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 10, 11 and 12 on transition guidance (amendment), is effective for annual periods beginning on or after 1 January 2012. The amendment also provides additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosure related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for the periods before IFRS 12 is applied.
- IFRS 13, “Fair value measurement”, is effective for annual periods beginning on or after 1 January 2013. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.
- IAS 27 (revised), “Separate financial statements”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- IAS 28 (revised), “Associates and joint ventures”, is effective for annual periods beginning on or after 1 January 2013. The standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.
- IFRS 7 (amendment), “Financial instruments: Disclosures”, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2013. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements.
- IAS 32 (amendment), “Financial instruments”: Presentation’, on offsetting financial assets and financial liabilities”, is effective for annual periods beginning on or after 1 January 2014. The amendment updates the application guidance in IAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

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Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

- IFRS 1 (amendment), “First time adoption”, on government loans”, is effective for annual periods beginning on or after 1 January 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS.
- Annual Improvements to IFRSs 2011 is effective for annual periods beginning on or after 1 January 2013. Amendments effect five standards: IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.
- IFRS 9, “Financial instruments: Classification and Measurement”, is effective for annual periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments.
- IFRS 10, (amendment) “Consolidated Financial Statements”, IFRS 12 and IAS 27 for investment entities is effective for annual periods beginning on or after 1 January 2013. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. Changes have also been made IFRS 12 to introduce disclosures that an investment entity needs to make.
- IFRIC 20, “Stripping costs in the production phase of a surface mine” is effective for annual periods beginning on or of 1 January 2013.

2.5 Summary of Significant Accounting Policies

Significant accounting policies that are used in preparation of these consolidated financial statements are disclosed below. These accounting policies have been applied consistently with the prior year unless specified otherwise.

Revenue

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

Sale of goods

Revenue from sale of soda and chromium products 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.

Industrial machinery manufacturing revenue:

Industrial machinery manufacturing revenue is accounted for by using percentage of completion method in accordance with the accounting policy explained in “Construction Contracts” section

Revenue generated from electricity sales, is recognized on an accrual basis, when electricity is delivered.

Dividend and interest income

Interest income is accrued 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 income from investments is recognized when the right to receive payment has been established..



SODA SANAYİİ A.Ş.

Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

Rent income

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

Inventory

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are cost of purchase, cost of conversion and other costs incurred bringing the inventories their present location and condition. The cost of inventories is determined on the weighted average basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 13)

Property, plant and equipment

Property, plant and equipment acquired before 1 January 2005 are carried at restated historical cost adjusted for the effects of inflation until 31 December 2004, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Tangible assets acquired after 1 January 2005 are carried at acquisition cost, less any accumulated depreciation and accumulated impairment losses (Note 18).

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

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

Depreciation is charged so as to write off the cost, 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. No depreciation is allocated for lands due to indefinite useful lives.

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

	<u>Useful Life</u>
Land improvements	5-50 years
Buildings	10-50 years
Machinery and equipment	5-25 years
Vehicles	4-7 years
Furniture and fixtures	3-20 years
Leasehold improvements	3-15 years

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

SODA SANAYİİ A.Ş.

Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

Intangibles

Intangibles acquired separately

Intangibles 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. These costs are amortized over their estimated useful lives (3 - 5 years) (Note 19).

Software

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

Impairment of Non-financial Assets

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

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

Borrowing Costs

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

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

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

Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and Board members, in each case together with the companies controlled by/or affiliated with them, associated companies and other companies within the Group are considered and referred to as “related parties” (Note 37).

Offsetting

Each material class of similar items according to their nature or function is presented separately in the financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. If the essence of the transaction and events requires offsetting,

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presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a violation of the non-offsetting rule.

Financial Instruments

Financial Assets

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

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

Effective interest method

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

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

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 market and whose fair values can not be reliably measured are carried at cost. Gains and losses on available for sale financial assets at amortized cost are recognized in the income statement. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. In case of the right to receive dividend of the Group, dividends related to available-for-sale equity instruments are recognized in profit or loss.

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

Loans and receivables

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance

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sheet date. Financial assets are impaired where there is a 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 effected. 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 from the original effective interest rate.

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

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

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

Trade Receivables

Trade receivables that are created by way of providing goods or electricity directly to a debtor are carried at amortized cost. Receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant (Note 10).

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate their fair value (Note 6).

Financial liabilities

Financial liabilities are measured initially with their fair values. Transaction costs which are directly related to the financial liability are added to fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.



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Other financial liabilities

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

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

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

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (Note 10).

Business Combinations and Goodwill

A business combination is bringing together of separate entities or business into one reporting entity. Business combinations are accounted for using the purchase method in the scope of IFRS 3 (Note 3).

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquired business and in addition, any costs directly attributable to the business combination. The cost of the business combination at the date of the acquisition is adjusted if a business combination contract includes clauses that enable adjustments to the cost of business combination depending on events after acquisition date, and the adjustment is measurable more probable than not. Costs of the acquisition are recognized in the related period. Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group’s interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is tested for impairment annually, and impairment losses, if any, are included in the profit and loss account.

In business combination involving entities under common control, assets and liabilities subject to business combination are recognised at their carrying amounts in consolidated financial statements of the parent. In addition, statements of income are consolidated from the date of group reorganisation. As result of these transactions, no goodwill is recognised.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. Regarding the purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also accounted for in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also accounted for in equity.

Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in

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foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Earnings Per Share

Earnings per share disclosed in the consolidated statement of income is calculated as net income divided by the weighted average number of shares circulating during the year (Note 36).

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 issue (Note 40).

The Group adjusts the amounts recognized in the consolidated financial statements to reflect the adjusting events after the balance sheet date. Should there be non-adjusting events after the balance sheet date that may have a material impact on the economic decisions of users of the financial statements, such events are disclosed in the notes to the consolidated financial statements.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation (Note 22).

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 the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

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

Construction Contracts

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

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

The Group uses the ‘percentage-of-completion method’ to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the

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balance sheet date as a percentage of total estimated costs for each contract. Costs incurred in the period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within ‘trade and other receivables’ (Note 15).

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.

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 (Note 35).

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Employee Benefits / Retirement Pay Provision

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

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. Actuarial gains and losses are recognized in the statement of income.

Foreign subsidiaries of the Group were subjected to relevant laws in their own country for employee termination benefits. Pursuant to mentioned laws, required provision for employee benefits are presented in financial statements of the subsidiaries of the Group (Note 24).

Statement of Cash Flows

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

Cash flows from operating activities reflect cash flows generated from Group’s operating activities.

Cash flows from investing 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 financing activities express sources of financial activities and payment schedules of the Company.

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 Judgements, Estimates and Assumptions

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:

The Group recognises deferred tax assets and liabilities for temporary differences between the statutory financial statements and those prepared according to CMB Financial Reporting Standards. Group companies

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have deferred tax assets for unused portion of carry forward tax losses and other deductible temporary differences that can be deducted from future profits. Wholly or partially recoverable amounts of deferred tax assets have been estimated under current conditions. In the estimation process, future profit projections, losses incurred in the current period, the expiration dates of carry forward tax losses and other tax assets, and tax planning strategies that can be used when needed, have been taken into consideration. Consequently, as of 31 December 2012, it was estimated that the Group will be generating sufficient taxable profits in the foreseeable future to recover deferred tax assets of TRY 6,592,104 (2011: TRY 5,544,210) arising from deductible temporary differences (Note 35).

The Company benefits from “reduced corporate tax rate” within the framework of Article 32/A of corporate income tax law No.5520. As of 31 December 2012, the Company has recognized deferred tax assets amounting to TRY22,280,292 (2011: TRY8,778,725), based on the assumption that sufficient future taxable profits will be generated in the future to utilize these tax incentives.

3. Business Combinations

Business combinations achieved in stages

The Group acquired the remaining 50% shares of its joint venture, Cromital SpA, for EUR 2,442,800 on 20 December 2011 and for an additional EUR351,288 on 21 June 2012, for a total consideration of EUR2,774,088. As of December 2011, Cromital SpA is included in the consolidation as a subsidiary. Fair values of acquired identifiable assets, liabilities and the purchase consideration were accounted for provisionally in the consolidated balance sheet as of 31 December 2011. The Group has now concluded the study on fair values of these identifiable assets and liabilities. The fair values are as follows:

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ASSETS	Fair Values
Current Assets	26,899,078
Cash and cash equivalents	6,890,282
Trade receivables	15,590,704
Other receivables	38,455
Inventories	3,525,927
Other current assets	853,710
Non-Current Assets	5,622,334
Other receivables	5,141
Property, plant and equipment	4,913,457
Intangible assets	195,862
Deferred tax assets	409,946
Other non-current assets	97,928
TOTAL ASSETS	32,521,412
LIABILITIES	
Kısa vadeli yükümlülükler	24,265,789
Financial liabilities	12,981,420
Trade payables	2,531,787
Other payables	263,429
Liabilities due to related parties	7,704,477
Liability provisions	35,132
Other liabilities	749,544
Non-Current Liabilities	2,702,878
Financial liabilities	2,029,964
Other liabilities	64,992
Provisions for employee benefits	607,922
TOTAL LIABILITIES	26,968,667
Net assets acquired	5,552,745
Cash paid	5,931,499
Additional cash paid in the current period	795,808
Cost of previously held interest (initial 50% shares)	3,039,460
Fair value adjustment arising on remeasurement	1,489,710
Total consideration	11,256,477
Goodwill	5,703,732
Currency translation differences	(163,139)
Goodwill as 31 December 2012 (Note 20)	5,540,593
Net cash paid for acquisition of joint venture in 2011	
Total cash paid	5,931,499
Cash and cash equivalents acquired	(6,890,282)
Net cash inflow in 201	(958,783)
Goodwill as of 31 December 2011	4,899,103
Additional payment made as of 21 June 2012	795,808
Currency translation differences	(154,318)
Goodwill as of 31 December 2012	5,540,593

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4. Joint Ventures

Joint ventures are accounted for using the equity method in the Group’s consolidated financial statements (Note 16).

5. Segment Reporting

The Group has identified relevant operating segments based on internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker of the Group which is board of directors.

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

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



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1 January-31 December 2012	Chrome Products	Soda Products, Energy and Other	Total	Consolidation adjustments	Consolidated
Revenue	347,534,883	842,994,024	1,190,528,907	(8,044,080)	1,182,484,827
Cost of sales (-)	(216,577,885)	(732,101,924)	(948,679,809)	9,100,262	(939,579,547)
Gross profit	130,956,998	110,892,100	241,849,098	1,056,182	242,905,280
Purchases of property, plant and equipment and intangibles	30,720,693	61,796,783	92,517,476	(1,860,789)	90,656,687
Depreciation and amortisation	(12,975,051)	(58,480,220)	(71,455,271)	2,323,608	(69,131,663)
1 January-31 December 2011	Chrome Products	Soda Products, Energy and Other	Total	Consolidation adjustments	Consolidated
Revenue	304,917,976	583,611,085	888,529,061	(16,686,873)	871,842,188
Cost of sales (-)	(172,458,449)	(464,036,672)	(636,495,121)	15,079,380	(621,415,741)
Gross profit	132,459,527	119,574,413	252,033,940	(1,607,493)	250,426,447
Purchases of property, plant and equipment and intangibles	33,518,957	86,412,178	119,931,135	(848,814)	119,082,321
Depreciation and amortisation	(10,191,452)	(45,830,042)	(56,021,494)	2,093,048	(53,928,446)

Total assets and liabilities of operating segments are not reported since such amounts are not regularly provided to the chief operating decision maker.

1 January-31 December 2012	Turkey	Europe	Total	Consolidation adjustments	Consolidated
Net sales (*)	972,451,200	218,077,707	1,190,528,907	(8,044,080)	1,182,484,827
Purchases of property, plant and equipment and intangibles	61,201,418	31,316,058	92,517,476	(1,860,789)	90,656,687
Depreciation and amortisation	(52,874,909)	(18,580,362)	(71,455,271)	2,323,608	(69,131,663)
Total Assets (31 December 2012)	1,249,577,661	269,916,516	1,519,494,177	(91,927,526)	1,427,566,651
1 January-31 December 2011	Turkey	Europe	Total	Consolidation adjustments	Consolidated
Net sales (*)	749,163,225	139,365,836	888,529,061	(16,686,873)	871,842,188
Purchases of property, plant and equipment and intangibles	96,131,586	23,799,549	119,931,135	(848,814)	119,082,321
Depreciation and amortisation	(40,800,437)	(15,221,057)	(56,021,494)	2,093,048	(53,928,446)
Total Assets (31 December 2011)	1,081,387,649	259,934,000	1,341,321,649	(116,527,982)	1,224,793,667

(*) Allocation of revenue to geographic regions is made according to point of shipment rather than point of destination.

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6. Cash and Cash Equivalents

	31 December 2012	31 December 2011
Cash on hand	15,940	20,906
Cash in banks	167,070,305	197,112,879
- Demand deposits	5,906,066	21,843,984
- Time deposits (with maturities of three months or less)	161,164,239	175,268,895
Investment funds	5,847	11,372
	<u>167,092,092</u>	<u>197,145,157</u>

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

Time deposits

Currency	Interest rate (%)	Maturity	31 December 2012
EUR	0,50-3,25	Ocak-Şubat 2013	8,307,325
USD	0,50-3,50	Ocak 2013	152,856,914
			<u>161,164,239</u>
Currency	Interest rate (%)	Maturity	31 December 2011
EUR	0,50-2,05	Ocak 2012	8,942,546
USD	0,50-4,70	Ocak 2012	164,951,899
BGN	1,85	Ocak 2012	1,374,450
			<u>175,268,895</u>

Cash and cash equivalents in the consolidated cash flows as of 31 December 2012 and 2011 are as follows:

	31 December 2012	31 December 2011
Cash and cash equivalents	167,092,092	197,145,157
Less: Interest accruals	(196,178)	(470,535)
	<u>166,895,914</u>	<u>196,674,622</u>

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7. Financial Investments

Non-current financial investments

		31 December 2012		31 December 2011
Available-for-sale financial assets		30,084,097		29,130,519
		30,084,097		29,130,519
Available-for-sale financial assets	Share %	31 December 2012	Share %	31 December 2011
<u>Listed financial investments:</u>				
Denizli Cam San. Tic. A.Ş. (*)	16,22	8,893,617	16,22	7,940,039
		8,893,617		7,940,039
<u>Unlisted financial investments:</u>				
Paşabahçe Cam San. ve Tic. A.Ş.	4,74	20,948,535	4,74	20,948,535
Şişecam Shangai Trade Co. Ltd.	100,00	655,448	100,00	655,448
Camiş Elektrik Üretim A.Ş.	0,08	42,914	0,08	42,914
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,02	188,233	0,02	188,233
Other	-	10,798	-	10,798
Provision for impairment(-)		(655,448)		(655,448)
		21,190,480		21,190,480
		30,084,097		29,130,519

Movements in the value of available for sale financial assets are as follows:

	2012	2011
Opening balance, 1 January	29,130,519	41,545,760
Change in fair value	953,578	(12,445,233)
Issue of bonus shares	-	29,992
Closing balance, 31 December	30,084,097	29,130,519

(*) Shares of this company are listed on the Istanbul Stock Exchange (“ISE”) and the Group has valued such available-for-sale investments with market prices prevailing at the ISE. As a result of this valuation, the Group has accounted for TRY 953,578 of valuation increase by offsetting against TRY 47,680 of deferred tax due to this valuation increase in “Fair value reserve” under equity (31 December 2011: TRY 12,445,233 valuation increase and TRY 622,262 deferred tax).

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

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8. Financial Liabilities

	31 December 2012	31 December 2011
Current financial liabilities		
Short-term bank borrowings	25,956,912	23,072,834
Short-term portion of long-term bank borrowings	62,354,881	39,510,913
	88,311,793	62,583,747
Non-current financial liabilities		
Long-term bank borrowings	86,700,289	134,051,113
Total financial liabilities	175,012,082	196,634,860

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

Currency	Maturity	Weighted Average Interest Rate (%)	31 December 2012	
			Current	Non-current
USD	2013-2019	3,16	18,699,406	7,611,702
EUR	2013-2018	3,81	57,952,062	79,088,587
TL	2013	6,20	11,660,325	-
			88,311,793	86,700,289
Currency	Maturity	Weighted Average Interest Rate (%)	31 December 2011	
			Current	Non-current
USD	2012-2013	2,67	22,397,493	24,105,962
EUR	2012-2018	4,60	40,186,254	109,945,151
			62,583,747	134,051,113

Repayment schedules of borrowings are summarised below:

	31 December 2012	31 December 2011
Within 1 year	88,311,793	62,583,747
Within 1-2 years	31,469,777	56,800,624
Within 2-3 years	24,741,744	25,780,749
Within 3-4 years	14,266,775	23,540,597
Within 4-5 years	10,907,203	13,673,643
5 years and more	5,314,790	14,255,500
	175,012,082	196,634,860

9. Other Financial Liabilities

None..

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10. Trade Receivables and Payables

Trade Receivables

<u>Trade Receivables</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Trade receivables	80,380,432	62,025,827
Notes receivable	3,724,366	3,770,712
Due from related parties (Note 37)	125,121,022	106,416,189
Allowances for doubtful trade receivables (-)	<u>(1,275,487)</u>	<u>(2,706,134)</u>
	<u>207,950,333</u>	<u>169,506,594</u>

Intra-group sales of soda products are made on a cash basis. For other sales, average term is 38 days (31 December 2011: 37 days). For overdue payments; interest rate of 2% is charged to customers on a monthly basis (31 December 2011: 1.5%). Average sale term for domestic sales of chrome products is 26 days on a foreign currency basis (31 December 2011: 28 days). Interest of 1% is charged for overdue payments on a monthly basis (31 December 2011: 1%). For export sales, the average term is 60 days regardless of the product line (31 December 2011: 60 days). Trade receivables related to industrial machinery sales are collected in accordance with the progress payment schedule.

The Group has recognized a provision for its doubtful receivables. This 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 loan quality of the trade receivable from the date loan was initially granted to the reporting date. The Group has no significant concentration of loan risk, with exposure spread over a large number of counterparties and customers. Accordingly, the management believes that no further loan loss provision is required in excess of the allowance for doubtful debts.

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

	<u>2012</u>	<u>2011</u>
Opening balance, 1 January	(2,706,134)	(1,110,221)
Foreign currency differences	81,000	(8,379)
Increase due to acquisition	-	(1,377,389)
Charge for the period	-	(210,145)
Collections	<u>1,349,647</u>	-
Closing balance, 31 December	<u>(1,275,487)</u>	<u>(2,706,134)</u>

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

Trade Payables

<u>Current Trade Payables</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Trade payables	115,006,478	54,248,644
Due to related parties (Note 37)	34,879,855	33,963,614
Other trade payables	10,786	851
	<u>149,897,119</u>	<u>88,213,109</u>

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Chromit and anthracite purchases are made on a cash basis (31 December 2011: Cash basis). Average payment period for other trade payables is 30-45 days (31 December 2011: 30-45 days). Corporate risk management policies are in place to ensure that all of the payables are paid within payment terms.

11. Other Receivables and Payables

<u>Other current receivables</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
Other receivables from related parties (Note 37)	6,161,461	21,799,263
Due from personnel	68,548	43,445
Deposits and guarantees given	1,724,022	90,064
Other current receivables	695,378	964,245
Allowance for other receivables (-)	(255,029)	(230,193)
	<u>8,394,380</u>	<u>22,666,824</u>
The movements of allowance for other receivables :		
	<u>2012</u>	<u>2011</u>
Opening balance, 1 January	(230,193)	(193,014)
Charge for the period	(24,836)	(37,179)
Closing balance, 31 December	<u>(255,029)</u>	<u>(230,193)</u>
	<u>31 Aralık 2012</u>	<u>31 Aralık 2011</u>
<u>Other non-current receivables</u>		
Deposits and guarantees given	160,673	106,668
Power transmission line investment(*)	6,168,229	-
	<u>6,328,902</u>	<u>106,668</u>
	<u>31 Aralık 2012</u>	<u>31 Aralık 2011</u>
<u>Other current payables</u>		
Due to related parties (Note 37)	42,462,769	63,952,136
Due to personnel	1,911,756	1,584,231
Order advances received (other)	4,418,925	8,727,360
Deposits and guarantees received	2,135,949	1,434,848
Other current payables	934,999	927,128
	<u>51,864,398</u>	<u>76,625,703</u>
	<u>31 Aralık 2012</u>	<u>31 Aralık 2011</u>
<u>Other non-current payables</u>		
Deposits and quarantees received	25,251	268,600
Other non-current payables	124,980	114,009
	<u>150,231</u>	<u>382,609</u>

(*) As of 31 December 2012, power line transmission investment consists of amounts paid to connect the plant to the national grid, which will be offset against future “System Usage Fees” to TEİAŞ.

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

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12. Derivative Financial Instruments

None.

13. Inventories

	31 December 2012	31 December 2011
Raw materials	65,132,370	49,036,998
Work in process	3,012,969	3,054,908
Finished goods	42,690,916	35,441,553
Trade goods	5,594,933	3,809,968
Other inventories	3,904,168	716,256
Allowance for diminution in value of inventories (-)	(25,262)	-
	<u>120,310,094</u>	<u>92,059,683</u>

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

The movements of allowance for diminution in value of inventories	2012	2011
Opening balance, 1 January	-	(267,343)
Foreign currency differences	(509)	(35,913)
Current year disposals	-	303,256
Charge for the period	(24,753)	-
Closing balance, 31 December	<u>(25,262)</u>	<u>-</u>

14. Biological Assets

None.

15. Assets Related to Ongoing Construction Contracts

	31 December 2012	31 December 2011
Accumulated contract costs incurred and recognized profits to date	35,202,666	66,224,069
Less: Progress billings (-)	(23,439,888)	(52,540,287)
	<u>11,762,778</u>	<u>13,683,782</u>
Progress payments and costs realized in consolidated financial statements are as follows:	31 December 2012	31 December 2011
Receivables from ongoing construction contracts (Note 26)	11,762,778	13,683,782
	<u>11,762,778</u>	<u>13,683,782</u>

As of 31 December 2012, the guarantee letters given to progress payments amount to TRY 5,293,477 (31 December 2011: TRY 10,473,183) and the advances received amount to TRY 5,867,961 (31 December 2011: TRY 4,880,206)

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16. Investments Accounted for under the Equity Method

Investments in associates and joint ventures accounted for under the equity method are as follows:

	<u>Share (%)</u>	<u>31 December 2012</u>	<u>Share (%)</u>	<u>31 December 2011</u>
<u>Investment in Associate</u>				
Solvay Şişecam Holding AG	25,00	142,366,910	25,00	134,772,110
<u>Joint ventures</u>				
Oxyvit Kimya San. Ve Tic. A.Ş.	44,00	5,747,245	44,00	3,634,158
		<u>148,114,155</u>		<u>138,406,268</u>

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

	<u>31 December 2012</u>	<u>31 December 2011</u>
Solvay Şişecam Holding AG		
Total assets	736,989,038	725,541,133
Total liabilities	(155,985,613)	(175,386,625)
Non-controlling interest	(11,535,787)	(11,066,070)
Net assets	569,467,638	539,088,438
The Group's share in net assets	<u>142,366,910</u>	<u>134,772,110</u>
	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Net profit for the year	64,600,200	27,410,372
The Group's share in profit for the year	<u>16,150,050</u>	<u>6,852,593</u>

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.

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

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	31 December 2012	31 December 2011
Joint ventures		
Total assets	21,217,190	37,412,370
Total liabilities	(8,155,269)	(32,152,392)
Net assets	13,061,921	5,259,978
The Group’s share in net assets	5,747,245	3,634,158
Accrued liability (Note 26)	-	1,229,778
	1 January-31 December 2012	1 January-31 December 2011
Net income (loss) for the year	4,802,472	1,679,599
The Group’s share in income/(loss) for the year	2,113,088	709,710

Movements in investments in associates and joint ventures accounted by equity method are as follows:

	2012	2011
Opening balance, 1 January	138,406,268	123,207,505
Income from associates and joint ventures	18,263,138	7,562,303
Dividend income	(3,560,473)	(14,209,886)
Currency translation differences	(4,994,777)	21,846,346
Closing balance, 31 December	148,114,156	138,406,268
Income from associates and joint ventures	18,263,138	7,562,303
Loss from disposal of joint venture	(3,887,462)	-
Release of liabilities in relation to joint ventures	-	-
losses in excess of Group’s investment	1,229,778	-
Total	15,605,454	7,562,303

The Group’s joint venture, Sintan Kimya San. Ve Tic. A.Ş. was disposed on 19 April 2012.

17. Investment Property

None.



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18. Property, plant and equipment

Cost	Land	Land improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Leasehold improvements	Construction in progress	Total
Opening balance, 1 January 2012	39,642,824	114,468,010	100,612,522	971,460,345	5,823,017	24,050,202	4,665,772	41,058,257	1,301,780,949
Increase due to transaction under common control (Note 27)	-	526,451	509,619	162,708,065	-	273,843	301,518	4,386	164,323,882
Currency translation differences	(654,825)	(248,274)	(1,388,847)	(5,811,219)	(110,433)	(25,383)	(9,516)	243,412	(8,005,085)
Additions	-	24,500	18,930	1,375,021	10,830	104,698	260,610	88,392,786	90,187,375
Disposals	(179,044)	-	-	(104,279)	(133,352)	(37,927)	(66,146)	-	(520,748)
Transfers	(4,422,388)	15,324,115	1,954,491	82,981,591	74,300	741,017	-	(96,653,126)	-
Closing balance, 31 December 2012	34,386,567	130,094,802	101,706,715	1,212,609,524	5,664,362	25,106,450	5,152,238	33,045,715	1,547,766,373
Accumulated depreciation									
Opening balance, 1 January 2012	-	(46,406,657)	(35,110,668)	(675,485,161)	(3,607,613)	(19,781,479)	(4,219,194)	-	(784,610,772)
Increase due to transaction under common control (Note 27)	-	(94,845)	(41,890)	(31,959,216)	-	(167,120)	(297,218)	-	(32,560,289)
Currency translation differences	-	28,363	192,302	1,578,499	47,862	17,474	9,824	-	1,874,324
Charge for the period	-	(4,569,080)	(3,008,396)	(58,764,852)	(457,638)	(1,449,352)	(178,096)	-	(68,427,414)
Disposals	-	-	-	104,279	131,105	37,893	66,146	-	339,423
Closing balance, 31 December 2012	-	(51,042,219)	(37,968,652)	(764,526,451)	(3,886,284)	(21,342,584)	(4,618,538)	-	(883,384,728)
Net book value as of 31 December 2012	34,386,567	79,052,583	63,738,063	448,083,073	1,778,078	3,763,866	533,700	33,045,715	664,381,645



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Cost	Machinery and Equipment							Total	
	Land	Land improvements	Buildings	Equipment	Vehicles	Furniture and fixture	Leasehold improvements		Construction in progress
Opening balance, 1 January 2011	29,483,786	102,104,649	84,938,144	880,831,403	5,462,282	22,670,320	4,365,813	9,638,833	1,139,495,230
Increase due to acquisition of subsidiary	1,344,357	-	3,334,033	7,722,551	383,880	100,853	276,076	-	13,161,750
Currency translation differences	2,587,169	606,819	5,501,751	21,596,153	399,900	70,790	(496)	1,323,647	32,085,733
Additions	114,828	-	-	666,259	148,568	417,894	24,379	117,685,403	119,057,331
Disposals	(241,614)	-	-	(852,791)	(761,269)	(163,421)	-	-	(2,019,095)
Transfers	6,354,298	11,756,542	6,838,594	61,496,770	189,656	953,766	-	(87,589,626)	-
Closing balance, 31 December 2011	39,642,824	114,468,010	100,612,522	971,460,345	5,823,017	24,050,202	4,665,772	41,058,257	1,301,780,949
Accumulated depreciation									
Opening balance, 1 January 2011	-	(42,889,821)	(30,377,849)	(619,459,777)	(3,443,922)	(18,406,742)	(3,713,143)	-	(718,291,254)
Increase due to acquisition of subsidiary	-	-	(1,507,361)	(6,127,314)	(302,062)	(78,982)	(232,574)	-	(8,248,293)
Currency translation differences	-	(108,231)	(595,326)	(5,641,818)	(138,292)	(37,421)	418	-	(6,520,670)
Charge for the period	-	(3,408,605)	(2,630,132)	(45,065,032)	(484,606)	(1,415,214)	(273,895)	-	(53,277,484)
Disposals	-	-	-	808,780	761,269	156,880	-	-	1,726,929
Closing balance, 31 December 2011	-	(46,406,657)	(35,110,668)	(675,485,161)	(3,607,613)	(19,781,479)	(4,219,194)	-	(784,610,772)
Net book value as of 31 December 2011	39,642,824	68,061,353	65,501,854	295,975,184	2,215,404	4,268,723	446,578	41,058,257	517,170,177

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19. Intangible Assets

<u>Cost</u>	<u>Rights</u>	<u>Other intangible assets</u>	<u>Total</u>
Opening balance, 1 January 2012	8,222,525	1,321,900	9,544,425
Increase due to transaction under common control (Note 27)	231,495	930,000	1,161,495
Currency translation differences	-	(48,694)	(48,694)
Additions	436,081	33,231	469,312
Disposals	(220,210)	(930,000)	(1,150,210)
Closing balance, 31 December 2012	8,669,891	1,306,437	9,976,328
Accumulated amortization			
Opening balance, 1 January 2012	(6,754,131)	(1,027,547)	(7,781,678)
Increase due to transaction under common control (Note 27)	(29,801)	(116,250)	(146,051)
Currency translation differences	-	35,052	35,052
Charge for the period	(535,647)	(168,602)	(704,249)
Disposals	29,487	116,250	145,737
Closing balance, 31 December 2012	(7,290,092)	(1,161,097)	(8,451,189)
Net book value as of 31 December 2012	1,379,799	145,340	1,525,139
Other intangible assets			
<u>Cost</u>	<u>Rights</u>	<u>Other intangible assets</u>	<u>Total</u>
Opening balance, 1 January 2011	8,732,638	881,246	9,613,884
Increase due to acquisition of subsidiary	-	532,187	532,187
Currency translation differences	-	154,831	154,831
Additions	9,608	15,382	24,990
Disposals	(519,721)	(261,746)	(781,467)
Closing balance, 31 December 2011	8,222,525	1,321,900	9,544,425
Accumulated amortization			
Opening balance, 1 January 2011	(6,644,010)	(429,576)	(7,073,586)
Increase due to acquisition of subsidiary	-	(492,839)	(492,839)
Currency translation differences	-	(113,490)	(113,490)
Charge for the period	(537,160)	(113,802)	(650,962)
Disposals	427,039	122,160	549,199
Closing balance, 31 December 2011	(6,754,131)	(1,027,547)	(7,781,678)
Net book value as of 31 December 2011	1,468,394	294,353	1,762,747

Depreciation and amortization expense of TRY 66,125,459 (31 December 2011: TRY 50,864,004) has been charged to cost of goods sold, TRY 1,198,272 (31 December 2011: TRY 1,259,959) to selling and marketing costs, TRY 1,695,581 (31 December 2011: TRY 1,651,974) to general administrative expenses and TRY 112,351 (31 December 2011: TRY 152,509) to research and development expenses.

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20. Goodwill

	<u>2012</u>	<u>2011</u>
Opening balance, 1 January	4,899,103	-
Additions	-	4,907,924
Paid in the current period	795,808	-
Currency translation differences	(154,318)	(8,821)
Closing balance, 31 December	<u>5,540,593</u>	<u>4,899,103</u>

21. Government Grant and Incentives

Certain expenses regarding industries relating to R&D projects which have been certified by expert organizations are reviewed and evaluated so that a specific proportion of these expenses are considered as grants and can be refunded 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.

Exporting activities and other foreign currency generating operations, within the scope of the standards determined by the Ministry of Finance and Undersecretaries of Foreign Trade, are exempt from stamp tax and fees.

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.

In accordance with tax office decision number 2009/15199 on Government Grants on Capital Expenditure, large scale capital projects in certain regions are subject to a reduced rate of corporate tax (Corporate Tax Law 5520, Clause 32/A). Companies benefit from the reduced rate of corporate tax until the grant amount stated on incentive certificate is reached. In addition the Group is also exempt from value added taxes and customs duties in relation to such capital projects.

22. Provisions, Contingent Assets and Liabilities

Provisions

	<u>31 December 2012</u>	<u>31 December 2011</u>
Short-term provisions		
Provision for cost expenses	1,512,002	1,563,561
Provision for litigation	1,993,039	2,092,851
Provision for other expenses	460,094	645,466
	<u>3,965,135</u>	<u>4,301,878</u>

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The movements of provision for litigation are as follows:

	2012	2011
Provision at 1 January	2,092,851	720,743
Currency translation differences	(1,765)	(63)
Charge for the period	112,693	1,399,072
Acquisition of subsidiary	-	35,132
Payments in the period/provisions released	(210,740)	(62,033)
Closing balance, 31 December	1,993,039	2,092,851

As of 31 December 2012, the Group management evaluated the views of its legal advisors and estimated the provision for litigation against the Group as TRY 1,993,039 (31 December 2011: TRY 2,092,851).

23. Commitments
Other commitments

According to agreements made with Botaş Boru Hatları and Petrol Taşıma A.Ş. and Shell Enerji A.Ş., the Group has 723.701.525 m3 natural gas purchase commitment between 1 January 2013 - 31 December 2013 (31 December 2011: 30,000,000 m3).

As of 31 December 2012 and 31 December 2011, Group’s other commitments are as follows:

Collaterals, pledge and mortgages given by the Company	31 December 2012			
	Total (TRY)	USD	EUR	TRY
A. Given Under the Group’s Own Corporate Identity	33,112,311	3,042,699	8,520,476	7,650,792
B. Given In Favour of Fully Consolidated Subsidiaries	94,526,558	-	40,194,990	-
C. Continuation of Trading Operations Given In Favour of Third Parties for the Regular	None	None	None	None
D. Total of Other Guarantees, Pledges and Mortgages	167,006,267	48,184,127	34,491,322	-
i. Given in Favour of Main Shareholder	167,006,267	48,184,127	34,491,322	-
ii. Given in Favour of Third Parties Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	294,645,136	51,226,826	83,206,788	7,650,792

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Collaterals, pledge and mortgages given by the Company	31 December 2011			
	Total (TRY)	USD	EUR	TRY
A. Given Under the Group’s Own Corporate Identity	30,635,995	2,713,445	9,728,025	1,737,221
B. Given In Favour of Fully Consolidated Subsidiaries	103,352,736	-	42,291,814	-
C. Continuation of Trading Operations Given In Favour of Third Parties for the Regular	None	None	None	None
D. Total of Other Guarantees, Pledges and Mortgages	221,377,404	59,791,864	44,372,106	-
i. Given in Favour of Main Shareholder	221,377,404	59,791,864	44,372,106	-
ii. Given in Favour of Third Parties Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	355,366,135	62,505,309	96,391,945	1,737,221

The ratio of total value of granted collaterals, pledge and mortgages’ to Group equity is 16,74% as of 31 December 2012 (27.74% as of 31 December 2011).

24. Employee Benefit

Short-term benefits

	31 December 2012	31 December 2011
Unused vacation provisions	640,793	510,213

Long-term benefits

Retirement pay provisions

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

The amount payable consists of one month’s salary limited to a maximum of TRY 3.033,98 for each period of service as of 31 December 2012 (31 December 2011: TRY 2,731.85).

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 (employee benefits) requires actuarial valuation methods to be developed to estimate

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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 2012 and 31 December 2011, 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% and a discount rate of 8.37%, resulting in a real discount rate of approximately 3.21% (31 December 2011: 4.38%). The anticipated rate of forfeitures is considered. The retirement pay provision ceiling is revised semi-annually, and TRY 3.129,25 which is effective from 1 January 2013, is taken into consideration in the calculation of provision for employment termination benefits (1 January 2012: TRY 2.805,04) possibility of employees for forfeiting this right by resignation is also included in calculation.

The movement of the employment termination benefits is as follows:

	2012	2011
Opening balance, 1 January	19,373,100	18,599,615
Acquisition of subsidiary	-	607,922
Currency translation differences	(37,858)	74,858
Service costs	3,681,762	1,956,363
Interest costs	862,626	879,795
Actuarial loss	1,338,262	265,680
Paid during period	(4,530,008)	(3,011,133)
Closing balance, 31 December	20,687,884	19,373,100

Increase in the provision has been charged to general administrative expenses in the current year consolidated statement of income.

25. Pension Plans

None.

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26. Other Assets and Liabilities

	31 December 2012	31 December 2011
<u>Other current assets</u>		
Prepaid expenses	1,197,297	271,244
Prepaid taxes	14,250	50,260
Order advances given	1,689,850	3,430,882
Receivables from ongoing construction contracts	11,762,778	13,683,782
VAT carried forward	2,772,948	4,966,355
Recoverable VAT on foreign sales	27,252,145	18,065,351
Other	57,431	186
	44,746,699	40,468,060
<u>Other non-current assets</u>		
Spare parts for electricity generation facility	12,098,730	-
Prepaid expenses	365,481	595,143
Advances given	7,841,590	10,462,696
	20,305,801	11,057,839
<u>Other current liabilities</u>		
Deferred revenue	18,630,739	20,136,857
Losses recognized in excess of Group’s investment in joint ventures	-	1,229,778
Taxes and dues payable	3,091,623	2,336,852
Social security premiums payable	1,601,597	1,841,373
Expense accruals	1,250,756	-
Other	83,648	256,446
	24,658,363	25,801,306
<u>Other non-current liabilities</u>		
Deferred revenue	-	3,653
	-	3,653

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27. Equity
a) Capital / Treasury shares

The Company’s issued capital divided into 42,500,000 bearer shares with a par value of TRY 0.01 (31 December 2011: 25,410,000,000 shares).

	31 December 2012	31 December 2011
Registered Capital	1,000,000,000	500,000,000
Paid-in-capital	425,000,000	254,100,000

Shareholder	%	31 December 2012	%	31 December 2011
Türkiye Şişe ve Cam Fabrikaları A.Ş.	61.00	259,231,604	70.77	179,815,220
Anadolu Cam Sanayii A.Ş.	17.93	76,220,585	14.24	36,189,875
Camiş Madencilik A.Ş.	.03	111,806	.04	97,020
Denizli Cam San. ve Tic.A.Ş.	.02	105,826	-	-
Trakya Cam Sanayii A.Ş.	10.72	45,541,471	-	-
Publicly held part	10.30	43,788,708	14.95	37,997,885
Nominal capital	100.00	425,000,000	100.00	254,100,000

The Company increased its issued capital amounting to TRY254,100,000 within its existing registered capital ceiling of TRY500,000,000 to TRY368,796,022 pursuant to approval at the general assembly dated 28 March 2012, for the transaction regarding the acquisition of Cogeneration Plant, which was included under the assets of Camiş Elektrik Üretim A.Ş., through a partial spin-off transaction within the scope of Turkish Commercial Code and Capital Markets Board provisions and Articles 19 and 20 of Corporate Income Tax Law. The share capital was later increased to TRY425,000,000 by transferring the extraordinary reserves amounting to TRY56,203,978 and registration was completed on 2 November 2012.

At the meeting of Board of Directors, dated 26 November 2012, it was decided to increase the current registered capital ceiling of TRY500,000,000 to TRY1,000,000,000.

b) Fair value reserve

	31 December 2012	31 December 2011
Fair value reserve	2,430,622	1,524,724
	2,430,622	1,524,724

Fair value reserve 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.

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c) Restricted Profit Reserves

	31 December 2012	31 December 2011
Legal reserves	34,372,614	24,818,317
	<u>34,372,614</u>	<u>24,818,317</u>

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

Extraordinary reserves attributable to the parent included in total retained earnings amounting to TRY 349,203,428 at 31 December 2012 (31 December 2011: TRY 271,250,516) is TRY 322,949,518 (31 December 2011: TRY 224,620,667).

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 stated amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Communiqué should be associated with:

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

Dividend Distribution

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

In addition, with this CMB decision, it is regulated that companies which are obliged to prepare consolidated financial statements should disclose net distributable reserves, including the net profit for the year in the consolidated financial statements for that year, so long as they are distributable considering the stand-alone statutory financial statements of the parent company.

Distributable reserves

The amount of distributable reserves are shown below:

	31 December 2012	31 December 2011
Net distributable profit for the period	80,980,249	184,379,204
Extraordinary reserve	349,948,324	224,620,667
	<u>430,928,573</u>	<u>408,999,871</u>

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e) Non-controlling Interest

Movements of non-controlling interest are as follows:

	<u>2012</u>	<u>2011</u>
Opening balance, 1 January	7,600,822	5,467,744
Currency translation differences	(242,548)	1,363,505
Transactions with non-controlling interest	545,919	1,360,120
Capital increase in subsidiary	-	7,530
Current year income/(loss)	885,462	(598,077)
Closing balance, 31 December	<u>8,789,655</u>	<u>7,600,822</u>

Şişecam Soda Lukavac’s capital was increased in cash in 2012. The Group’s share in Şişecam Soda Lukavac increased to 89.30% from 88.37%. Consequently, the non-controlling interest increased by TRY 545,919 and equity attributable to equity holders of the parent company decreased by TRY 545,919.

Transactions under common control

As a result of the acquisition of Cogeneration Plant Operation, previously included under the assets of Camiř Elektrik Üretim A.Ş., through partial spin-off transaction in accordance with the provisions of the relevant legislation; the Company transferred shares, nominal amount of which corresponded to TRY114,696,022 to the shareholders of Camiř Elektrik Üretim A.Ş. on 22 June 2012.

28. Sales and Cost of Sales

<u>Sales</u>	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Sales	1,000,395,515	876,286,005
Electricity sales (*)	187,248,286	-
Other income	257,166	259,470
Sales returns (-)	(203,337)	(178,166)
Sales discount (-)	(5,186,879)	(4,521,946)
Other deductions from sales (-)	(25,924)	(3,175)
	<u>1,182,484,827</u>	<u>871,842,188</u>

(*)The quantity of electricity sold between 1 April-31 December 2012 is 1.215.392.520 kwh.

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	1 January-31 December 2012	1 January-31 December 2011
Cost of sales		
Direct materials	(408,234,368)	(236,086,488)
Direct labor	(28,153,799)	(23,578,305)
Production overhead	(306,017,207)	(215,028,942)
Depreciation	(66,125,459)	(50,864,004)
Change in work in process	(41,939)	1,197,070
Change in finished goods	7,249,363	10,054,138
Cost of goods sold	(801,323,409)	(514,306,531)
Cost of merchandise sold	(138,256,138)	(107,109,210)
	(939,579,547)	(621,415,741)

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

	1 January-31 December 2012	1 January-31 December 2011
Marketing, selling, and distributing expenses (-)	(50,861,138)	(44,528,777)
General administrative expenses (-)	(53,063,373)	(40,665,678)
Research and development expenses (-)	(2,121,240)	(1,599,817)
	(106,045,751)	(86,794,272)

30. Expenses by Nature

	1 January-31 December 2012	1 January-31 December 2011
Direct materials	(1,968,426)	(2,351,768)
Personnel expenses	(33,328,362)	(26,497,548)
Miscellaneous expenses	(34,443,208)	(31,555,663)
Services rendered by third parties	(30,494,826)	(20,702,050)
Duties, taxes and levies	(2,804,725)	(2,622,801)
Depreciation and amortisation expenses	(3,006,204)	(3,064,442)
	(106,045,751)	(86,794,272)

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31. Other Operating Income/(Expenses)

<u>Other Operating Income</u>	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Provisions released	1,422,858	-
Service income	2,115,627	1,795,876
Price differences	-	64,216
Gain on sale of property, plant and equipment and intangibles	-	1,580,480
Rental income	375,950	1,553,885
Scrap sales income	3,873,305	1,944,376
Other	3,027,432	2,958,122
	<u>10,815,172</u>	<u>9,896,955</u>

<u>Other Operating Expenses and Losses</u>	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Commission expenses	(42,765)	(22,056)
Withholding tax on earnings abroad	(2,931,295)	-
Provisions for litigation and other expenses	-	(1,584,363)
Other	(4,665,653)	(1,525,858)
	<u>(7,639,713)</u>	<u>(3,132,277)</u>

32. Finance Income

	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Dividend income	1,536,583	29,992
Gain on sale of marketable securities	2,266	635
Interest income	6,641,087	8,272,833
Foreign exchange gains	23,736,749	86,557,271
Foreign exchange gains on bank borrowings	7,528,123	4,281,950
Discount income	8,548	143,049
	<u>39,453,356</u>	<u>99,285,730</u>

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33. Finance Expenses

	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Interest expense	(12,431,472)	(10,872,647)
Foreign exchange losses on bank borrowings	(3,816,785)	(17,147,846)
Discount expenses	(241,163)	(2,476)
Foreign exchange losses	<u>(37,342,951)</u>	<u>(32,796,973)</u>
	<u>(53,832,371)</u>	<u>(60,819,942)</u>

34. Assets Held for Sale and Discontinued Operations

None.

35. Tax Assets and Liabilities

Tax provision as of 31 December 2012 and 31 December 2011 are as follows:

	<u>31 December 2012</u>	<u>31 December 2011</u>
<u>Current period tax liability:</u>		
Current corporate tax liability	21,291,692	44,063,387
Less: Prepaid taxes	(18,443,318)	(35,743,814)
Tax provision in the balance sheet	<u>2,848,374</u>	<u>8,319,573</u>
	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Current corporate tax liability	(21,291,692)	(44,063,387)
Foreign exchange differences	32,567	-
Deferred tax benefit	11,905,358	11,591,810
Taxation in the statement of income	<u>(9,353,767)</u>	<u>(32,471,577)</u>

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.

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

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized. The enacted rate of tax in 2012 is 20% (2011: %20).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2012 is 20% (31 December 2011: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from prior periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

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Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax was 10% starting from 24 April 2003. This rate was changed to 15% by Article 15 in the Code numbered 5520 commencing from 22 June 2006. However, until the resolution of council of ministers, it was used as 10%. After the resolution declared in the Official Gazette on 23 July 2006, this rate has been changed to 15% effective from 22 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements prepared in compliance with CMB and its statutory tax financial statements. These differences usually result in the recognition of revenue and expense items in different reporting periods for CMB financial statements and statutory tax financial statements and are set out below. Deferred tax assets and liabilities are calculated at 20% (31 December 2011: 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.

	31 December 2012	31 December 2011
Deferred tax assets	2,792,721	414,028
Deferred tax liabilities	-	(6,652,836)
Deferred tax assets / liabilities, net	2,792,721	(6,238,808)
	31 December 2012	31 December 2011
Deferred tax assets / liabilities		
Property, plant and equipment	(24,018,084)	(20,082,030)
Retirement pay provisions	4,167,324	3,850,208
Inventories	377,125	(767,996)
Impairment of available for sale financial asset	(127,928)	(80,248)
Deferred revenue	1,123,816	1,514,676
Carry forward tax losses	6,592,104	5,554,210
Reduced corporate tax benefit (Note 21)	22,280,292	8,778,725
Other	295,308	538,879
Deferred tax assets/(liabilities)	10,689,957	(693,576)
Provision for deferred tax asset (*)	(7,897,236)	(5,545,232)
Deferred tax asset/(liability) as of balance sheet date	2,792,721	(6,238,808)

(*) The Group's associate Asmaş and Soda Lukavac only accounted the portion of carry forward tax loss which offsets its deferred tax liability.

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The Group has TRY 32,960,520 carry forward tax losses as of balance sheet date (31 December 2011: TRY 27,771,049). Expiration dates of carry forward tax losses are as follows:

	31 December 2012
2013	4,967,555
2014	13,654,463
2015	3,441,120
2016	5,707,774
2017	5,189,608
	32,960,520

Movement of deferred tax assets

	2012	2011
Opening balance, 1 January	(6,238,808)	(18,852,298)
Currency translation differences	(20,934)	(10,528)
Increase due to business combination	-	409,946
Increase due to transactions under common control (Note 3)	(2,805,215)	-
Deferred tax recognized for under equity	(47,680)	622,262
Deferred tax income	11,905,358	11,591,810
Closing balance, 31 December	2,792,721	(6,238,808)

	1 January-31 December 2012	1 January-31 December 2011
<u>Reconciliation of taxation</u>		
Profit before taxation and minority interest	141,261,427	216,424,944
Effective tax rate	20%	20%
Expected taxation	(28,252,285)	(43,284,989)

Tax effects of

- Non-deductible expenses	(688,829)	(580,521)
- Dividends and other non-taxable income	9,605	5,998
- Previous period’s losses exempt from tax	(1,036,776)	(3,120)
- Tax exemption (*)	1,926,020	(1,071,987)
- Effects of foreign subsidiaries subject to different tax rates	(578,190)	190,113
- Effect of investments accounted for under the equity method	3,121,091	1,512,461
- Impact of reduced corporate tax rate (Note 21)	14,838,205	8,778,725
- Other	1,307,392	1,981,743
Taxation in the statement of income	(9,353,767)	(32,471,577)

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

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36. Earnings Per Share

Earnings per share	1 January-31 December 2012	1 January-31 December 2011
Average number of shares in circulation during the period	36,969,452,090	31,030,397,800
Net profit for the period attributable to equity holders of the parent	131,022,198	184,551,444
Earning per TRY 1 nominal share from continued operations	0.354	0.595
The total comprehensive income to shareholders parent company	124,822,847	200,836,314
Earnings per share from total comprehensive income with nominal value of TRY 1	0.338	0.647

37. Related Party Transactions

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

Deposits at T. İş Bankası A.Ş.	31 December 2012	31 December 2011
Demand deposits	2,101,986	4,402,311
Time deposits	104,978,428	152,082,882
	107,080,414	156,485,193
Loans received from related parties	31 December 2012	31 December 2011
Bank borrowings from İş Bankası	-	2,206,330
Bank borrowings from Şişecam Dış Ticaret A.Ş.	11,534,373	-
Bank borrowings from T.Sınai Kalkınma Bankası A.Ş.	6,667,592	-
Bank borrowings from T. Şişe ve Cam Fabr. A.Ş.	27,904,928	54,748,733
	46,106,893	56,955,063

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	31 December 2012	31 December 2011
<u>Trade receivables from related parties</u>		
Şişecam Dış Ticaret A.Ş.	116,437,003	101,905,369
Trakya Glass Bulgaria E.A.D	1,169,001	526,657
Trakya Cam Yenişehir San. A.Ş.	981,583	1,016,117
Trakya Cam San. A.Ş.	1,302,716	1,350,346
Anadolu Cam San. A.Ş.	698,252	639,871
Anadolu Cam Yenişehir San. A.Ş.	925,464	450,268
Paşabahçe Eskişehir Cam San.ve Tic. A.Ş.	34,399	5,196
Paşabahçe Cam San. ve Tic. A.Ş.	157,506	301,362
Cam Elyaf San. A.Ş.	6,661	-
Oxyvit Kimya San. ve Tic. A.Ş.	62,650	87,955
İş Merkezleri Yönetim ve İletişim A.Ş.	1,297,682	-
Camiş Madencilik A.Ş.	173,354	-
Bayek Tedavi Sağlık Hizm. Ve İslt. A.Ş.	367,051	-
Solvay Sodi AD	1,447,427	-
Sintan Kimya San. ve Tic.A.Ş. (*)	-	131,582
Other	60,273	1,466
	<u>125,121,022</u>	<u>106,416,189</u>
	31 December 2012	31 December 2011
<u>Other receivables from related parties</u>		
Trakya Cam San. A.Ş.	726,149	3,165,760
Camiş Madencilik A.Ş.	273,433	1,207,191
Paşabahçe Mağazaları A.Ş.	192,464	190,031
Oxyvit Kimya San. ve Tic. A.Ş.	-	1,241,658
Anadolu Cam San. A.Ş.	428,316	1,152,616
Paşabahçe Eskişehir Cam San.ve Tic. A.Ş.	138,922	267,771
Camiş Elektrik Üretim A.Ş.	-	6,326,703
Anadolu Cam Yenişehir San. A.Ş.	2,823,295	1,441,138
Cam Elyaf San. A.Ş.	856,952	150,087
İş Gayrimenkul Yat.Ort.A.Ş.	-	20,475
Sintan Kimya San. ve Tic. A.Ş.	-	5,086,143
Trakya Cam Yenişehir A.Ş.	721,930	1,549,690
	<u>6,161,461</u>	<u>21,799,263</u>

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

	31 December 2012	31 December 2011
<u>Trade payables to related parties</u>		
T. Şişe ve Cam Fabr. A.Ş.	14,670,977	1,309,197
Solvay Sodi AD	4,402,981	4,730,685
Trakya Cam San. A.Ş.	1,150,473	222,386
Paşabahçe Cam San. ve Tic. A.Ş.	823	307,799
Şişecam Dış Ticaret A.Ş.	12,322,060	9,766,112
Camiş Menkul Değerler A.Ş.	-	49
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	480,000	-
İş Merkezleri Yönetim ve İletişim A.Ş.	15,821	12,641
Camiş Madencilik A.Ş.	-	53
Anadolu Cam San. A.Ş.	-	92,253
Vijenac d.o.o. Lukavac	533,900	624,351
Camiş Elektrik Üretim A.Ş.	-	16,893,958
Camiş Ambalaj San. A.Ş.	16,084	4,130
Trakya Polatlı Cam Sanayi A.Ş.	1,286,736	-
	<u>34,879,855</u>	<u>33,963,614</u>
	31 December 2012	31 December 2011
<u>Non-trade payables to related parties</u>		
T.Şişe ve Cam Fabr. A.Ş.	29,307,914	55,423,248
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	156,439	171,651
Camiş Elektrik Üretim A.Ş.	128,312	-
Denizli Cam Sanayi A.Ş.	125,548	899,227
Camiş Ambalaj San. A.Ş.	80,143	-
Paşabahçe Cam San. ve Tic. A.Ş.	217,609	1,441,787
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	-	-
Oxyvit Kimya San. ve Tic. A.Ş.	587,941	-
Çayırova Cam San. A.Ş.	514,024	242,436
Şişecam Dış Ticaret A.Ş.	11,334,731	5,763,510
Other	10,108	10,277
	<u>42,462,769</u>	<u>63,952,136</u>

The non-trade receivables and payables of the Group with its related parties consist of 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. 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 2012 was 0.85% (December 2011: 0.82%).

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Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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

	1 January-31 December 2012	1 January-31 December 2011
<u>Sales to related parties</u>		
Trakya Cam San. A. Ş.	47,305,384	49,626,674
Paşabahçe Cam San. ve Tic. A. Ş.	13,798,627	11,061,112
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	7,866,779	6,681,512
Camiş Madencilik A. Ş.	1,018,874	59,682
Denizli Cam San. ve Tic. A. Ş.	296,542	256,701
Anadolu Anonim Türk Sigorta A.Ş.	163,046	-
Sintan Kimya San.Tic.A.Ş.	-	844,453
Cam Elyaf San. A. Ş.	2,919,631	268,774
Anadolu Cam San. A. Ş.	25,723,634	21,362,612
Trakya Cam Yenişehir A. Ş.	33,926,049	29,272,907
Anadolu Cam Yenişehir A. Ş.	22,777,734	18,019,663
Şişecam Dış Ticaret A. Ş.	510,743,232	460,330,851
Bayek Tedavi Sağlık Hizm.ve İslt.A.Ş.	2,281,782	-
İş Merkezleri Yönetim ve İletişim A.Ş.	8,929,199	-
İş Net Bilgi Ür.Dağ.Tic. ve İlet.Hiz.A.Ş.	186,158	-
Trakya Glass Bulgaria EAD	20,131,075	19,185,391
OJSC Mina	1,632,394	-
Vijenac Doo Lukavac	302,710	153,116
Oxyvit Kimya San. ve Tic. A. Ş.	2,628,792	2,144,865
	<u>702,631,642</u>	<u>619,268,313</u>
<u>Purchases from related parties</u>		
Oxyvit Kimya San. ve Tic.A.Ş.	757,945	518,659
Vijenac Doo Lukavac	6,374,290	7,188,414
Şişecam Dış Ticaret A. Ş.	39,563,647	21,850,888
Camiş Madencilik A. Ş.	-	10,655
Camiş Elektrik Üretim A. Ş. (**)	45,789,823	150,987,355
Solvay Sodi AD	111,842,719	94,238,683
	<u>204,328,424</u>	<u>274,794,654</u>
<u>Interest income from related parties</u>		
Trakya Cam San. A. Ş.	126,197	204,435
Trakya Cam Yenişehir A. Ş.	98,179	85,630
Trakya Polatlı Cam Sanayi A.Ş.	2,239	-
Anadolu Cam San. A. Ş.	87,910	91,385
Anadolu Cam Yenişehir A. Ş.	119,962	129,913
T.Şişe ve Cam Fabr. A.Ş.	98,981	-
Paşabahçe Cam San. ve Tic. A. Ş.	13,152	29,067
Sintan Kimya San.Tic.A.Ş.	4,182	69,195
Oxyvit Kimya San. ve Tic.A.Ş.	36,042	134,302
Paşabahçe Eskişehir Cam San.ve Tic.A.Ş.	60,041	-
Cam Elyaf San. A. Ş.	60,489	862,920
Camiş Madencilik A. Ş.	147,302	171,660
Camiş Elektrik Üretim A. Ş.	215,297	444,011
Paşabahçe Mağazaları A.Ş.	19,404	-
T.İş Bankası A. Ş.	3,941,834	4,724,386
Other	7,760	17,934
	<u>5,038,971</u>	<u>6,964,838</u>

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<u>Finance expense to related parties</u>	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Şişecam Dış Ticaret A. Ş.	567,956	217,158
Camiş Ambalaj Sanayi A.Ş.	1,516	5,043
Denizli Cam Sanayi A.Ş.	45,212	49,849
Anadolu Cam San. A. Ş.	-	10,850
Anadolu Cam Yenişehir A. Ş.	-	8,913
Oxyvit Kimya San. ve Tic.A.Ş.	64,849	-
Çayırova Cam San. A. Ş.	39,977	36,855
Paşabahçe Cam San. ve Tic. A. Ş.	54,647	203,198
T.İş Bankası A. Ş.	287,073	90,805
İşbank Gmbh	1,038,452	755,240
T.Şişe ve Cam Fabr. A. Ş.	4,711,175	2,762,699
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	2,468	88,404
Camiş Elektrik Üretim A.Ş.	22,705	-
T.Sınai Kalkınma Bankası A.Ş.	366,884	-
Trakya Cam San.A.Ş.	3,164	21,903
Other	-	20,383
	<u>7,206,078</u>	<u>4,271,300</u>
	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
<u>Dividend Income from Related Parties</u>		
Paşabahçe Cam San. ve Tic.A.Ş.	1,536,583	-
Nemtaş Nemrut Liman İŞlt.A.Ş.	-	29,992
	<u>1,536,583</u>	<u>29,992</u>
	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
<u>Commision expense to related parties</u>		
T.Şişe ve Cam Fabr. A. Ş.	347,879	341,546
Şişecam Dış Ticaret A. Ş.	2,536,716	2,436,356
	<u>2,884,595</u>	<u>2,777,902</u>

(*) Sintan Kimya San. ve Tic. A.Ş. was sold on 19 April 2012 and the income and expenses disclosed under related party transactions cover the period 1 January - 19 April 2012.

(**) As is also explained in Note 3, the Company acquired Cogeneration Plant Operation of Camiș Elektrik Üretim A.Ş. and accounted for as a transactions under common control.

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Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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<u>Service expense to related parties</u>	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
T.Şişe ve Cam Fabr. A. Ş.	11,865,403	8,288,974
<u>Other income from related parties</u>	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
Cam Elyaf San. A. Ş.	1,091,777	1,032,967
Camiş Madencilik A. Ş.	1,652,155	1,443,795
Denizli Cam Sanayi A.Ş.	2,018	-
Paşabahçe Cam San. ve Tic. A. Ş.	1,045,682	942,939
Paşabahçe Eskişehir Cam San. ve Tic. A.Ş.	85,641	-
T.Şişe ve Cam Fabr. A. Ş.	156,777	133,805
Trakya Cam San. A. Ş.	2,787,997	3,322,230
Trakya Cam Yenişehir A. Ş.	492,747	39,763
Anadolu Cam Yenişehir A. Ş.	2,934,981	2,500,241
Camiş Elektrik Üretim A. Ş.	1,537,424	5,000,782
Anadolu Cam San. A. Ş.	1,873,647	1,984,964
Oxyvit Kimya San. Ve Tic. A. Ş.	145,632	852,554
Sintan Kimya San.ve Tic. A. Ş.	250	63,472
Vijenac Doo Lukavac	75,272	-
Solvay Sodi AD	1,729,448	1,475,743
Other	2,266	15,963
	<u>15,613,714</u>	<u>18,809,218</u>

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<u>Other expense to related parties</u>	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
T.İş Bankası A. Ş.	924,690	833,868
Cam Elyaf San. A. Ş.	-	10,132
İş Merkezleri Yön. ve İsl. A. Ş.	629,853	525,615
Camiş Ambalaj San.A.Ş.	273,591	300,039
Paşabahçe Mağazaları A.Ş.	18,137	27,730
Şişecam Shanghai Trading Co.Ltd.	1,335,871	1,076,832
T.Şişe ve Cam Fabrikaları A.Ş.	445,746	495,245
Çayırova Cam San. A. Ş.	794,265	651,805
Vijenac Doo Lukavac	129,438	-
Anadolu Anonim Türk Sig. Şti.	1,116,907	-
Oxyvit Kimya San. ve Tic.A.Ş.	13,826	-
Paşabahçe Cam San. ve Tic. A. Ş.	5,841	10,289
Bayek Tedavi Sağlık Hizm.ve İslt.A.Ş.	114	-
Camiş Menkul Değerler A.Ş.	12,637	12,808
Camiş Madencilik A.Ş.	843	-
İş Gayrimenkul Yat.Ort.A.Ş.	1,474,340	1,183,399
Şişecam Dış Ticaret A.Ş.	166,335	-
	<u>7,342,434</u>	<u>5,127,762</u>
	<u>1 January-31 December 2012</u>	<u>1 January-31 December 2011</u>
<u>Compensation to key management</u>		
Parent	2,634,279	2,015,293
Consolidated entities	1,087,482	633,487
	<u>3,721,761</u>	<u>2,648,780</u>

Key management of the Company consists of the members of the Board of Directors, general manager, directors, general manager assistant and vice presidents.

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 follows 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.

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Notes To The Consolidated Financial Statements For The Years Ended 31 December 2012 And 2011

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As of 31 December 2012 and 31 December 2011, the Group’s net debt / total equity ratios are as follows:

	31 December 2012	31 December 2011
Financial and trade payables	324,909,201	284,847,969
Less: Cash and cash equivalents	(167,092,092)	(197,145,157)
Net debt	157,817,109	87,702,812
Total equity	997,842,272	797,974,827
Net debt / total equity ratio	%16	%11

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

	Receivables						Derivative Instruments
	Trade Receivables			Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties	Deposits		
31 December 2012							
Maximum credit risk exposure as of balance sheet date (*)	125,121,022	82,829,311	6,161,461	8,561,821	167,070,305	-	-
- Under guarantee with collaterals, etc.	(82,040,088)	(28,700,082)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	107,074,708	76,395,490	6,161,461	8,561,821	167,070,305	-	-
- Under guarantee with collaterals, etc.	(71,824,222)	(24,949,369)	-	-	-	-	-
B. Net book value of financial assets that, whose terms have been renegotiated, would otherwise be past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	18,046,314	6,433,821	-	-	-	-	-
- Under guarantee with collaterals, etc.	(10,215,866)	(3,750,713)	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	1,275,487	-	255,029	-	-	-
- Impairment (-)	-	(1,275,487)	-	(255,029)	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

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

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

	Receivables						Derivative Instruments
	Trade Receivables			Other Receivables			
	Related Parties	Third Parties	Third Parties	Related Parties	Third Parties	Deposits	
31 December 2011							
Maximum credit risk exposure as of balance sheet date (*)	106,416,189	63,090,405	21,799,263	974,229	197,112,879	-	-
- Under guarantee with collaterals, etc.	(46,088,279)	(16,331,223)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	94,000,746	57,402,290	21,799,263	974,229	197,112,879	-	-
- Under guarantee with collaterals, etc.	(42,021,594)	(13,047,690)	-	-	-	-	-
B. Net book value of financial assets that whose terms have been renegotiated, would otherwise be past due or impaired	-	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	12,415,443	5,688,115	-	-	-	-	-
- Under guarantee with collaterals, etc.	(4,066,685)	(3,283,533)	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	2,706,134	-	230,193	-	-	-
Impairment (-)	-	(2,706,134)	-	(230,193)	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

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

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Total of trade receivables not due as of 31 December 2012 is TRY 183,470,198 (31 December 2011: TRY 151,403,036).

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

	31 December 2012	31 December 2011
Guarantee letter	27,866,192	15,766,693
Mortgages	594,812	564,530
Other	239,078	-
	<u>28,700,082</u>	<u>16,331,223</u>

As of 31 December 2012, trade receivables amounting to TRY 24,480,135 which are past due were not considered as impaired and no provision has been recorded (31 December 2011: TRY 18,103,558). The Group does not anticipate collection risk for the trade receivables considering the dynamics and circumstances of the industry in which it operates. The current status of overdue trade receivables is a result of the characteristics of the industry and is similar to the prior period status.

As of 31 December 2012, trade receivables amounting to TRY 1,275,487 (31 December 2011: TRY 2,706,134) was considered to be impaired and were provided in full (31 December 2011: TRY 2,706,134). The provisions on impaired receivables have been estimated based on the experience from previous years considering the collection issues associated with these receivables. The group manages its credit risk by reducing the average counterparty limits and obtaining collaterals if needed. Credit risk is mostly related to trade receivables. The Group manages its credit risk for dealers by capping dealers' limit with the collaterals received. The utilization of credit limits is continuously monitored; and the customers' credit quality is monitored by evaluating customers' financial position, the experience from previous years and other factors. Trade receivables are evaluated by considering the Group policies and procedures and are presented on the balance sheet net of the doubtful receivable provision.

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

	31 December 2012	31 December 2011
Overdue up to one month	21,782,243	12,408,393
Overdue for 1-3 months	2,260,060	1,528,560
Overdue for 3-12 months	437,832	4,166,605
Total overdue receivables	<u>24,480,135</u>	<u>18,103,558</u>
The part under guarantee with collateral etc.	<u>(13,966,579)</u>	<u>(7,350,218)</u>

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

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

	31 December 2012	31 December 2011
Guarantee letter	3,659,068	3,187,080
Mortgages	91,645	96,453
Cash	8,625	-
Commercial letter of credit	178,260	1,082,048
Eximbank export insurance	9,922,292	2,878,046
Factoring	106,689	106,591
	<u>13,966,579</u>	<u>7,350,218</u>

(b.2) Liquidity risk management

The Group manages liquidity risk by providing the continuity of sufficient funds and loan reserves by twinning the maturities of financial assets and liabilities by following cash flow regularly.

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 liabilities. Amount of interest payable to be paid of financial liabilities are included in the table:



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

		31 December 2012					31 December 2011						
		Carrying value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Carrying value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities													
Bank borrowings		175,012,082	186,881,225	37,259,459	54,946,749	89,112,042	5,562,975						
Trade payables		115,017,264	115,365,374	111,586,555	3,778,819	-	-						
Due to related parties (Note 37)		77,342,624	77,342,624	53,616,038	23,726,586	-	-						
Other payables		9,551,860	9,551,860	8,735,554	816,306	-	-						
Total liabilities		376,923,830	389,141,083	211,197,606	83,268,460	89,112,042	5,562,975						
Non derivative financial liabilities													
Bank borrowings		196,634,860	215,675,999	37,756,326	29,678,174	132,961,633	15,279,866						
Trade payables		54,249,495	54,649,067	53,673,410	975,657	-	-						
Due to related parties (Note 37)		97,915,750	97,915,750	86,240,992	11,674,758	-	-						
Other payables		13,056,176	13,056,176	9,577,172	3,479,004	-	-						
Total liabilities		361,856,281	381,296,992	187,247,900	45,807,593	132,961,633	15,279,866						

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(b.3) Market risk management

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

(b.3.1) Foreign currency risk management

Foreign currency transactions, give rise to foreign currency risk. Certain transactions denominated in foreign currencies results in foreign currency. The breakdown of the Group’s foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

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

	31 December 2012			
	TRY	USD	EUR	Other
1. Trade receivables	121,729,259	47,174,396	15,798,760	482,237
2a. Monetary financial assets(cash and banks included)	156,261,773	86,041,898	1,217,544	20,187
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	66,489	37,299	-	-
4. Current assets	<u>278,057,521</u>	<u>133,253,593</u>	<u>17,016,304</u>	<u>502,424</u>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	-	-	-	-
8. Non current assets	0.00	0.00	0.00	0.00
9. Total assets	<u>278,057,521</u>	<u>133,253,593</u>	<u>17,016,304</u>	<u>502,424</u>
10. Trade payables	15,163,900	6,494,385	1,487,165	89,643
11. Financial liabilities	34,051,511	10,489,962	6,528,088	-
12a. Other monetary liabilities	3,440,898	425,610	1,140,539	-
12b. Other non monetary liabilities	-	-	-	-
13. Short term liabilities	<u>52,656,309</u>	<u>17,409,957</u>	<u>9,155,792</u>	<u>89,643</u>
14. Trade payables	-	-	-	-
15. Financial liabilities	11,773,230	4,270,000	1,769,583	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. Long term liabilities	<u>11,773,230</u>	<u>4,270,000</u>	<u>1,769,583</u>	<u>0.00</u>
18. Total liabilities	<u>64,429,539</u>	<u>21,679,957</u>	<u>10,925,375</u>	<u>89,643</u>
19. Net assets /(liability)position of off balance sheet derivative items (19a-19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position	<u>213,627,982</u>	<u>111,573,636</u>	<u>6,090,929</u>	<u>412,781</u>
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	<u>213,561,493</u>	<u>111,536,337</u>	<u>6,090,929</u>	<u>412,781</u>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	496,301,896	193,490,402	62,777,823	4,869,512
24. Import	169,312,476	80,478,782	9,706,674	2,711,827

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

	31 December 2011			
	TRY	USD	EUR	Other
1. Trade receivables	100,481,544	38,528,674	11,050,462	699,613
2a. Monetary financial assets(cash and banks included)	175,857,710	87,588,489	4,129,609	319,875
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	114,590	48,730	9,225	-
4. Current assets	<u>276,453,844</u>	<u>126,165,893</u>	<u>15,189,296</u>	<u>1,019,488</u>
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	-	-	-	-
8. Non current assets	-	-	-	-
9. Total assets	<u>276,453,844</u>	<u>126,165,893</u>	<u>15,189,296</u>	<u>1,019,488</u>
10. Trade payables	14,295,092	2,057,270	4,256,511	7,053
11. Financial liabilities	28,776,103	11,857,427	2,610,119	-
12a. Other monetary liabilities	6,981,482	1,396,133	1,777,693	-
12b. Other non monetary liabilities	-	-	-	-
13. Short term liabilities	<u>50,052,677</u>	<u>15,310,830</u>	<u>8,644,323</u>	<u>7,053</u>
14. Trade payables	-	-	-	-
15. Financial liabilities	28,178,963	12,761,905	1,666,667	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. Long term liabilities	<u>28,178,963</u>	<u>12,761,905</u>	<u>1,666,667</u>	-
18. Total liabilities	<u>78,231,640</u>	<u>28,072,735</u>	<u>10,310,990</u>	<u>7,053</u>
19. Net assets /(liability)position of off balance sheet derivative items (19a-19b)	-	-	-	-
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	-	-	-	-
20. Net foreign assets / (liability) position	<u>198,222,204</u>	<u>98,093,158</u>	<u>4,878,306</u>	<u>1,012,435</u>
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	<u>198,107,614</u>	<u>98,044,428</u>	<u>4,869,081</u>	<u>1,012,435</u>
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	580,915,295	182,473,198	116,134,908	6,107,703
24. Import	191,057,429	47,135,182	47,621,286	1,616,835

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The Group is mainly exposed to EUR and USD risks. Effects of other currencies are immaterial.

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of the balance sheet date 31 December 2012: USD 1 = TRY 1.7826 and EUR 1 = TRY 2.3517 (31 December 2011: USD 1 = TRY 1.8889 and EUR 1 = TRY 2.4438).

The table below presents the Group’s sensitivity to a 10% deviation in foreign exchange rates especially USD and EUR. 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 2012			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TRY by 10%				
1 - USD net assets / liabilities	19,882,467	(19,882,467)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1 + 2)	19,882,467	(19,882,467)	-	-
Change of EUR against TRY by 10%				
4 - EUR net assets / liabilities	1,432,404	(1,432,404)	14,236,691	(14,236,691)
5 - EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4 + 5)	1,432,404	(1,432,404)	14,236,691	(14,236,691)
Change of other currencies against TRY by 10%				
7- Other currencies net assets / liabilities	41,278	(41,278)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7 + 8)	41,278	(41,278)	-	-
Total (3 + 6 +9)	21,356,149	(21,356,149)	14,236,691	(14,236,691)

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

	31 December 2011			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency depreciation
	Change of USD against TRY by 10%			
1 - USD net assets / liabilities	18,519,612	(18,519,612)	-	-
2- USD hedged from risks (-)	-	-	-	-
3- USD net effect (1 + 2)	18,519,612	(18,519,612)	-	-
	Change of EUR against TRY by 10%			
4 - EUR net assets / liabilities	1,189,906	(1,189,906)	13,477,211	(13,477,211)
5 - EUR hedged from risks (-)	-	-	-	-
6- EUR net effect (4 + 5)	1,189,906	(1,189,906)	13,477,211	(13,477,211)
	Change of other currencies against TRY by 10%			
7- Other currencies net assets / liabilities	101,244	(101,244)	-	-
8- Other currencies hedged from risks (-)	-	-	-	-
9- Other currencies net effect (7 + 8)	101,244	(101,244)	-	-
Total (3 + 6 +9)	19,810,762	(19,810,762)	13,477,211	(13,477,211)

(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 TRY 1,733,965 as of 31 December 2012 (31 December 2011: TRY 1,942,656).

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Interest rate sensitivity

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

	31 December 2012			Total
	Floating Interest	Fixed Interest	Non-Interest Bearing	
Financial Assets				
Cash and cash equivalents	-	161,170,086	5,922,006	167,092,092
Available for sale financial assets	-	-	30,084,097	30,084,097
Trade receivables	-	82,829,311	-	82,829,311
Due from related parties	-	131,282,483	-	131,282,483
Financial Liabilities				
Bank borrowings	173,135,383	1,876,699	-	175,012,082
Trade payables	-	115,017,264	-	115,017,264
Due to related parties	-	77,342,624	-	77,342,624
	31 December 2011			
	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets				
Cash and cash equivalents	-	175,280,267	21,864,890	197,145,157
Available for sale financial assets	-	-	29,130,519	29,130,519
Trade receivables	-	63,090,405	-	63,090,405
Due from related parties	-	128,215,452	-	128,215,452
Financial Liabilities				
Bank borrowings	196,634,860	-	-	196,634,860
Trade payables	-	54,249,495	-	54,249,495
Due to related parties	-	97,915,750	-	97,915,750

(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. The Group does not trade those investments actively.

Equity price sensitivity

Sensitivity analysis disclosed below is determined based on the equity share price risks as of the reporting date. If the equity shares prices were increased / decreased by 10% with all other variables held constant as of the reporting date:

- Net profit/loss would not be affected as of 31 December 2012 and 31 December 2011 to the extent that equity share investments classified as available for sale assets are not disposed of or impaired.
- The other equity funds would increase/decrease by TRY885,470 (2011: TRY794,004 of increase/ decrease). This change is resulted from the fair value change of equity share investments classified as available for sale.

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

39. Fair Value of Financial Instruments and Hedge Accounting

31 December 2012	Loans and receivables	Available for sale financial assets	Financial assets and liabilities valued with effective interest rate method	Financial assets and liabilities designated as at fair value through profit or loss	Carrying value	Note
Financial assets						
Cash and cash equivalents	-	-	167,092,092	-	167,092,092	6
Financial assets	-	30,084,097	-	-	30,084,097	7
Trade receivables	82,829,311	-	-	-	82,829,311	10
Due from related parties	131,282,483	-	-	-	131,282,483	37
Financial liabilities						
Financial liabilities	-	-	175,012,082	-	175,012,082	8
Trade payables	-	-	115,017,264	-	115,017,264	10
Due to related parties	-	-	77,342,624	-	77,342,624	37
31 December 2011	Loans and receivables	Available for sale financial assets	Financial assets and liabilities valued with effective interest rate method	Financial assets and liabilities designated as at fair value through profit or loss	Carrying value	Note
Financial assets						
Cash and cash equivalents	-	-	197,145,157	-	197,145,157	6
Financial assets	-	29,130,519	-	-	29,130,519	7
Trade receivables	63,090,405	-	-	-	63,090,405	10
Due from related parties	128,215,452	-	-	-	128,215,452	37
Financial liabilities						
Financial liabilities	-	-	196,634,860	-	196,634,860	8
Trade payables	-	-	54,249,495	-	54,249,495	10
Due to related parties	-	-	97,915,750	-	97,915,750	37

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

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Fair Value of Financial Instruments

The classification of the Group’s financial assets and liabilities at fair value is as follows:

- Category 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Category 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Category 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

<u>Financial assets</u>	<u>Financial assets at fair value as of reporting date</u>			
	<u>31 December 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets available for sale	30,084,097	8,893,617	-	21,190,480
Total	<u>30,084,097</u>	<u>8,893,617</u>	<u>-</u>	<u>21,190,480</u>

<u>Financial assets</u>	<u>Financial assets at fair value as of reporting date</u>			
	<u>31 December 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets available for sale	29,130,519	7,940,039	-	21,190,480
Total	<u>29,130,519</u>	<u>7,940,039</u>	<u>-</u>	<u>21,190,480</u>

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40. Events after the Balance Sheet Date

At the meeting of Board of Directors, dated 26 November 2012, it was decided to increase the current registered capital ceiling of TRY500,000,000 to TRY1,000,000,000 and this decision was approved at extraordinary general assembly on 22 January 2013.

5,600 shares with a nominal value of EUR1 (0.5% of the capital) from Cromital S.p.A. shares owned by the Company were sold to T.Şişe ve Cam Fabrikaları A.Ş. for EUR24,228 on 18 February 2013.

The parent company Soda Sanayii A.Ş., has been a guarantor for the working capital loan amounting to EUR4,000,000 obtained from İşbank AG Frankfurt Branch by Şişecam Soda Lukavac D.o.o.

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

None

SODA SANAYİİ A.Ş.

1. CORPORATE GOVERNANCE COMPLIANCE REPORT

In accordance with “Communiqué on Principles Regarding the Specification and Application of Corporate Governance” Serial: IV, No: 56 of CMB, which has entered into effect by publishing on the Official Gazette No: 28158 on December 30th 2011, and the Communiqué Serial: IV, No: 57, which has amended the aforementioned Communiqué, this statement expresses the following responsibilities of Soda Sanayii Anonim Şirketi (Soda) regarding the determination of the duties, authorities and responsibilities of the Administrative Board and committee and managers associated with the Board and regarding the arrangement of the relations with the shareholders and stakeholders, for public disclosure and transparency.

Soda, which was established in 1969 as a part of Şişecam Group and Türkiye İş Bankası, offers service in soda products and chrome chemicals sectors. Soda offers Soda chemicals that it produces in Soda factory in Mersin and purchases from Solvay Sodi, an affiliate company in Bulgaria, for the use of many industrial sectors in Turkey and other countries, especially glass, textile, detergent, chemistry, food and animal food.

Our Sales Company Şişecam Bulgaria Ltd. in Bulgaria offers Soda chemicals that are supplied by Solvay Sodi for the use of many domestic and international customers in Bulgaria.

Soda chemicals manufactured in our affiliate company in Bosnia Herzegovina, Şişecam Lucavac d.o.o., are mainly exported.

Soda, which is among the major global manufacturers in Chrome Chemicals, offers basic chrome sulfide, chromic acid, sodium sulfur and sodium sulphhydrate products that it manufactures in Mersin Kromsan Factory and supplies from Cromital S.p.A. company in Italy, of which the company became shareholder in 2005 and purchased the entire company in 2011, for the use of significant industrial sectors in domestic and international markets, such as leather, tree impregnate, chemistry and paper.

Asmaş Ağır Makine Sanayii A.Ş., which was established in Izmir and participated to Soda in 2008, offers service in establishing a complete facility, manufacturing projects and technology, and to manufacture the equipment for iron-steel, cement, energy and defense industry sectors.

While Soda is ranked among top 10 suppliers in the world and among top 4 suppliers in the Europe in Soda sector, it is among top 3 suppliers in the world in Chrome Chemicals sector. Due to its position, the company has established its managerial understanding on equality, transparency, accountability and responsibility. The current position of Soda, being among the respectable producers of Europe and the world, is the proof of its managerial understanding.

Soda attaches great importance to the increase of productivity and sustainability in cost-effectiveness and carries out these goals by supporting modernization and R&D investments.

Soda, which has high level sensibility regarding environment and employee health, conducts its activities in this subject within the scope of Triple Responsibility System, which is applied based on voluntary action by the chemistry sectors of developed countries.

Modern management and industrialism principles, which carries Soda to its current position, such as high corporation level, market and R&D orientation, growth, increase of productivity and product and service quality, compose the basic foundations for stronger Soda in the future. Soda aims to consolidate its position by adapting these corporate management principles.

Within this context, the explanations regarding principles that are nonobligatory for the company among Corporate Management Principles in the appendix of the Communiqué on Principles Regarding the Specification and Application of Corporate Governance in the activity period ending in 31.12.2012, are explained in the related sections of the report.

On the other hand, the works, which were carried out for compliance with Corporate Governance Principles within this period, are summarized as follows:

- Within the scope of compliance with Corporate Governance Principles, a new article named “Compliance with Corporate Governance Principles” has been added to the Articles of Association. In addition, the 8th article of the Articles of Association, “Administrative Board”, has been amended and the subject of

determining the number and qualifications of the independent members in the Administrative Board in accordance with the Corporate Governance Principles has been arranged in the Articles of Association and the subject Articles of Association amendments have been accepted in the Ordinary General Assembly Meeting on May 24th 2012.

- Since there were no “Nomination Committee” within the body of our Administrative Board on the date when the “Communiqué on Principles Regarding the Specification and Application of Corporate Governance” Serial: IV, No: 56 of CMB became effective after its publication on the Official gazette no: 28158 in December 30th 2011, two independent members were determined in April 6th 2012 in accordance with the provisions of the Capital Market Board Corporate Governance Principles and submitted for the approval of the Administrative Board in April 10th 2012.

- For the independent member candidates, which were approved by the Administrative Board, the Parent Company has submitted these candidates for the approval of Capital Market Board in March 15th 2012, and no negative opinions were given by the CMB about these independent members. The election of the independent Board Members, who were approved by CMB, were accepted in the Ordinary General Assembly meeting held in May 24th 2012.

- To make sure that the Administrative Board performs its duties and responsibilities more effectively, a Supervisory Committee, Corporate Governance Committee and Early Risk Determination Committee were created in accordance with the Corporate Governance Principles and disclosed to the public.

- The assigned positions, working principles and the members of the committee have been determined in the meeting held in May 24th 2012 and disclosed to the public on the same day.

- Salaries of the Board Members were set down in writing and submitted to the information of the partners by creating a new agenda in the General Assembly meeting and it has also been disclosed to the public through the Corporate Web Site of the Company.

- In order to expand the right to information of the shareholders, the Corporate Web Site of the Company has been made available for the shareholders and the stakeholders. In addition, to make sure the shareholders can forward their written information requests and can receive answers, we have created an e-mail group named “How Can We Help You?” under the responsibility of the investment affairs unit in our Corporate Web Site.

Within this context, the explanations regarding Corporate Governance Principles for 2012, which are announced in Weekly Newsletter of CMB No: 2013/4, and which are prepared in accordance with “Announcement and Principle Decision”, are given below in sections.

SECTION I- SHAREHOLDERS

2. Shareholders Relations Unit

In order to perform the obligations resulting from Capital Market Board Regulation within the frame of the rules specified in this regulation and to continue the activities more effectively, a central understanding has been adapted and our Group has been structured accordingly. Within this context, all obligations of our company resulting from Turkish Trade Act and Capital Market Board Regulation have been performed under the supervision, orientation and coordination of the Shareholders Relations Unit, which has been constituted within the body of Parent Company Şişecam Financial Affairs Group Presidency in line with the Corporate Governance Principles of CMB.

Along with the units of the company, “Shareholders Relations Unit”, which has been constituted by force of the regulation, plays an active role in right to information and review, and also in protection and facilitation of the rights of the shareholders.

The information and explanations that may affect the shareholders while using their rights, are regularly submitted to the information of the shareholders in the Corporate Web Site of the Company.

The main activities conducted within this scope are summarized as follows.

- a. Except for the confidential, undeclared information and trade secrets about the company, the verbal and written information requests of the shareholders have been satisfied.
- b. The General Assembly Meetings were conducted in accordance with the regulation in effect, the articles of association and the in-house regulations.
- c. The documents that the shareholders can benefit were prepared in the General Assembly meetings and declared on the Corporate Web Site of the Company.
- d. The results of the ballots were recorded and the reports regarding these results were sent to the requesting shareholders.
- e. All kinds of matters regarding public disclosure, including Regulation and Company Information Policy, were protected and monitored.
- f. The investors were informed by participating in the meetings held in the head office of the company and in the conferences and meetings held by various national and international institutions.
- g. The Analysts evaluating the company were informed.
- h. The Corporate Web Site of the Company was updated and thus, the shareholders were enabled to reach quickly and easily to the information regarding the Company.
- i. The information and explanations that may affect the shareholders while using their rights, are regularly submitted to the information of the shareholders in the Corporate Web Site of the Company.
- j. Considering the Communiqué of CMB Serial: VIII No: 54, the required Special Condition Disclosures were disclosed to the public through KAP (Public Disclosure Platform).
- k. The amendments in Capital Market Board and the related regulation were followed and the related units in the company have made the necessary regulations.

The persons, who are assigned to provide communication with the shareholders

Name and Surname	Title	Telephone	e-mail
Cihan Sirmatel	Director of Financial Affairs	0212 350 35 92	csirmatel@sisecam.com
Ahmet Bayraktaroğlu	Accounting Manager	0212 350 36 40	abayraktar@sisecam.com
Bala Zaimoğlu	Budget and Financial Control Manager	0212 350 35 94	bzaimoğlu@sisecam.com

The operations, which were performed to provide detailed information to the investors regarding the activities of the Company in 2012, are summarized as follows.

- Total of eight conferences, three of which were national and five of which were international, were participated in 2012.
- Meetings were held with thirty fund and investors including conferences and in-house interviews.
- The questions of the investors were answered through telephone or e-mail. In addition, the questions of the investors, who asked their questions through Investor Relations Communication Form under “Investor Relations – How Can We Help You?” section in the Corporate Web Site, were answered as soon as possible.

3. Shareholders’ Use of Information Rights

The shareholders are not discriminated while using their right of information. Each shareholder has the right to receive and review information. There are no regulations under the Articles of Association that limits the right of information.

Within the frame of the regulation in effect, the Corporate Web Site of the Company is effectively used to make sure that the information rights of the shareholders are expanded and used efficiently. Within this context, the Corporate Web Site of the Company contains the information and data suggested by the Corporate Governance Principles and the regulative authorities.

For informing and public disclosure, the following information take place in the Corporate Web Site: products, annual and interim activity reports, corporate governance compliance report, Articles of Association, trade registry information, special condition disclosures, partnership structure, General Assembly Meeting agendas, General Assembly meeting minutes, list of attendants of General Assembly meetings, ballot form by proxy, registration statement and public offering circular, codes of conduct, Information Policy, announcements regarding association and division. Utmost care is shown to keep the Corporate Web Site up-to-date at all times.

The right of requesting special auditor of the minority shareholders from the General Assembly has been regulated by the legal regulation. The shareholders, who hold minimum 1/10 of the capital, may request special auditor from the General Assembly to analyze the conditions suggested by the law. There are not any regulations in our articles of association regarding special auditors, and there were no requests regarding the assignment of a special auditor within this period.

4. General Assembly Meetings

The announcement of the General Assembly meeting is made to reach maximum number of shareholders, through Public Disclosure Platform (KAP), Electronic General Assembly System (EGKS), Corporate Web Site of the Company and Turkish Trade registry Gazette at least three weeks before the meeting.

Along with the notifications and explanations to be made in accordance with the regulation and with the announcement of the General Assembly meeting on the Corporate Web Site of the Company, the following matters are submitted to the information of the shareholders in “Information Documents” section under “General Assembly Announcement and Documents” under “Investor Relations” section in the Corporate Web Site of the Company www.sodakrom.com

- a. Total number of shares and voting rights that reflect the partnership structure of the Company as from the announcement date,
- b. The changes in management and activities of the company, which may significantly affect the activities of the affiliates and subsidiaries of the Company planned for the following accounting period, or that may have occurred in the previous accounting period,
- c. If there are any Administrative Board Member dismissal, change or election in the agenda of the General Assembly meeting, the reasons for dismissal and change, and the information regarding the candidate for Administrative Board Membership,
- d. The requests of the shareholders, Capital Market Board (CMB) and/or other public institutions and organizations related to the company regarding to add another subject to the agenda,
- e. In case there are any changes for Articles of Association in the agenda, previous and new versions of the changes in Articles of Association and the Administrative Board Decision.

Regarding the fulfillment of the obligation specified in Clause (c), the information, regarding the personal background, their positions and reasons for dismissal within the last decade, the quality and level of importance of his/her relations with the related parties of the company, whether he/she is independent are disclosed to the public within 1 week following the general assembly meeting declaration by the Company.

While preparing the agenda for the General Assembly, it is considered to give each request under a different title and the titles of the agenda are expressed as to prevent different interpretations. The phrases, such as “other” and “various” are not used in the agenda.

While preparing the agenda, the subjects, which the shareholders sent to the Shareholders Relations Unit of the Company in written, are considered by the Administrative Board. There were no requests regarding this subject within this period.

Utmost care is shown to hold General Assembly meetings without causing inequality among the shareholders and by organizing the meetings as to make sure the shareholders can participate with lowest possible expenditure. Within this context, the time of the General Assembly meeting is determined by considering traffic, transportation and similar environmental factors.

In the General Assembly meeting, the subjects are openly, clearly and objectively explained in detail and the shareholders are given the opportunity to equally explain their thoughts and ask questions. All kinds of questions asked by the shareholders, which are not included within the scope of trade secrets, are answered directly in the general assembly meeting. In case the question is not related to the agenda or it is so comprehensive that it cannot be answered immediately, the question is answered by Shareholders Relations Unit within maximum 30 business days in written.

If there are any operations performed referring to the permission received to perform the works within the subject of activity of the Company within the scope of 395th and 396th articles of Turkish Trade Act, discussed in the previous General Assembly, the General Assembly is informed regarding this subject.

The Administrative Board Members, other related persons, the authorities responsible for the preparation of the financial statements and the auditors present at the general assembly meeting to inform the shareholders about the specific subjects on the agenda and to answer their questions.

On the day, when the Administrative Board makes a decision for the General Assembly, the public is informed through Public Disclosure Platform (KAP) and Electronic General Assembly System (EGKS). In addition, in order to inform national and international shareholders about the announcement texts and agenda of the General Assembly, the documents of the General Assembly are published on the Corporate Web Site of the Company.

In accordance with the regulations of CMB, it is required to disclose the financial statements to the public within 14 weeks following the end of the accounting period. In order to inform shareholders immediately, the company aims to complete the financial statements as soon as possible and disclose the statements to the public.

In case there is a significant change in the management and activity organization of the company, the public is informed within the frame of the regulation.

The Articles of Association of the Company has been amended regarding compliance with the Corporate Governance Principles in important transactions and related party transactions defined in Corporate Governance Principles of CMB and regarding giving guarantees, pledges and securities to the third parties.

In this period, which this scope;

Regarding the taking over of the Cogeneration Unit Facility, which was the property of our affiliate company Camiř Elektrik Üretim A.Ş., within the scope of 19th and 20th articles of Corporate Tax Law and the provisions of Capital Market Law, 303-396th articles of Turkish Trade Act and “Communique Regarding Regulation of Methods and Principles for Partial Division of Corporations and Limited Companies”, which has been published by the Ministry of Economy and the Ministry of Customs and Trade, through “Partial Division”, has been approved by Capital Market Board on February 23, 2012 no: 6/180 and it has been accepted in the Extraordinary General Assembly Meeting in March 28th 2012.

The General Assembly is informed with a separate agenda topic regarding the donations and supports made to foundations and charities for social aid. The General Assembly meetings are open to public, including media. The General Assembly meeting minutes, which are present on the Corporate Web Site of the Company, are open for review of the shareholders in the Head Office of the Company and on the Corporate Web Site of the Company.

The Ordinary General Assembly Meeting for 2011 has been held in May 24th 2012 with 85.26% of quorum, and the Extraordinary General Assembly Meeting has been held in March 28th 2012 with 85.26% of quorum.

In the announcements and declarations regarding General Assembly meetings, the following information are given;

- The agenda, date and time of the General Assembly, and the principles for arranging letter of attorney and letter of attorney form for the shareholders, who will be represented through their attorneys,
- Whether the general assembly meetings will be held in physical or electronic environment, and the information that assigning attorneys, making suggestions, expressing opinions and voting for the general assembly meetings in electronic environment will be made through Electronic General Assembly System (EGKS) provided by Central Registry Office (MKK) and that the shareholders, who would like to participate the general assembly in person or through their attorneys in electronic environment shall make their preferences in accordance with the principles of EGKS,
- The information regarding the necessity of the shareholders, who would like to participate in the General Assembly in person, to present their identities or letters of attorney in case they want to use their rights regarding their shares registered in "Shareholders List" in Central Registry Office (MKK) system in person or through their attorneys,
- It is stated that including annual activity report, the financial statements, Independent External Audit Reports, profit distribution suggestion of the Administrative Board and previous and new versions of the amendment text, if there will be any amendments on the Articles of Association, will be available for examination of the partners on the Corporate Web Site of the Company.

5. Voting Rights and Minority Rights

There are not any privileges in the Articles of Association regarding the use of voting rights. In accordance with the Articles of Association, each share gives one voting right. If mutual association relations bring a domination relation, the companies in mutual association cannot use the voting rights of their associated company in the General Assemblies of the aforementioned company, unless there are mandatory conditions, such as creating quorum.

Minority shares are not represented in the management. There are not any criticism or complaints about these matters in 2012.

6. Profit Share Right

Profit distribution policy of our company has been determined by considering Turkish Trade Act, Capital Market Law, Tax Laws and other regulations that the company is subject to, and the provisions of the Articles of Association.

Accordingly;

- a. Our Company distributes profit shares in cash and/or as free shares as minimum 50% of the net distributable period profit calculated at the year-end within the frame of Capital Market Regulation and other related regulation. The Ordinary General Assembly of the Partners may decide on a different type of distribution considering the matters such as economic conditions, investment plans and cash position.
- b. Profit distribution proposals of our Administrative Board, which also includes the details projected in Corporate Governance Principles and the regulations of Capital Market Board, are announced within the legal time period through Public Disclosure Platform, our company's web site and through the activity report.
- c. Cash profit shares, which will be distributed depending upon the decision of the General Assembly, are paid on the date decided in the General Assembly. The transactions regarding the profit shares that will be distributed as free shares are completed within the legal time period projected in the regulations of Capital Market Board.



d. Within the frame of profit distribution policy, the profit shares are distributed equally to all shares without considering the issue and acquisition dates of these shares.

e. In case the Administrative Board suggests to the General Assembly that the profit should not be distributed, the reasons and the information regarding the usage area of these undistributed profits are presented to the shareholders in the General Assembly meeting.

f. A balanced policy between the interests of the shareholders and the interests of the company is adapted in profit distribution.

g. There are not any privileged shares regarding profit distribution.

h. In accordance with our Articles of Association, our Administrative Board members and employees do not receive profit share with founder dividend share.

i. In accordance with the Articles of Association, the Administrative Board can distribute advance profit share, provided that being authorized by the General Assembly and complying with the Capital Market Law and regulations of Capital Market Board regarding this subject. The advance profit share distribution authority, which is granted by the General Assembly to the Administrative Board is limited to the related year.

7. Transfer of the Shares

There are not any provisions in the Articles of Association that limits the transfer of the shares.

SECTION II- PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

With “Communique Regarding the Public Disclosure of Special Conditions” Serial: VIII No: 54 of CMB, which was published on the Official Gazette in February 6th 2009 with no 27133, the partners, whose shares are traded in the exchange market, are obliged to constitute an Information Policy for public disclosure and to disclose these information to the public through the web site of the Company.

The “Information Policy”, which has been constituted within this context and approved in the Administrative Board Meeting no: 10 in April 2nd 2012, has been announced to public under “Investor Relations” section of the Corporate Web Site of the Company.

Information Policy includes matters, such as which information will be disclosed to the public, other than specified by the regulation, how, how often and in what ways these information will be disclosed to the public, how often the Administrative Board or the managers will interview with the media, how often the meetings for public disclosure will be organized, and what will be the method of responding the questions asked to the Company.

Names and titles of the persons, who are responsible for conducting Information Policy, are as follows.

Name and Surname	Title	Telephone	e-mail
Cihan Sırmatel	Director of Financial Affairs	0212 350 35 92	csirmatel@sisecam.com
Ahmet Bayraktaroğlu	Accounting Manager	0212 350 36 40	abayraktar@sisecam.com
Bala Zaimoğlu	Budget and Financial Control Manager	0212 350 35 94	bzaimoğlu@sisecam.com
Gül Demirhan	Chief of Administrative Accounting	0324 241 65 95	gdemirhan@sisecam.com
Ayşe Arzu Beler	Chief of Administrative Accounting	0212 350 36 34	abeler@sisecam.com

9. Company's Web Site and Its Contents

In order to maintain the Company's relations with its shareholders faster and more effectively and to be in continuous contact with the shareholders, Corporate Web Site is actively used as suggested by Corporate Governance Principles of CMB. The information in this web site is constantly updated under the responsibility of the Shareholders Relations Unit. The information in the Corporate Web Site of the Company have the same content with the explanations within the frame of the provisions of the related regulation and there are not any conflicting or missing information.

In the Corporate Web Site of the Company, www.sodakrom.com, which is prepared in Turkish, the following information are provided along with the mandatory information as per the regulation: trade registry information, latest partnership and managerial structure, there are not any privileged stocks, final form of the Articles of Association along with the date and number of the trade registry gazettes, where the amendments were published, special condition disclosures, financial reports, activity reports, registration statements and public offering circulars, General Assembly documents, list of attendants and meeting minutes, ballot form by proxy, Profit Distribution Policy, Information Policy, Codes of Conduct, and the answers for frequently asked questions. Within this context, the information of minimum the last 5 years are in the Corporate Web Site of the Company. The financial reports and activity reports in the web site are also prepared in English for international investors.

10. Activity Report

The Activity Report of the Administrative Board is prepared in detail so that the public reach complete and accurate information about the activities of the Company.

The following information takes place in the annual activity reports, in addition to the matters specified in the Regulation and in the other sections of the Corporate Governance Principles:

- a) The information about other duties of the Administrative Board members in their personal background information,
- b) Members of the Administrative Board committees, their meeting frequency, and their activities,
- c) Number of Administrative Board meetings within a year and the participation of the Administrative Board members to these meetings
- d) If available, the explanations about significant administrative sanctions and penalties given to the Company and the Administrative Board members due to the applications against the provisions of the regulation,
- e) Information about the regulatory changes, which may significantly affect the activities of the company,
- f) Information about important lawsuits against the company and potential results,
- g) Information about the corporate social responsibility activities regarding the activities of the company that result in social rights of the employees, occupational training and other social and environmental results.

SECTION III - STAKEHOLDERS

11. Information of the Stakeholders

The stakeholders are the persons, institutions and interest groups, such as employees, creditors, customers, suppliers, unions, various non-governmental organizations, which are related to the activities or the targets of the Company. The Company protects the rights of the stakeholders, which are regulated by the regulation and mutual agreements. In cases, where the rights of the stakeholders are not protected by the regulation



and mutual agreements, the interests of the stakeholders are protected within the frame of good will and within the opportunities of the Company.

The stakeholders are informed about the Company Policies and procedures regarding the protection of their rights. The company has constituted the necessary mechanisms for the stakeholders to inform Supervisory Committee about the unethical transactions and the transactions against the regulation of the Company.

When there are conflicts of interest among the stakeholders or if one stakeholder is involved in more than one interest group, a policy, as balanced as possible, is followed or each right is tried to be protected independently in order to protect all rights.

12. Participation of the Stakeholders to the Administration

The participation of the stakeholders, especially of the employees, to the administration of the company is supported provided that the activities of the company should not be hindered, and the decisions of the stakeholders are taken for the important decisions for the stakeholders.

13. Human Resources Policy

Within the scope of Human Resources Systems of the Company, the following principles have been constituted: employment, working conditions, rating systems, wage management, monetary and social rights, performance evaluation, career management and the termination method of labor contract. The relations with the employees are conducted by the human resources department without any problems.

The standards regarding personnel employment are specified in written in Human Resources Systems of the Company and these standards are followed.

While creating employment policies and planning careers, the principle of providing equal opportunities to the people under equal conditions has been adapted. No complaints were made to the managers of the Company regarding discrimination within this period.

The employees are treated equally and training programs are carried out in order to increase knowledge, skills and manners of the employees. The meetings are organized with the employees about the financial status of the company, wages, career, training and health.

The decisions about the employees or the developments regarding the employees are announced to the employees or their representatives. The opinions of the unions are taken for these types of decisions. The job descriptions and distribution and performance and incentive criteria are announced to the employees and productivity is considered while determining the wages and other benefits of the employees. The employees are not discriminated in terms of their races, religious views, language and gender and special precautions are taken in order to prevent physical, mental and emotional maltreatment.

14. Codes of Conduct and Social Responsibility

14.1 Social Responsibility

Being a company, which is aware of its responsibilities against the laws and environmental values, we believe in the necessity of leaving a habitable world to the next generations. Our company considers this approach, which is perceived as one of the main factors of strategic management, at each step of its activities. Our purpose is to conduct environmental protection works in our company with the environmental management system approach and provide continuous optimization with the support of our employees.

Triple Responsibility works, which are conducted as a voluntary application in global chemistry industry, have continued in 2012, as well.

14.2 Codes of Conduct

“Şişecam Group Code of Conduct”, which has been regulated within the frame of honesty, transparency, confidentiality, objectivity and compliance with the laws with the decision of Parent Company Administrative Board no: 49 in 20.07.2010, has been put into effect and guideline regulations that will direct the relations of all Group employees with the customers, suppliers, shareholders and other stakeholders.

The general concept of the Codes of Conduct, which were also disclosed to the public through the Corporate Web Site of the Company, is as follows.

14.2.1 General Principles

- In Şişecam Group, integrity and honesty are the key words in the relations with the employees, customers, suppliers, shareholders and all stakeholders.
- Şişecam Group is open and transparent to all of its stakeholders.
- In Şişecam Group, the stakeholders are not discriminated for their religious views, language, race, gender, medical condition, marital status and political views. Everyone is treated equally, biased behaviors are frowned upon.
- In Şişecam Group, the confidential information of the employees, customers and suppliers are protected with utmost care, these information are not shared with third parties.
- Şişecam Group conducts all of its activities in accordance with the laws. The Group closely follows the laws and regulations, takes necessary precautions for compliance with the laws.

14.2.2 Responsibilities

Top level Administrative Board and Supervisory Committee are responsible for effective implementation of the Codes of Conduct of Şişecam Group. All employees are obliged to behave in accordance with the Codes of Conduct.

14.2.3 Applications

- In Şişecam Group, resources of the Group are used effectively and productively and this savings principle is always considered in all activities. The employees of the Group use Group’s resources only for the benefit of the Group and protect them.
- In Şişecam Group, utmost care is shown to protect all kinds of confidential information that is closed to the public. The regulation and procedures regarding the security of the confidential information of the Group are applied precisely and the necessary precautions are taken to keep, archive and protect the information.
- The employees of Şişecam Group protect the interests of the Group within the frame of in-group and legal regulations and they keep away from conflict of interests.
- In Şişecam Group, the overpriced gifts that may be given by other institutions, customers or suppliers are not accepted. However, the symbolic gifts, such as plaques or plates that are given in meetings or seminars can be accepted.
- In case Şişecam Group employees must inevitably enter into business relations with their family members, close relatives and friends, it is not allowed to create conflict of interests.
- In Şişecam Group, respect, equality, kindness and rules of justice are considered in the relations with customers and suppliers and ethical rules are followed. Deceptive and fallacious behaviors are avoided in relations with customers and consumers.

- In Şişecam Group, which holds on to honesty and truthfulness principles in competition, the competition rules and laws are strictly followed in other countries.

- Şişecam Group is always transparent and open in its relations with public institutions. All kinds of information and documents, which are required by the public institutions, are provided accurately, completely and on time; deceptive and fallacious behaviors are strictly prohibited before public institutions.

14.2.4 Compliance with Codes of Conduct of Şişecam Group

The employees of the Group show utmost care regarding compliance with Şişecam Group's Codes of Conduct. By using communication channels effectively, it can be monitored that Codes of Conduct are strictly followed in the activities of the Group.

SECTION IV. ADMINISTRATIVE BOARD

15. Structure and Constitution of the Administrative Board

The Administrative Board is determined to allow the members to make productive and constructive works, to take quick and rational decisions and to effectively organize the operations and constitution of the committees.

There are members in Administrative Board, who are in charge of execution and who are not. The Administrative Board member, who is not in charge of execution, is a person, who does not have any other administrative duty in the Company and who does not involve in daily workflow and ordinary activities of the Company. The majority of the Administrative Board Members are not in charge of execution. President of Chemicals Group Sabahattin Günceler and Director of Financial Affairs Cihan Sırmatel are in the Administrative Board as Executors.

In accordance with the Articles of Association, the works of the Company are conducted by an Administrative Board of at least 5 (five) members by the general assembly of partners in accordance with the regulations of Capital Market Board and the provisions of Turkish Trade Act. The Articles of Association has been amended in the Ordinary General Assembly Meeting held in May 24th 2012 and two independent members have been elected in the Administrative Board in accordance with the criteria suggested in Corporate Governance Principles of Capital Market Board.

Following the General Assembly Meetings, where the Administrative Board Members were elected, the President and Vice President of the Administrative Board are elected by making a decision regarding division of tasks. In the Administrative Board of the Company, there are 2 executors and 4 non-executor members, whose names are given below.

<u>Name and Surname</u>	<u>Title</u>
Sabahattin Günceler (*)	President of the Administrative Board
Soner Benli	Vice President
Cihan Sırmatel (*)	Member
Zeynep Hansu Uçar	Member
Halil Ercüment Erdem (**)	Independent Member
Üzeyir Baysal (**)	Independent Member

(*) Executor Member,

(**) Supervisory Committee Member

The approval of the General Assembly is granted within the scope of 395th and 396th articles of Turkish Trade Act if the President and Members of the Administrative Board perform the activities of the Company in person or on behalf of other persons and regarding their partnership with the companies that perform same kind of works.

The Administrative Board Members can express their opinions without being influenced by all kinds of matters. Although it is not mandatory in Corporate Governance Principles, Zeynep Hansu Uçar is present in the Administrative Board of the Company as a female member.

The Administrative Board administers and represents the company by looking out for the long-term interests of the Company with rational and cautious risk management by keeping risk, growth and gaining balance at optimum level with strategic decisions.

The Administrative Board defines strategic goals of the Company, determines the labor and financial resource needs of the Company, inspects the performance of the management, and the conformity of the activities of the company to the articles of association, internal regulations and policies.

The Company has affiliates and subsidiaries. The company believes that it will be beneficial for the Group if the Administrative Board Members of the Company take place in the management of these companies and thus, did not limit their assignments in these companies.

16. Activity Procedures of the Administrative Board

The Administrative Board conducts its activities transparently, accountably, fairly and responsibly. The Members of the Administrative Board elect President and Vice President among themselves. In addition, they also elect Presidents and Members of their committees within the body of the Administrative Board.

As it is stated in the Articles of Association, the Administrative Board meets when it is required by the business and operations of the company. However, it is mandatory for them to meet at least once a month. When the president is not available, the Vice President moderates the Administrative Board. If the Vice President is not available, a temporary president, who will be elected by the members among themselves, will moderate the meeting. Meeting date and agenda of the Administrative Board are determined by the President. If the President is not available, the Vice President determines the date and agenda of the Administrative Board. However, the meeting date may also be determined by the decision of the Administrative Board.

The information and documents regarding the subjects in the agenda of the Administrative Board meeting are submitted for the review of the Administrative Board Members prior to the meeting to provide equal information flow. Prior to the meeting, the Administrative Board Members may suggest a change in the agenda to the President of the Administrative Board. The opinions of the member, who could not attend the meeting but submits his/her opinions in written, are submitted to the information of the other members. Each member has one voting right in the Administrative Board.

Secretariat duty of the Administrative Board is performed by the Company personnel without any problems, who are assigned in accordance with the procedures in Corporate Governance Principles.

In Administrative Board Meetings, the subjects on the agenda are discussed clearly and in all aspects. President of the Administrative Board does his/her best in order to ensure active participation of the non-executor members in the Administrative Board meetings. Rational and detailed reasons of the negative votes regarding the subjects, where the Administrative Board Members dissented, are recorded to the decision record. Detailed reasons of the negative voters are disclosed to the public. However, since there were not any objections or negative votes in the Administrative Board Meetings in 2012, no public disclosures were made.

The Administrative Board Meetings are held in the head office of the Company and important Administrative Board Decisions are disclosed to the public through KAP and the disclosed text is published in the Corporate Web Site of the Company.

Authorities and responsibilities of the Administrative Board Members are clearly explained in the Articles of Association. The authorities are explained in more detail in the signatory circular of the Company. These documents are registered and declared as suggested by the laws. The Administrative Board plays a major



role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and for this purpose, the Administrative Board is in close collaboration with the Shareholders Relations Unit.

17. The Number, Structure and Independency of the Committees Constituted in the Administrative Board

For effective duty and responsibility performance of the Administrative Board, the “Supervisory Committee”, “Corporate Governance Committee” and “Early Risk Determination Committee” have been constituted in accordance with the Corporate Governance Principles and disclosed to the public. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting held in May 24th 2012 and disclosed to the public on the same day.

The following decisions have been made in the Administrative Board meeting held in May 24th 2012;

- Independent Administrative Board Member Üzeyir Baysal has been elected as the President of the Supervisory Committee; Independent member Halil Ercüment Erdem has been elected as the member,
- Independent Administrative Board Member Halil Ercüment Erdem has been elected as the President of the Corporate Governance Committee; Independent Administrative Board Member Üzeyir Baysal, Zeynep Hansu Uçar and Cihan Sırmatel have been elected as members,
- Independent Administrative Board Member Üzeyir Baysal has been elected as the President of the Early Risk Determination Committee; Independent Member Halil Ercüment Erdem and Zeynep Hansu Uçar have been elected as members.

Since each of the Members of Supervisory Committee and the presidents of the other committees are suggested to be independent members by the Corporate Governance Principles, and since there are two independent members in the Administrative Board, it became essential to assign an Administrative Board member for more than one committee.

Corporate Governance Committee, Supervisory Committee and Early Risk Determination Committee perform their activities regularly in accordance with the procedures suggested in Capital Market Regulation and Corporate Governance Principles and the meetings of Supervisory Committee and Early Risk Determination Committee are held quarterly with an agenda, and the meetings of Corporate Governance Committee are held with an agenda when needed.

The Administrative Board is constituted by considering the internal control systems and the opinions of the related committees including the risk management and information systems and processes, which may minimize the effects of the risks that may affect the stakeholders of the Company, especially the shareholders. The Administrative Board reviews the effectiveness of the internal control systems and risk management systems at least once a year. Information is provided in the activity report regarding the internal controls, the existence, operation and efficiency of the internal audits.

18. Risk Management and Internal Control Mechanism

Risk management and internal audit activities of the Company are coordinated by the Directorate of Risk Management, which has been established within the body of the Directorate of Risk Management and Internal Audit that is subject to Parent Company Administrative Board.

The communication between internal audit and risk management functions are kept at highest level and it is aimed to increase managerial efficiency by risk-oriented internal audit operations. The operations are made to institute a corporate structure, to give assurance to the shareholders and the stakeholders, to protect tangible and intangible assets of the company, to minimize losses resulting from uncertainties, and to make the best out of potential opportunities and these operations are regularly reported.

Risk management and internal audit activities in our Company are conducted with essential support of the Parent Company and contribution of the employees. “Early Risk Determination committee” and “Supervisory Committee”, which were established in the Administrative Board of the Company in 2012, closely follow the risk management and internal audit operations within the Company and makes necessary orientations.

Risk management activities in our company are handled in a holistic and proactive approach and they are maintained based on corporate risk management applications. Operation field-based risk catalogs are

periodically updated with contribution of the employees of the Company and the risks are ranked as per their importance. Regarding the analyzed risk, the strategies are determined and necessary precautions are taken by considering risk appetite of the Administrative Board.

These operations are not limited to financial and strategic risks, they also cover operational risks, such as production, sales, occupational health and safety, emergency management and information technologies.

The internal audit activities of our Company, which has been continuing within the frame of a well-rooted and corporate structure, are maintained in conjunction with the Parent Company Administrative Board. The purpose of Internal Audit operations of the Parent Company is to make sure that the affiliate companies of the Parent Company grow sturdily, to help ensuring unity and solidarity in applications, to make sure effective, constructive and productive controls are made in order to conduct the activities in accordance with the regulation and to take corrective actions on time. The internal audit operations are conducted within the scope of an annual ordinary audit program, which is approved by the Parent Company Administrative Board. While creating annual ordinary audit program, the results from risk management activities are also used.

19. Strategic Objectives of the Company

The process of creating strategic objectives and updating these strategic objectives by reviewing starts with the clarity of the Vision text of Şişecam Administrative Board. Şişecam Administrative Board has determined the point that it wishes to reach with Chemicals Group in 2020 as follows: “Chemicals Group is a Group, which is ranked among the leading companies in basic competencies, which evaluates new opportunities that will create synergy with its existing activities, and which offers global solutions for its customers with environmental friendly technologies”. The vision of Soda Sanayii A.Ş., which operates under the Chemicals Group, is as follows: “Soda Sanayii, which is ranked among the leading soda providers in the world, aims to strengthen its position in soda sector; it also aims to maintain its leading position in all product groups in chrome chemicals”.

In the second phase, a series of analysis are performed to understand the conditions, under which the company will operate to fulfil its vision. The analysis for the in-house audits are called Internal Analysis; the analysis for the market, competitors, input and output sectors, different geographies, consumers and suppliers are called External Analysis. In the following phases, Strategic Maps are created and/or updated. Strategic Map determines the subjects to be focused on by Soda Sanayii A.Ş. in Finance, Customers, Processes and Intangible Assets and become perfect in which differentiating (strategic) factors. Strategic Map is diversified based on fields of operation. Thus, the route map of the activities are created. The implementation of these maps are performed through Balanced Scorecard.

20. Financial Rights

All kinds of rights, benefits and wages are determined by the General Assembly annually as it is specified in the Articles of Association. In the Ordinary General Assembly Meeting for 2011, which was held in May 24th 2012, the monthly salaries of the Administrative Board members are determined and disclosed to the public.

The salary principles for the top management and the Administrative Board Members are written and submitted to the information of the shareholders as a separate agenda item on Ordinary General Assembly meeting in May 24th 2012 and published in the Corporate Web Site of the Company.

The Top Managers of the Company do not receive any payments, which can technically be considered as premium, and which are directly indexed to endorsement, profitability and other main indicators. Along with cash payments to the Top Managers of the Company, such as salaries, premiums and social support, a payment named jest premium is made once a year by considering the indicators, such as inflation, general salary and Company’s profitability increase, and which is determined by considering criteria, such as the activity volume of the Company, the quality of the activities and risk level of the Company, the size of the structure and the sector. In addition, an official car is allocated for the Top Managers. Within this context, 447.200 TL has been paid to 6 Administrative Board Members; 2.187.079 TL has been paid to 7 Top Managers and a total of (447.200 + 2.187.079=) 2.634.279 TL has been paid in 2012.

Debts and credits are not given to Administrative Board members, they also cannot receive loans through a third person under the name of personal loan or they are not given securities such as indemnities.

SODA SANAYİİ A.Ş.**THE AGENDA OF****THE 2012 SHAREHOLDERS ORDINARY GENERAL ASSEMBLY MEETING**

- 1.** Election of the members of the Chairmanship Council and granting the Chairmanship Council the power to sign the minutes of the General Meeting,
- 2.** Reading of the summaries of the Reports prepared by the Board of Directors, the Auditing Board and the Independent Auditor on the activities that have been performed by our Company in the year 2012,
- 3.** Reviews and Discussions on and Approval of the 2012 Balance Sheet and Income Statement Accounts,
- 4.** Acquittals of the Members of the Board of Directors and the Auditing Board,
- 5.** Determination of the Compensations pertaining to the Members of the Board of Directors,
- 6.** Granting permissions to the Members of the Board of Directors as per the Articles 395 and 396 of the Turkish Commercial Code,
- 7.** Furnishing information to the shareholders in respect of the Company's Profit Distribution Policy as per the arrangements provided by the Capital Markets Board,
- 8.** Taking a Resolution on the Distribution Type and Date of the 2012 Profit,
- 9.** Taking a resolution on amendment of the Company Articles of Association as indicated in the Attached Amendment Draft, provided that the required permissions have been obtained from the Capital Markets Board, the Energy Market Regulatory Authority and from the Republic of Turkey-the Ministry of Customs and Trade,
- 10.** Taking a resolution on appointment of an independent auditing firm, carried out by the Board of Directors as per the Turkish Commercial Code and the arrangements provided by the Capital Markets Board,
- 11.** Taking a resolution on "the Internal Directive pertaining to the General Assemblies" which has been prepared by the Board of Directors and whereby the working principles and procedures concerning the Company's General Assemblies are determined,
- 12.** As per the Corporate Governance Principles, furnishing information to shareholders in respect of "the Compensation Policy" pertaining to the Members of the Board of Directors and the Top Executives,
- 13.** Furnishing information to the shareholders in respect of the associated party transactions that are continuous and common, within the scope of the arrangements provided by the Capital Markets Board,
- 14.** Furnishing information to the shareholders in respect of the Company's "Company Information Policy" as per the Corporate Governance Principles,
- 15.** Furnishing information to the shareholders in respect of the donations granted within the year, as per the arrangements provided by the Capital Markets Board and; determination of the limits pertaining to the donations to be granted in the year 2013,
- 16.** Furnishing information to the shareholders in respect of the securities; pledges and hypothecates provided in favor of third parties.

On April 10th, 2013 at 10.00

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

Text of the Amendment Draft Pertaining to the Articles of Association of Soda Sanayii Anonim Şirketi

Previous Version	New Version
<p>FOUNDATION:</p> <p>Article 1-</p> <p>In accordance with the provisions of the Turkish Commercial Code that are relevant to simultaneous incorporation of joint stock companies; a joint stock company has been established by and among the founders whose names and domiciles are indicated below:</p> <ol style="list-style-type: none"> 1. T. İş Bankası A.S.: (T.C. Ulus Meydanı- Ankara) 2. T. Şişe ve Cam Fab A.S.: (T.C. Rıhtım Cad, Anadolu Sigorta Han, Kat: 5, Karaköy-Istanbul) 3. Sümerbank: (T.C. Ulus Meydanı-Ankara) 4. Anadolu Anonim Türk Sigorta Şirketi: (T.C. Rıhtım Caddesi, Anadolu Sigorta Han, Galata-Istanbul) 5. Paşabahçe Tic. Ltd. Şti: (İstiklal Cad, 314, Beyoğlu- Istanbul) <p>TRADE NAME OF THE COMPANY:</p> <p>Article 2-</p> <p>The trade name of the Company is: “Soda Sanayii A.S.”.</p>	<p>FOUNDATION:</p> <p>Article 1-</p> <p>In accordance with the provisions of the Turkish Commercial Code that are relevant to simultaneous incorporation of joint stock companies; a joint stock company has been established by and among the founders whose names and domiciles are indicated below:</p> <ol style="list-style-type: none"> 1. T. İş Bankası A.S.: (T.C. Ulus Meydanı- Ankara) 2. T. Şişe ve Cam Fab A.S.: (T.C. Rıhtım Cad, Anadolu Sigorta Han, Kat: 5, Karaköy-Istanbul) 3. Sümerbank: (T.C. Ulus Meydanı-Ankara) 4. Anadolu Anonim Türk Sigorta Şirketi: (T.C. Rıhtım Caddesi, Anadolu Sigorta Han, Galata-Istanbul) 5. Paşabahçe Tic. Ltd. Şti: (İstiklal Cad, 314, Beyoğlu- Istanbul) <p>TRADE NAME OF THE COMPANY:</p> <p>Article 2-</p> <p>The trade name of the Company is: “Soda Sanayii A.S.”.</p>



PURPOSES AND SCOPE:

Article 3-

The purposes and scope of the Company are as follows:

a) For production of Soda and Light Soda, Heavy Soda, Sodium Bicarbonate and all other kinds of soda derivatives and for production of other products arising from soda; the Company is entitled to establish factories and to participate in such factories;

b) The Company is entitled to prospect salts, limestone, other natural raw material resources required for production of soda and other substances included in the extent of the Mining Law and; is entitled to establish facilities for taking out these and to operate such facilities,

c) The Company is entitled to establish, operate and participate in auxiliary and complementary industries that are in anyway related to the Soda Industry,

d) The Company is entitled to carry out any researches and establish and operate any facilities required for development and improvement of the industry concerning soda and, is entitled to participate in these,

e) The Company is entitled to perform all kinds of auxiliary and complementary activities that are, in anyway, related to the Soda Industry and the sales of products,

f) In relation to its fields of activities; the Company is, by way of direct registrations or purchasing, entitled to acquire patents, marks, designs, letters patent, masterships, know-how and other industrial property rights relevant to the fields of activities thereof and; the Company may, under license contracts, allow third parties to exercise these rights held by the Company and transfer and assign these rights to third parties and; the Company may, under license or know-how contracts, exercise such rights held by third parties,

g) In relation to its scope; the Company is entitled to perform all kinds of commercial, financial, industrial and contracting activities; is entitled to acquire share certificates and bonds of other companies dealing with these activities, provided that they are not in the nature of an intermediary activity and portfolio

PURPOSES AND SCOPE:

Article 3-

The purposes and scope of the Company are as follows:

a) The Company is entitled to produce **Sodium Carbonate**, Sodium Bicarbonate and other **soda chemicals; bichromate, chromic acid, basic chromium sulphate and other chromium chemicals and all kinds of chemicals** and to establish factories for production of other products and, to participate in such factories and **to manufacture heavy machinery;**

b) The Company is entitled to prospect other natural raw material resources, **such as** salts, limestone and **chromites**, required for production of soda-**chromium chemicals** and, to prospect other substances included in the **scope** of the Mining Law and; is entitled to establish facilities for **extractions** of these and to operate such facilities,

c) The Company is entitled to establish, operate and participate in auxiliary and complementary industries that are in anyway related to the Soda Industry,

d) The Company is entitled to carry out any researches and establish and operate any facilities required for development and improvement of the industry concerning soda-**chromium chemicals** and, is entitled to participate in these,

e) The Company is entitled to perform all kinds of auxiliary and complementary activities that are, in anyway, related to the Soda Industry and the sales of products,

f) In relation to its fields of activities; the Company is, by way of direct registrations or purchasing, entitled to acquire patents, marks, designs, letters patent, masterships, know-how and other industrial property rights relevant to the fields of activities thereof and; the Company may, under license contracts, allow third parties to exercise these rights held by the Company and transfer and assign these rights to third parties and; the Company may, under license or know-how contracts, exercise such rights held by third parties,

g) In relation to its scope; the Company is entitled to perform all kinds of commercial, financial, industrial and contracting activities; is entitled to acquire share certificates and bonds of other companies dealing with these activities, **provided that they are not in the nature of investment services and**

management and; is entitled to establish such companies or purchase factories and; the Company is, for an increase in the sales of products, entitled to establish companies or transfer its sales rights and powers to existing companies and; is entitled to borrow all kinds of loans from native and foreign entities and banks,

h) With its scope; the Company is entitled to perform all kinds of sales, importation and exportation activities and, the Company is, for these purposes, entitled to open agencies, representation offices, branches, stores, warehouses, display/exhibition places and similar ones in the country and abroad and establish organizations and perform marketing activities.

i) The Company is entitled to become a partner with native and/or foreign companies that have been and will be established in Turkey and/or abroad. The Company is, provided that it does not perform Securities Portfolio Management activities and that they are not in the nature of an intermediary activity, entitled to purchase share certificates and/or other securities, sell its share certificates (or stocks) or other securities and, transfer them to third parties, pledge them in favor of third parties and secure them with a pledge.

i) In order to achieve its purposes; the Company is entitled to purchase all kinds of chattels and real properties, goods and vehicles/tools and, is entitled to sell, rent out and operate them and, is entitled to pledge chattels and hypothecate real properties of the Company and, is entitled to take in chattel mortgages and mortgages for immovable properties in favor of the Company and; is entitled to cancel them when necessary and; is entitled to acquire all kinds of real rights on real properties and, is entitled to perform any transactions relevant to them and; is entitled to obtain and provide hypothecates and, is entitled to perform all transactions and activities relevant to amalgamation, subdivision, renunciation (for road), establishment of easements and similar transactions and activities pertaining to real properties.

j) The Company is entitled to go bail for establishment, capital increase, bank loans and issuance of bonds-financing bonds and for other debts of any trading companies where the Company has directly or indirectly participated in their capitals and/or management.

With respect to the matters where the Company goes bail, provides guarantees or establishes a right

activities according to the Capital Markets Law and; is entitled to establish such companies or purchase factories and; the Company is, for an increase in the sales of products, entitled to establish companies or transfer its sales rights and powers to existing companies and; is entitled to borrow all kinds of loans from native and foreign entities and banks,

h) **In relation to** its scope; the Company is entitled to perform all kinds of sales, importation and exportation activities and, the Company is, for these purposes, entitled to open agencies, representation offices, branches, stores, warehouses, display/exhibition places and similar ones in the country and abroad and establish organizations and perform marketing activities.

i) **Provided that the legislation provisions of the Capital Markets Legislation concerning transfer of hidden profits (profit shifting) are reserved;** the Company is entitled to become a partner with native and/or foreign companies that have been and will be established in Turkey and/or abroad. The Company is, **provided that they are not in the nature of investment services and activities,** entitled to purchase **and sell** share certificates, sell its share certificates (or **shares**) or other securities and, transfer them to third parties, pledge them in favor of third parties and secure them with a pledge.

i) In order to achieve its purposes; the Company is entitled to purchase all kinds of **movable and immovable properties,** goods and vehicles/tools and, is entitled to sell, rent out and operate them and, is entitled to pledge and hypothecate **movable and immovable properties** of the Company and, is entitled to take in **pledges and obtain hypothecates** in favor of the Company and; is entitled to cancel them when necessary and; is entitled to acquire all kinds of real rights on **immovable** properties and, is entitled to perform any transactions relevant to them and; is entitled to obtain and provide hypothecates and, is entitled to perform all transactions and activities relevant to amalgamation, subdivision, renunciation (for road), establishment of easements and similar transactions and activities pertaining to **immovable** properties.

j) The Company is entitled to go bail for establishment, capital increase, bank loans and issuance of bonds-**other debt instruments** and for other debts of any trading companies where the Company has directly or indirectly participated in their capitals and/or management.

With respect to the matters where the Company goes bail, provides guarantees or establishes a right



to pledge (including hypothecate) on its own behalf and in favor of third parties; the principles, which have been determined within the framework of the legislation on capital markets, shall be complied with.

k) The Company is entitled to engage in establishment, commissioning and renting of plants for generation of electrical energy and; is entitled to engage in generation of electrical energy as well as sales of generated electrical energy and/or capacity, hot water, steam, Demin.water, heat and other byproducts.

In order to achieve these purposes and in compliance with the legislation on the electricity market; the Company will perform activities with respect to the following matters:

- 1) In order to generate electrical energy; to establish, take into operation of, take over, rent and rent out all kinds of plants and facilities,
- 2) By way of bilateral agreements; to sell generated electrical energy and/or capacity to wholesale license holder legal persons, retail sale license holder legal persons and free consumers,
- 3) Without creating a control; to enter into participation/affiliation relations with distribution companies which have been or will be established,
- 4) To enter into participation/affiliation relations with electrical energy generation companies which have been or will be established

Furthermore, in order to achieve the matters relevant to its purposes and scope; the Company is entitled to engage also in the following activities, provided that they are limited to the activities of the Company:

- l) In relation to its fields of activities; to rent and purchase machinery and equipments from third parties in the country and abroad and, to sell machinery and equipments to third parties in the country and abroad,
- m) In relation to its fields of activities; to rent, purchase, sell and operate facilities/plants,
- n) In order to get money for its own requirements; to obtain long, medium and short term loans from native and foreign companies and banks and, to become a joint debtor and several guarantor or to become only a guarantor,

to pledge (including hypothecate) on its own behalf and in favor of third parties; the principles, which have been determined within the framework of the legislation on capital markets, shall be complied with.

k) The Company is entitled to engage in establishment, commissioning and renting of plants for generation of electrical energy and; is entitled to engage in generation of electrical energy as well as sales of generated electrical energy and/or capacity, hot water, steam, Demin.water, heat and other byproducts.

In order to achieve these purposes and in compliance with the legislation on the electricity market; the Company will perform activities with respect to the following matters:

- 1) In order to generate electrical energy; to establish, take into operation of, take over, rent and rent out all kinds of plants and facilities,
- 2) By way of bilateral agreements; to sell generated electrical energy and/or capacity to wholesale license holder legal persons, retail sale license holder legal persons and free consumers,
- 3) Without creating a control; to enter into participation/affiliation relations with distribution companies which have been or will be established,
- 4) To enter into participation/affiliation relations with electrical energy generation companies which have been or will be established

Furthermore, in order to achieve the matters relevant to its purposes and scope; the Company is entitled to engage also in the following activities, provided that they are limited to the activities of the Company:

- l) In relation to its fields of activities; to rent and purchase machinery and equipments from third parties in the country and abroad and, to sell machinery and equipments to third parties in the country and abroad,
- m) In relation to its fields of activities; to rent, purchase, sell and operate facilities/plants,
- n) In order to get money for its own requirements; to obtain long, medium and short term loans from native and foreign companies and banks and, to become a joint debtor and several guarantor or to become only a guarantor,

o) In relation to its fields of activities; to enter into agreements with native and/or foreign companies and participate in tenders organized in the country and abroad and, to make commitments,

ö) To ensure managements and technical organizations of companies which are existing or will be established, in which it has affiliated and participated as a founder partner,

p) In relation to its fields of activities; to establish foreign capital companies, ordinary partnerships and business partnerships/joint ventures with native and foreign unlimited companies, trading companies/corporations, ordinary companies and real persons and; to participate in partnerships that have been established and; to acquire and sell their share certificates and bonds, provided that the Company does not perform any relevant intermediary activities,

r) To make trade and industrial investments included in its fields of activities.

HEADQUARTERS OF THE COMPANY

Article 4-

Headquarters of the Company is at İş Kuleleri, Kule 3, 34330; 4. Levent – Beşiktaş/Istanbul. The Company is entitled to open branches in the country and abroad, provided that it informs the Ministry of Industry and Trade and the Capital Markets Board about this matter.

In the case of a change in the address; the new address shall be registered with the Trade Registry and be announced in the Trade Registry Gazette of Turkey. In addition, the new address shall be notified to the Ministry of Industry and Trade and to the Capital Markets Board. Any notifications, which have been given to the registered and announced address, shall be deemed to have been served to

o) In relation to its fields of activities; to enter into agreements with native and/or foreign companies and participate in tenders organized in the country and abroad and, to make commitments,

ö) To ensure managements and technical organizations of companies which are existing or will be established, in which it has affiliated and participated as a founder partner,

p) In relation to its fields of activities; to establish foreign capital companies, ordinary partnerships and business partnerships/joint ventures with native and foreign unlimited companies, trading companies/corporations, ordinary companies and real persons and; to participate in partnerships that have been established and; to acquire and sell their share certificates and bonds, provided that the Company does not perform any relevant intermediary activities,

r) To make trade and industrial investments included in its fields of activities.

s) On the condition that they shall not be contrary to the arrangements provided by the Capital Markets Board in relation to transfer of hidden profits (profit shifting) and that, the required special case disclosures shall be released and that, the donations, which have been granted within the relevant year, shall be submitted for information of the partners at the General Assemblies; and in such a way that shall not hinder its own purposes and scope; the Company is, within the determined principles, entitled to provide aids and grant donations to social-purpose foundations, associations (societies), universities and similar organizations.

HEADQUARTERS OF THE COMPANY

Article 4-

Headquarters of the Company is **in Istanbul. Its address is “İş Kuleleri, Kule 3, 34330; 4. Levent – Beşiktaş/Istanbul”.**

In the case of a change in the address; the new address shall be registered with the trade registry and be announced in the Trade Registry Gazette of Turkey **and on the web site of the Company.** Any notifications, which have been given to the registered and announced address, shall be deemed to have been served to the Company.

The Company is entitled to open branches in the country and abroad, on the condition that it shall inform the Ministry of Customs and Trade about this matter.



the Company. In case the Company has not notified its new address within the stipulated period of time, despite it has left its registered and announced address; this circumstance shall be deemed as a cause for dissolution of the Company.

DURATION:

Article 5-

The Company has been established for an indefinite period of time.

CAPITAL:

Article 6-

The Company has adopted the Registered Capital System according to the provisions of the Capital Markets Law No 2499 as amended by the Law No 3794 and, is involved in this system under the permission of the Capital Markets Board dated April 5th, 2001 and No 17-428.

The registered capital of the Company is 1,000,000,000 Turkish Liras and; it has been divided into 100,000,000,000 shares each of which is in the nominal value of 1 (One) Kuruş.

The issued capital of the Company is 425,000,000 Turkish Liras, each of which has been divided into 42,500,000,000 registered shares in the nominal value of 1 Kuruş. The 425,000,000 Turkish Liras, which constitutes the issued capital, has been paid and covered entirely.

The shares, which represent the capital of the Company, shall, by registration, be monitored within the framework of the principles of dematerialization. The permission for the upper limit of registered capital, which has been granted by the Capital Markets Board, is effective for the years 2012-2016 (5 years). Even if, at the end of the year 2016, the permitted upper limit of the registered capital could not be reached; in order that the Board of Directors can take a resolution for a capital increase after the year 2016; it is mandatory for the Board of Directors to obtain authority for a new term from the General Assembly after obtaining permission from the Capital Markets Board for the amount of the previously permitted limit or of a new limit. In the case of a failure to obtain the aforementioned authority; the Company shall be deemed to have been excluded from the registered capital system.

DURATION:

Article 5-

The Company has been established for an indefinite period of time.

CAPITAL:

Article 6-

The Company has adopted the Registered Capital System **according to the provisions of the Law No 6362** and, is involved in this system under the permission of the Capital Markets Board dated April 5th, 2001 and No 17-428.

The registered capital of the Company is 1,000,000,000 (**One billion**) Turkish Liras and; it has been divided into 100,000,000,000 (**One hundred billion**) shares each of which is in the nominal value of 1 (**One**) Kuruş.

The issued capital of the Company is 425,000,000 (**Four hundred and twenty-five million**) Turkish Liras, each of which has been divided into 42,500,000,000 (**Forty-two billion five hundred million**) registered shares in the nominal value of 1 (**One**) Kuruş. The 425,000,000 Turkish Liras, which constitutes the issued capital, has been paid and covered entirely.

The shares, which represent the capital of the Company, shall, by registration, be monitored within the framework of the principles of dematerialization. The permission for the upper limit of registered capital, which has been granted by the Capital Markets Board, is effective for the years 2012-2016 (5 years). Even if, at the end of the year 2016, the permitted upper limit of the registered capital could not be reached; in order that the Board of Directors can take a resolution for a capital increase after the year 2016; it is mandatory for the Board of Directors to obtain authority for a new term from the General Assembly after obtaining permission from the Capital Markets Board for the amount of the previously permitted limit or of a new limit. In the case of a failure to obtain the aforementioned authority; the Company shall be deemed to have been excluded from the registered capital system.

When necessary; the capital of the Company may be increased or decreased within the framework of the provisions contained in the Turkish Commercial Code and in the Legislation on Capital Markets.

<p>SALES AND TRANSFERS OF SHARES</p> <p>Article 6-A Provided that the required disclosures, which will be sought by the Capital Markets Board within the scope of special cases for enlightening of investors, are released; share acquisitions, which result in the circumstance that shares owned by a shareholder exceed five percent of the legal entity's capital as well as acquisition of shares, which represent five percent or more than five percent of the Company's capital, directly or indirectly by a real or legal person and/or share transfers, which result in the circumstance that shares owned by a shareholder drop below the aforementioned rates, are at each time subject to the approval of the Energy Market Regulatory Board. This provision shall also apply to the cases pertaining to acquisition of voting rights and apply to pledging of shares. Even if there are no transfers of shares; creation of privileges on existing shares, revocation of privileges or issuance of redeemed shares are also subject to the approval of the Energy Market Regulatory Board, regardless of the rate limit concerning transfer of shares. In transfers of share certificates traded in the Stock Exchange; the Legislation on the Capital Markets shall be complied with.</p> <p>PROVISIONS REGARDING MERGER</p> <p>Article 6-B Along with all its assets and liabilities, the Company is entitled to merge with other companies. The merger shall be carried out pursuant to the provisions of the Turkish Commercial Code, which are in force. In case one single license holder legal person wishes to take over, as a whole, all the assets and liabilities of one or more than one license holder legal person; it is mandatory to obtain approval on the merger permission from the</p>	<p>In compliance with the provisions of the Capital Markets Law and at the times when the Board of Directors deems necessary; the Board of Directors is authorized to issue new shares up to the upper limit of registered capital and thereby, to increase the issued capital and; is authorized to take resolutions on restriction of the shareholders' right to acquire new shares and on issuance of premium shares or on issuance of shares, the amounts of which are lower than their nominal values. The power to restrict acquisition of new shares shall not be exercised in such a way that will cause inequalities among shareholders.</p> <p>SALES AND TRANSFERS OF SHARES</p> <p>Article 7- Provided that the required disclosures, which will be sought by the Capital Markets Board within the scope of special cases for enlightening of investors, are released; share acquisitions, which result in the circumstance that shares owned by a shareholder exceed five percent of the legal entity's capital as well as acquisition of shares, which represent five percent or more than five percent of the Company's capital, directly or indirectly by a real or legal person and/or share transfers, which result in the circumstance that shares owned by a shareholder drop below the aforementioned rates, are at each time subject to the approval of the Energy Market Regulatory Board. This provision shall also apply to the cases pertaining to acquisition of voting rights and apply to pledging of shares. Even if there are no transfers of shares; creation of privileges on existing shares, revocation of privileges or issuance of redeemed shares are also subject to the approval of the Energy Market Regulatory Board, regardless of the rate limit concerning transfer of shares. In transfers of share certificates traded in the Stock Exchange; the Legislation on the Capital Markets shall be complied with.</p> <p>PROVISIONS REGARDING MERGER</p> <p>Article 8- Along with all its assets and liabilities, the Company is entitled to merge with other companies. The merger shall be carried out pursuant to the provisions of the Turkish Commercial Code, which are in force. In case one single license holder legal person wishes to take over, as a whole, all the assets and liabilities of one or more than one license holder legal person; it is mandatory to obtain approval on the merger permission from the</p>
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Capital Markets Board and from the Energy Market Regulatory Board, provided that the provisions of the Law No 4054 on the Protection of Competition, which are relevant to mergers and acquisitions, are reserved.

When the mentioned approval is obtained; the merger transactions shall be concluded within one hundred and eighty days following the date of the approval. The relevant merger contract shall not contain any provisions that will violate any rights and receivables of consumers or that will revoke debts/liabilities of the Company and, shall include all the terms and conditions required by the Legislation on Electricity Market.

The merger-related arrangements provided by the Legislation on Capital Markets are reserved.

ISSUANCE OF BONDS, PROFIT SHARING CERTIFICATES AND FINANCING BONDS:

Article 7-

The Company is, pursuant to the legal provisions, entitled to issue bonds exchangeable with share certificates and, other kinds bonds, financing bonds and profit and loss sharing certificates. The power to issue bonds exchangeable with share certificates and, other kinds bonds, financing bonds has been entrusted with the Board of Directors within the framework of the provisions contained in the Turkish Commercial Code and in the Law No 2499.

The General Assembly may grant power to the Board of Directors for determination of the other conditions/requirements other than the maximum amount of the profit and loss sharing certificate.

With respect to the limit of the bonds to be issued; the provisions contained in the Capital Markets Law and in the relevant legislation shall be complied with.

THE BOARD OF DIRECTORS:

Article 8-

The affairs of the Company shall be carried out by a Board of Directors to be constituted from minimum 5 (five) members and to be elected from among the Partners by the Partners' General Assembly as per the provisions of the Turkish Commercial Code and

Capital Markets Board and from the Energy Market Regulatory Board, provided that the provisions of the Law No 4054 on the Protection of Competition, which are relevant to mergers and acquisitions, are reserved.

When the mentioned approval is obtained; the merger transactions shall be concluded within one hundred and eighty days following the date of the approval. The relevant merger contract shall not contain any provisions that will violate any rights and receivables of consumers or that will revoke debts/liabilities of the Company and, shall include all the terms and conditions required by the Legislation on Electricity Market.

The merger-related arrangements provided by the Legislation on Capital Markets are reserved.

ISSUANCE OF CAPITAL MARKET INSTRUMENTS IN THE NATURE OF BONDS AND OTHER DEBT INSTRUMENTS:

Article 9-

In order that they are sold to real and legal persons in the country and/or abroad and, in compliance with the provisions of the Turkish Commercial Code, the Capital Markets Law and of the other legislation in force; the Company may issue all kinds of bonds, financing bonds, profit and loss sharing certificates as well as negotiable instruments and/or capital market instruments to be accepted by the Capital Markets Board.

The power to issue capital market instruments in the nature of a debt instrument has been entrusted with the Board of Directors within the framework of the provisions contained in the Capital Markets Law.

With respect to the limit of the **debt instruments** to be issued and, **with respect to monitoring them by registration**; the provisions contained in the Capital Markets Law and in the relevant legislation shall be complied with.

THE BOARD OF DIRECTORS:

Article 10-

The affairs of the Company shall be carried out by a Board of Directors to be constituted from minimum 5 (five) members and to be elected by the Partners' General Assembly as per the provisions of the Turkish Commercial Code and the arrangements

the arrangements provided by the Capital Markets Board.

The number and qualifications of the independent members, who will take charge in the Board of Directors, shall be determined in accordance with the arrangements provided by the Capital Markets Board in relation to corporate governance.

TERM OF OFFICE AND ELECTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Article 9-

The members of the Board of Directors shall be elected for maximum 3 (three) years. In the case of a vacancy in one of the membership positions or in case an independent member of the Board of Directors loses his/her independence; an appointment shall be accomplished in compliance with the provisions of the Turkish Commercial Code and with the arrangements provided by the Capital Markets Law and; the result of the election shall, for approval, be submitted to the next General Assembly meeting.

A member, whose term of office has expired, may be reelected. The General Assembly may, at any time if it deems necessary, replace partially or entirely the members of the Board of Directors, regardless of their terms of office.

REPRESENTATION OF AND BINDING THE COMPANY:

Article 10-

The power to represent and bind the Company belongs to the Board of Directors, the members of which are elected from among the Company's partners by the General Assembly within the framework of the provisions contained in the Turkish Commercial Code.

In order that all the documents to be delivered and all the contracts to be concluded by the Company can be valid; they have to bear signature(s) put under the trade name of the Company by person(s) authorized to represent and bind the Company.

provided by the Capital Markets Board.

The number and qualifications of the independent members, who will take charge in the Board of Directors, shall be determined in accordance with the arrangements provided by the Capital Markets Board in relation to corporate governance.

TERM OF OFFICE AND ELECTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Article 11-

The members of the Board of Directors shall be elected for maximum 3 (three) years. In the case of a vacancy in one of the membership positions or in case an independent member of the Board of Directors loses his/her independence; an election shall be carried out in compliance with the provisions of the Turkish Commercial Code and with the arrangements provided by the Capital Markets Law and; the result of the election shall, for approval, be submitted to the next General Assembly meeting.

A member, whose term of office has expired, may be reelected. The General Assembly may, at any time if it deems necessary, replace partially or entirely the members of the Board of Directors, regardless of their terms of office.

REPRESENTATION OF AND BINDING THE COMPANY:

Article 12-

The power to represent and bind the Company belongs to the Board of Directors.

In order that any documents and contracts to be prepared on behalf of the Company become effective and can bind the Company; it is necessary that they have been signed by those who are authorized to put their signatures on behalf of the Company. Those that are authorized to sign on behalf of the Company and; the procedure for putting signatures shall be determined by the Board of Directors and; the relevant resolution of the Board of Directors shall be registered and announced.

The Board of Directors may transfer its powers to represent to one or more than executive director or third parties as the manager. It is mandatory that



VACANCY IN MEMBERSHIP POSITION:

Article 11-

It has been removed from the Articles of Association.

MEMBERSHIP GUARANTEE:

Article 12-

Each member of the Board of Directors is, in order to acquire the title “member”, obliged to hand over to the Company a share in the nominal value of 1 (One) New Kuruş. Such share is regarded as a pledge against the concerned member’s liability arising from his/her tasks, until such time as he/she is acquitted by the General Assembly. Such shares shall not be transferred to others and shall not be retrieved. Such shares, the handover of which are mandatory for the Members of the Board of Directors and are regarded as a pledge, may, based on the last paragraph of the Article 313 contained in the Turkish Commercial Code, be handed over also by a third party with the consent of the Board of Directors.

DUTIES AND POWERS OF THE BOARD OF DIRECTORS:

Article 13-

Other than those for which the General Assembly has exclusively been granted power by the provisions of the Turkish Commercial Code; the Board of Directors is authorized to take resolutions on all matters and, manage, represent and bind the Company. The Board of Directors is responsible for performance of all the administrative duties assigned by the Code and by the Articles of Association; such as conducting the affairs of the Company in compliance with the purposes and scope of the Company, keeping books and records of the Company, preparation of balance sheets, appointment of General Managers, Managers and other officials for the Company as well as inspection of these persons.

In line with the provision of the Capital Markets Law, which is relevant to registered capital and is contained in the paragraph 5 of the Article 12 thereof; the Board of Directors is authorized to take resolutions on issuance of share certificates, the amounts of which exceed their nominal values and, on restriction of the shareholders’ right to acquire new shares.

DISTRIBUTION OF TASKS:

Article 14-

Following the General Assembly, the Board of Directors shall elect a Chairman/Chairwoman and

minimum one member of the Board of Directors has the power to represent.

This Article has been removed from the text of the Articles of Association.

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POWERS OF THE BOARD OF DIRECTORS:

Article 13-

Other than those that have been entrusted with the General Assembly pursuant to the law and the Articles of Association; the Board of Directors is authorized to take resolutions on all kinds of affairs and transactions required for accomplishment of the Company’s fields of operation.

Under an internal directive to be issued by the Board of Directors; the Board of Directors may assign the management partially or entirely to one or more than one member of the Board of Directors or to third parties.

The terms of office and signing authorities of the General Manager(s), Manager(s) and all the officials that have signing authorities are not limited to the terms of office pertaining to the members of the Board of Directors. The signing authorities of these persons shall be effective until such time as these authorities are revoked by the Board of Directors.

MEETINGS AND WORKING ORDER OF THE BOARD OF DIRECTORS:

Article 14-

Following the General Assembly, the Board of Directors shall elect a Chairman/Chairwoman and a

a Deputy Chairman/Chairwoman from among its own members. The Board of Directors may assign all or a part of its management and representation powers to one executive director or more than one executive director from among its members or to the Company General Manager(s) and Manager(s) and; the Board of Directors may also resolve that some of its members undertake task(s) within the Company on the condition that the power to represent the Company shall be granted to minimum one member of the Board of Directors.

The terms of office of the General Manager(s), Manager(s) and all the officials that have signing authorities are not limited to the terms of office pertaining to the members of the Board of Directors. The signing authorities of these persons shall be effective until such time as these authorities are revoked by the Board of Directors.

MEETINGS OF THE BOARD OF DIRECTORS:

Article 15-

The Boards of Directors shall meet at the times when the affairs and transactions of the Company require so. However, it is mandatory to meet minimum once a month.

Deputy Chairman/Chairwoman from among its own members.

However; in case the Chairman/Chairwoman and/or the Deputy Chairman/Chairwoman quits or resigns from this position for any reason; the Board of Directors shall carry out a new election for these vacant positions.

At the times when the Chairman/Chairwoman is absent; the Board of Directors shall be chaired by the Deputy Chairman/Chairwoman.

In case also the Deputy Chairman/Chairwoman is absent; the Board of Directors shall be chaired by a temporary chairman/chairwoman to be elected from among its members for that meeting.

The meeting dates and agendas of the Board of Directors shall be determined by the Chairman/Chairwoman. In cases where the Chairman/Chairwoman is absent; this task shall be fulfilled by the Deputy Chairman/Chairwoman. However, the meeting dates may also be fixed under a resolution of the Board of Directors. The Board of Directors shall meet in cases required by the affairs and transactions of the Company. However; it is mandatory to hold a meeting minimum once a month.

While the Board of Directors takes its resolutions; it shall take into consideration of the meeting and resolution quorums set out in the Turkish Commercial Code, the Capital Markets Law and in the relevant legislation.

The Board of Directors may establish committees and commissions set forth in the arrangements provided by the Capital Markets Board and; in addition, may establish commissions and committees which are responsible for conducting implementation of relevant resolutions and policies and the affairs of the Company or which are responsible for carrying out observations on them. In constituting these committees; the arrangements provided by the Capital Markets Board shall be complied with.

This Article has been removed from the text of the Articles of Association.



FEES FOR THE MEMBERS OF THE BOARD OF DIRECTORS:

Article 16-

The monthly fees and attendance fees to be paid to the Chairman/Chairwoman and the Members of the Board Directors and to be paid to be the Executive Directors shall be determined by the General Assembly.

AUDITORS:

Article 17-

The General Assembly shall, for maximum three years, elect maximum three auditors from among the partners and third parties.

DUTIES OF THE AUDITORS:

Article 18-

The auditors are obliged to perform the duties listed in the Article 353 of the Turkish Commercial Code. In addition; they are authorized and responsible for submitting proposals to the Board of Directors in order that all the measures, which they will deem necessary for accomplishment of the well management of the Company and for protection of the Company's interests, are taken and; they are authorized and responsible for calling the General Assembly for a meeting if necessary and for determining agendas of such meetings and for preparation of the report mentioned in the Article 354 of the Turkish Commercial Code.

In significant and urgent cases; the auditors have to exercise these powers immediately. The auditors shall severally be liable for unsatisfactorily performance of the duties assigned to them under the laws and the Articles of Association.

FEES:

Article 19-

The monthly or annual fees for the auditors shall be determined by the General Assembly.

GENERAL ASSEMBLY:

Article 20-

The General Assemblies shall meet ordinarily or extraordinarily.
The Ordinary General Assembly shall meet pursuant

FEES FOR THE MEMBERS OF THE BOARD OF DIRECTORS:

Article 15-

The matters on fees and attendance fees for and on making bonus payments and provision of shares (payment of dividends) from the annual profit to the members of the Board of Directors shall be resolved by the General Assembly by complying with the Turkish Commercial Code, the Capital Markets Law and the relevant legislation.

AUDITS:

Article 16-

The audits on the Company shall be accomplished within the framework of the provisions contained in the Turkish Commercial Code, in the Capital Markets Law and in the relevant legislation governing the Company.

This Article has been removed from the text of the Articles of Association.

This Article has been removed from the text of the Articles of Association.

GENERAL ASSEMBLY:

Article 17-

The General Assemblies shall meet ordinarily or extraordinarily.
The Ordinary General Assembly shall meet pursuant

to the provisions of the Turkish Commercial Code, the Capital Markets Law and of the relevant legislation. Extraordinary General Assembly meetings shall be held in cases where and at the times when the affairs of the Company require and in accordance with the provisions contained in the Code and in this Articles of Association and thereby, any required resolutions shall be taken. It is mandatory that the executive directors and minimum one member of the Board of Directors are present at the General Assembly meetings.

Participations in the General Assembly meetings in electronic environment: the right holders, who have the right to participate in the General Assembly meetings, are allowed to participate in these meetings also in electronic environment pursuant to the Article 1527 of the Turkish Commercial Code. Pursuant to provisions of the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies; the Company may establish an electronic General Assembly system which shall enable the right holders to participate in General Assembly meetings in electronic environment and to declare their opinions, submit proposals and cast votes in electronic environment during the meetings and; the Company may also purchase services from any systems that have been constituted for these purposes. At all the General Assembly meetings that will be held; it shall be ensured that the right holders and their representatives are, pursuant to this provision of the Articles of Association, able to exercise their rights referred to in the provisions of the mentioned Regulation through the system that has been established.

MEETING PLACE:

Article 21-

The meeting place pertaining to the General Assembly is the Company Headquarters. However, in necessary cases; the Board of Directors may call for a meeting in Mersin or at another location in the administrative unit where the Company Headquarters is situated.

COMMISSIONER:

Article 22-

It is mandatory that a commissioner from the Ministry of Trade is present at both the Ordinary and Extraordinary General Assembly Meetings. Any resolutions, which may be taken at any General Assembly Meetings held in the absence of the

to the provisions of the Turkish Commercial Code, the Capital Markets Law and of the relevant legislation.

Extraordinary General Assembly meetings shall be held in cases where and at the times when the affairs of the Company require and pursuant to the provisions contained in this Articles of Association and thereby, any required resolutions shall be taken. It is mandatory that the executive directors, **if any** and minimum one **member** of the Board of Directors **and the independent auditor** are present at the General Assembly meetings.

Participations in the General Assembly meetings in electronic environment: the right holders, who have the right to participate in the General Assembly meetings, are allowed to participate in these meetings also in electronic environment pursuant to the Article 1527 of the Turkish Commercial Code. Pursuant to provisions of the Regulation on the General Assembly Meetings to be held in Electronic Environment in Joint Stock Companies; the Company may establish an electronic General Assembly system which shall enable the right holders to participate in General Assembly meetings in electronic environment and to declare their opinions, submit proposals and cast votes in electronic environment during the meetings and; the Company may also purchase services from any systems that have been constituted for these purposes. At all the General Assembly meetings that will be held; it shall be ensured that the right holders and their representatives are, pursuant to this provision of the Articles of Association, able to exercise their rights referred to in the provisions of the mentioned Regulation through the system that has been established.

MEETING PLACE:

Article 18-

The meeting place pertaining to the General Assembly is the Company Headquarters. However, in necessary cases; the Board of Directors **may call the General Assembly for a meeting at another address in the province where the Company Headquarters is situated or in another province.**

THE MINISTRY'S REPRESENTATIVE:

Article 19-

The arrangements provided by the Ministry of Customs and Trade in relation to the Ministry's representative that will be present at the General Assembly meetings shall be complied with.



commissioner, are not valid.

QUORUM:

Article 23-

General Assembly meetings (meeting quorums) and the resolution quorums at these meetings are subject to the provisions of the Turkish Commercial Code and the provisions of the Capital Markets Law.

VOTES:

Article 24-

The partners or their agents, who are present at any Ordinary and Extraordinary General Assembly Meetings, shall have one vote for each share.

APPOINTMENT OF AN AGENT:

Article 25-

At the General Assembly Meetings; a partner may be represented by an agent to be appointed by him/her from among the partners or third parties. The form and contents of the powers of attorney and the principles concerning representation shall be determined and announced to the partners within the relevant statutory period of time by the Board of Directors in compliance with the provisions contained in the Turkish Commercial Code and in the relevant legislation.

ANNOUNCEMENTS:

Article 26-

Announcements pertaining to the Company shall be made in the Trade Registry Gazette of Turkey and on web sites in compliance with the arrangements provided by the Capital Markets Board, provided that the provisions contained in the Article 37 of the Turkish Commercial Code are reserved.

Announcements relevant to calling the General Assembly for a meeting shall be made in advance of minimum three weeks in accordance with the provisions contained in the Article 368 of the Turkish Commercial Code and in the Legislation on the Capital Markets, provided that the dates of announcements and meetings are excluded.

QUORUM:

Article 20-

General Assembly meetings (meeting quorums) and the resolution quorums at these meetings are subject to the provisions of the Turkish Commercial Code and the provisions of the Capital Markets Law.

VOTES:

Article 21-

The partners or their **representatives**, who are present at any ordinary and extraordinary general assembly meetings, shall have one vote for each share.

APPOINTMENT OF A REPRESENTATIVE:

Article 22-

At the General Assembly Meetings; a partner may be represented **by means of a representative** to be appointed by him/her from among the **other** partners or third parties.

A representative, who is a partner of the Company, is authorized to cast his/her own vote, in addition to the vote(s) pertaining to the share(s) represented by the representative. The form of the powers of attorney shall be determined and announced by the Board of Directors and; the arrangements, which are provided by the Capital Markets Board in relation to voting by representation at the publicly held joint stock companies and are provided by virtue of the Turkish Commercial Code in relation to the General Assembly meetings to be held in electronic environment in joint stock companies, shall be complied with.

ANNOUNCEMENTS:

Article 23-

Announcements pertaining to the Company shall be made in compliance with the arrangements provided by the Capital Markets Board, provided that **the announcement-related provisions** contained in the Turkish Commercial Code are reserved.

Announcements relevant to calling the General Assembly shall be made in compliance with the Turkish Commercial Code, the Capital Markets Law and the other legislation.

PROCEDURES FOR CASTING VOTES:

Article 27-

At the General Assembly meetings, the votes are casted by show of hands. However; voting by secret ballot may apply upon request of the shareholders representing minimum 1/20 of the paid-in capital.

AMENDMENTS ON THE ARTICLES OF ASSOCIATION:

Article 28-

For any amendments on the Company Articles of Association; it is mandatory that an amendment draft, which shall be prepared by the Board of Directors, is approved by the Capital Markets Board and by the Republic of Turkey-the Ministry of Customs and Trade upon affirmative opinion of the Energy Market Regulatory Authority and that, thereafter, it is submitted to the General Assembly for approval. It is mandatory that any amendments on this Articles of Association are registered with the Trade Registry and announced in the Trade Registry Gazette of Turkey.

ANNUAL REPORTS:

Article 29-

Three copies (three copies for each) of the reports prepared by the Board of Directors and by the Auditors and; of the annual balance sheet and; of the Minutes of the General Assembly Meeting and; of the table, which indicates the names of and share amounts pertaining to the partners present at the General Assembly meeting, shall be delivered to the commissioner who will be present at the meeting or be, at the latest within one month as from the day of the General Assembly Meeting, sent to the Ministry

PROCEDURES FOR CASTING VOTES:

Article 24-

At the General Assembly meetings, **the votes are taken by open ballot and by show of hands.** However; voting by secret ballot **shall apply** upon request of the shareholders who are present and represent minimum 1/10 of the paid-in capital. **The relevant arrangements provided by the Capital Markets Board shall be complied with.** **With respect to casting votes at the General Assembly meetings; the arrangements provided by the Capital Markets Board and the Turkish Commercial Code shall be complied with.**

SIGNIFICANT TRANSACTIONS:

Article 25-

Enforcement of the transactions, which are regarded as significant transactions in terms of the legislation on capital markets, and, the Company's all kinds of associated party transactions shall be carried out by complying with the procedures stipulated in the Capital Markets Law and in the relevant arrangements.

AMENDMENTS ON THE ARTICLES OF ASSOCIATION:

Article 26-

Conclusion and enforcement of all kinds of amendments that will be made on the Company Articles of Association shall be accomplished pursuant to the provisions of the Turkish Commercial Code and the Capital Markets Law upon affirmative opinion of the Energy Market Regulatory Authority. The Article has been removed from the text of the Articles of Association.

This Article has been removed from the text of the Articles of Association.



of Trade. The financial statements and reports, the preparations of which are stipulated by the Capital Markets Board and, the independent auditing reports shall, within the procedures and principles determined by the Capital Markets Board, be sent to the Capital Markets Board and be announced to the public.

ANNUAL ACCOUNTS:

Article 30-

The Company's accounting year shall start from the first day of January and shall end on the last date of December.

DISTRIBUTION OF PROFIT AND, RESERVE FUND:

Article 31-

After the amounts which have to be paid and reserved by the Company such as common expenses of the Company and various amortizations and, the taxes, which have to be paid by the legal personality of the Company, are deducted from the incomes determined at the end of the relevant accounting year; the pure (net) profit, which is remaining and is seen on the annual balance sheet, shall respectively be distributed in accordance with the below procedure after deduction of the prior year's losses, if any:

First Allocation Statutory Reserve Fund

a) 5% thereof shall be reserved for the statutory reserve fund.

First Dividend

b) The first dividend, which is at the rate and in the amount determined by the Capital Markets Board, shall be allocated from the balance.

Second Dividend

c) After the amounts, which are indicated in the paragraphs (a) and (b), are deducted from the net profit; the General Assembly is authorized to distribute the remaining amount partially or entirely as the second dividend or allocate it as the extraordinary reserve fund.

Second Allocation Statutory Reserve Fund

d) 1/10 of the amount; which is found after a share of profit at the rate of 5% of the paid-in capital is deducted from the portion decided to be distributed among the shareholders and other persons participated in the profit; shall be allocated as the

ANNUAL ACCOUNTS:

Article 27-

The Company's accounting year shall start from the first day of January and shall end on the last day of December.

This Article has been removed from the text of the Articles of Association.

DISTRIBUTION OF PROFIT:

Article 28-

After the amounts which have to be paid or allocated by the Company such as general expenditures of the Company and various depreciations and, the taxes, which have to be paid by the legal entity of the Company, are deducted from the incomes determined at the end of the relevant activity period pertaining to the Company; its profit for the period, which is remaining and is seen on the annual balance sheet, shall respectively be distributed in accordance with the below procedure after deduction of the previous year's losses, if any:

General Statutory Reserve Fund:

a) 5% thereof shall be reserved for the statutory reserve fund.

First Dividend:

b) On the basis of the amount to be found by addition of the amount of the donations (if any) that have been granted within the year; the first dividend shall be allocated from the remaining amount in compliance with the Turkish Commercial Code and the Legislation on the Capital Markets.

c) After completion of the aforementioned deductions; the General Assembly has the right to take a resolution for distribution of the share of profit among the members of the Board of Directors, officials, servants, laborers, preferred stock holders and foundations that have been established for various purposes and among persons and/or organizations and entities of a similar nature.

Second Dividend:

d) After the amounts, which are indicated in the paragraphs (a), (b) and (c), are deducted from the

second allocation statutory reserve fund pursuant to the subparagraph 3 of the paragraph 2 contained in the Article 466 of the Turkish Commercial Code.

e) Unless the reserve funds, which should be allocated by virtue of the provisions of the Code, are allocated and, the first dividend, which has been set for the shareholders under the Articles of Association, is distributed in cash and/or in the form of share certificates; it shall not be resolved for allocation of any other reserve funds, for transfer of profits to the next year and; with regard to distribution of dividends, for distribution of shares of profit among preferred stock holders; participation dividend certificate, founder share certificate and ordinary dividend/redeemed share certificate holders, the members of the Board of Directors and officials, servants and laborers and foundations that have been established for various purposes and among such persons and/or organizations and entities.

DATE FOR DISTRIBUTION OF PROFIT:

Article 32-

The dates when and the procedures on how the annual profit can be distributed among the partners shall be resolved by the General Assembly upon proposal of the Board of Directors and in compliance with the arrangements provided by the Capital Markets Board. Any profits, which have

net profit for the period; the General Assembly is authorized to distribute the remaining amount partially or entirely as the second dividend share or allocate it as a reserve fund that it allocates of its own accord pursuant to the Article 521 of the Turkish Commercial Code.

General Statutory Reserve Fund:

e) 1/10 of the amount; which is found after a share of profit at the rate of 5% is deducted from the portion decided to be distributed among the shareholders and other persons participated in the profit; shall be added to the general statutory reserve fund pursuant to the paragraph 2 contained in the Article 519 of the Turkish Commercial Code.

Unless the reserve funds, which should be allocated by virtue of the provisions of the Code, are allocated and, the first dividend, which has been set for the shareholders under the Articles of Association, is distributed in cash and/or in the form of share certificates; it shall not be resolved for allocation of any other reserve funds, for transfer of profits to the next year and; for distribution of shares of profit among the members of the Board of Directors and officials, servants and laborers and foundations that have been established for various purposes and among such persons and/or organizations and entities.

The share of profit shall be distributed equally among all the shares existing by the date of distribution, without taking into consideration of their issuance and acquisition dates.

For the profit which has been decided to be distributed; the dates when, and the procedures on how it will be distributed, shall be resolved by the General Assembly upon relevant proposal of the Board of Directors.

Dividend advances may be distributed, provided that the procedures and principles set out in the Legislation on Capital Markets are complied with.

Resolutions on distribution of profit, which have been taken by the General Assembly in accordance with the provisions of the Articles of Association, shall not be revoked.

DATE FOR DISTRIBUTION OF PROFIT:

Article 29-

The dates when and the procedures on how the annual profit **will** be distributed among the partners shall be resolved by the General Assembly upon proposal of the Board of Directors and in compliance with the arrangements provided by the



been distributed in compliance with the provisions of this Articles of Association, shall not be retrieved. The provisions contained in the Article 473 of the Turkish Commercial Code are reserved.

THE ARTICLES OF ASSOCIATION TO BE SENT TO THE MINISTRY:

Article 33-

The Company shall print this Articles of Association and shall deliver it to the partners and; in addition, the Company shall send 10 copies thereof to the Ministry of Trade and one copy thereof to the Capital Markets Board.

STATUTORY PROVISIONS:

Article 34-

For any matters that are not contained in this Articles of Association; the provisions contained in the Turkish Commercial Code and in the Capital Markets Law No 2499 shall apply.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES:

Article 35-

The Corporate Governance Principles, the applications of which are made obligatory by the Capital Markets Board, shall be complied with. Any transactions, which may be performed, and any Board of Directors resolutions, which may be taken without complying with the mandatory principles, are ineffective and it shall be deemed that they are contrary to the Articles of Association.

In any transactions, which are regarded as significant in terms of application of the Corporate Governance Principles and in all kinds associated party transactions pertaining to the Company and in any transactions relevant to provision of securities, pledges and hypothecates in favour of third parties; the arrangements, which are provided by the Capital Markets Board in respect of corporate governance, shall be complied with.

Capital Markets Board. Any profits, which have been distributed in compliance with the provisions of this Articles of Association, shall not be retrieved. **The provisions contained in the Turkish Commercial Code, which are relevant to the right to retrieve, are reserved.**

The Article has been removed from the text of the Articles of Association.

This Article has been removed from the text of the Articles of Association.

STATUTORY PROVISIONS:

Article 30-

For any matters that are not contained in this Articles of Association; the provisions contained in the Turkish Commercial Code, in the Capital Markets Law and in the **relevant legislation**, shall apply.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES:

Article 31-

The Corporate Governance Principles, the applications of which are made obligatory by the Capital Markets Board, shall be complied with. Any transactions, which may be performed, and any Board of Directors resolutions, which may be taken without complying with the mandatory principles, are ineffective and it shall be deemed that they are contrary to the Articles of Association.

In any transactions, which are regarded as significant in terms of application of the Corporate Governance Principles and in all kinds associated party transactions pertaining to the Company and in any transactions relevant to provision of securities, pledges and hypothecates in favour of third parties; the arrangements, which are provided by the Capital Markets Board in respect of corporate governance, shall be complied with.

The Article has been removed from the text of the Articles of Association.

PROVISIONAL ARTICLE: 1

While the nominal values of the shares were TL 1,000.-; these nominal values have at first been amended as 1 New Kurus pursuant to the Law No 5274 on Making Amendments to the Turkish Commercial Code and; thereafter, as 1 Kurus due to revocation of the word “New” contained in the New Turkish Lira and in the New Kurus, on January 1st, 2009 under the Council of Ministers’ Decree dated April 4th, 2007 and No 2007/11963. The total number of shares has decreased due to this amendment and; share in the nominal value of 1 (New) Kurus has been provided in consideration of 10 shares amounting TL 1,000.-. The partners’ rights, which arise out of the shares owned by them in relation to the mentioned amendment, are reserved. The words “Turkish Liras”, which are contained in this Articles of Association, represent the words that have been amended pursuant to the aforementioned Council of Ministers’ Decree.

This Article has been removed from the text of the Articles of Association.

RESOLUTION ON LIQUIDATION:

Article 32-

The Company shall be terminated under the grounds indicated in the Turkish Commercial Code or under a court’s decision or under a resolution of the Partners’ General Assembly in compliance with the relevant provisions of the Turkish Commercial Code.

LIQUIDATOR:

Article 33-

In case the Company dissolves or is terminated for a reason except for bankruptcy; the liquidators shall be appointed by the General Assembly.

RESPONSIBILITIES OF THE LIQUIDATORS:

Article 34-

Termination and liquidation of the Company and, the procedures on how the liquidation shall be carried out and, the responsibilities of the liquidators shall be determined according to the relevant provisions of the relevant Articles contained in Turkish Commercial Code.



SODA SANAYİİ A.Ş.

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