

**A TOUCH
OF TRUST**

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We **focus on life** with our sustainable production and environmentally-sensitive manufacturing processes. We deliver trust and quality with all our components while **leading the industry** with our world-class products.

SODA SANAYİİ A.Ş. IN BRIEF

Şişecam Chemicals is one of the four main business lines of the Şişecam Group. The flagship company Soda Sanayii A.Ş. was established in 1969 to produce soda ash, one of the main raw materials used by the glass industry. Chemicals produced at the Soda Plant in Mersin and at the Kromsan Chromium Compounds Plant, which joined the Group in 1982, are used as the main inputs for various products, ranging from detergents to chemicals, leather products to pharmaceuticals.

The Group became a partner in the Bulgarian soda manufacturer Sodi, which was privatized in 1997 through a joint venture with the Belgian company Solvay and the European Bank for Reconstruction and Development (EBRD), which later exited the partnership. The Group increased its shareholding to 25% in subsequent years. A stake was also acquired in the Italian company Cromital SPA in 2005; in 2011, the entire company was incorporated into Soda Sanayii. In 2006, a non-operating soda production facility in Bosnia & Herzegovina Lukavac was acquired. This plant's capacity was increased to 550,000 tons 10 years later with significant capital investments.

Soda Sanayii's plants in Turkey and Bosnia & Herzegovina, together with its shareholding in the Solvay Sodi plant, account for total production of 2.3 million tons of soda. This level of production makes the company the fourth largest soda producer in Europe and the 10th biggest in the world. Operations at the Kromsan Chromium Compounds Plant in Turkey and at Cromital SPA plant in Italy also make Soda Sanayii a leading producer of chromium chemicals.

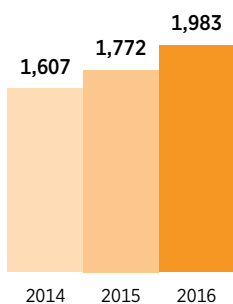
In addition to soda and chromium chemical manufacturing, the Company is currently active in other fields that include electricity, vitamin K3 derivatives, and sodium metabisulphite, with operations in four countries. Soda Sanayii operates under the "Responsible Care" program, a voluntary program developed autonomously by the chemical industry. The signatories agree to commit themselves to improve their performances in environmental protection, occupational safety and health protection. Soda Sanayii continuously invests in environmental issues and is dedicated to fulfilling its corporate responsibilities. Besides meeting its own energy requirements through an in-house energy generation center, the Company sold 1.9 billion kilowatt-hours of electricity in 2016.

FINANCIAL INDICATORS

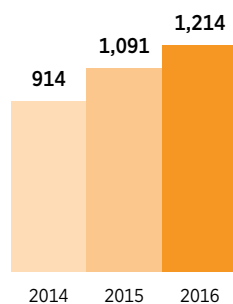
Financial Indicators	2015		2016	
	(TRY M)	(USD M)	(TRY M)	(USD M)
Total Assets	2,812	967	3,317	943
Equity	2,185	752	2,603	740
Sales	1,772	652	1,983	657
Gross Profit	475	175	588	195
Earnings before Interest and Taxes (EBIT)	408	150	531	176
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	500	184	629	208
Profit for the Period	441	162	577	191
Net Financial Liabilities	-548	-188	-731	-208

Financial Ratios	2015	2016
Current Assets/Current Liabilities	3.90	3.82
Equity/Total Equity and Liabilities	0.78	0.78
Net Financial Liabilities, (-) Receivables/Equity	-0.25	-0.28
Net Financial Liabilities, (-) Receivables/Equity and Liabilities	-0.19	-0.22
Gross Profit/Sales	0.27	0.30
EBITDA/Sales	0.28	0.32
EBIT/Sales	0.23	0.27
Net Financial Liabilities/EBITDA	-1.09	-1.16

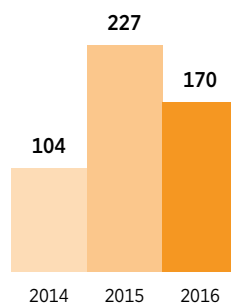
Sales Income
(TRY M)



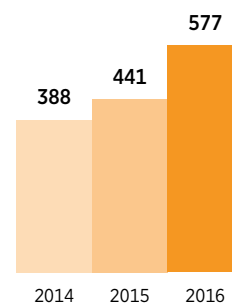
International Sales
(TRY M)



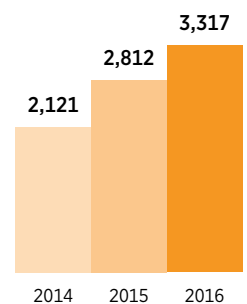
Investments
(TRY M)



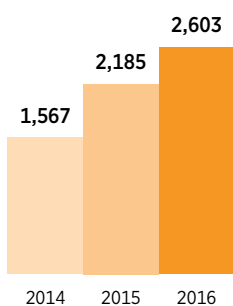
Profit for the Period
(TRY M)



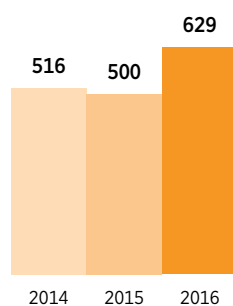
Total Assets
(TRY M)



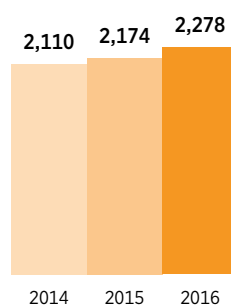
Equity
(TRY M)



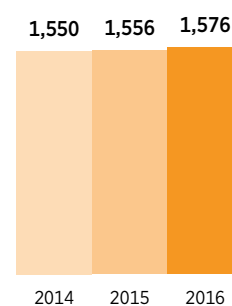
EBITDA
(TRY M)



Soda Production
(000 TONS)



Total Employees



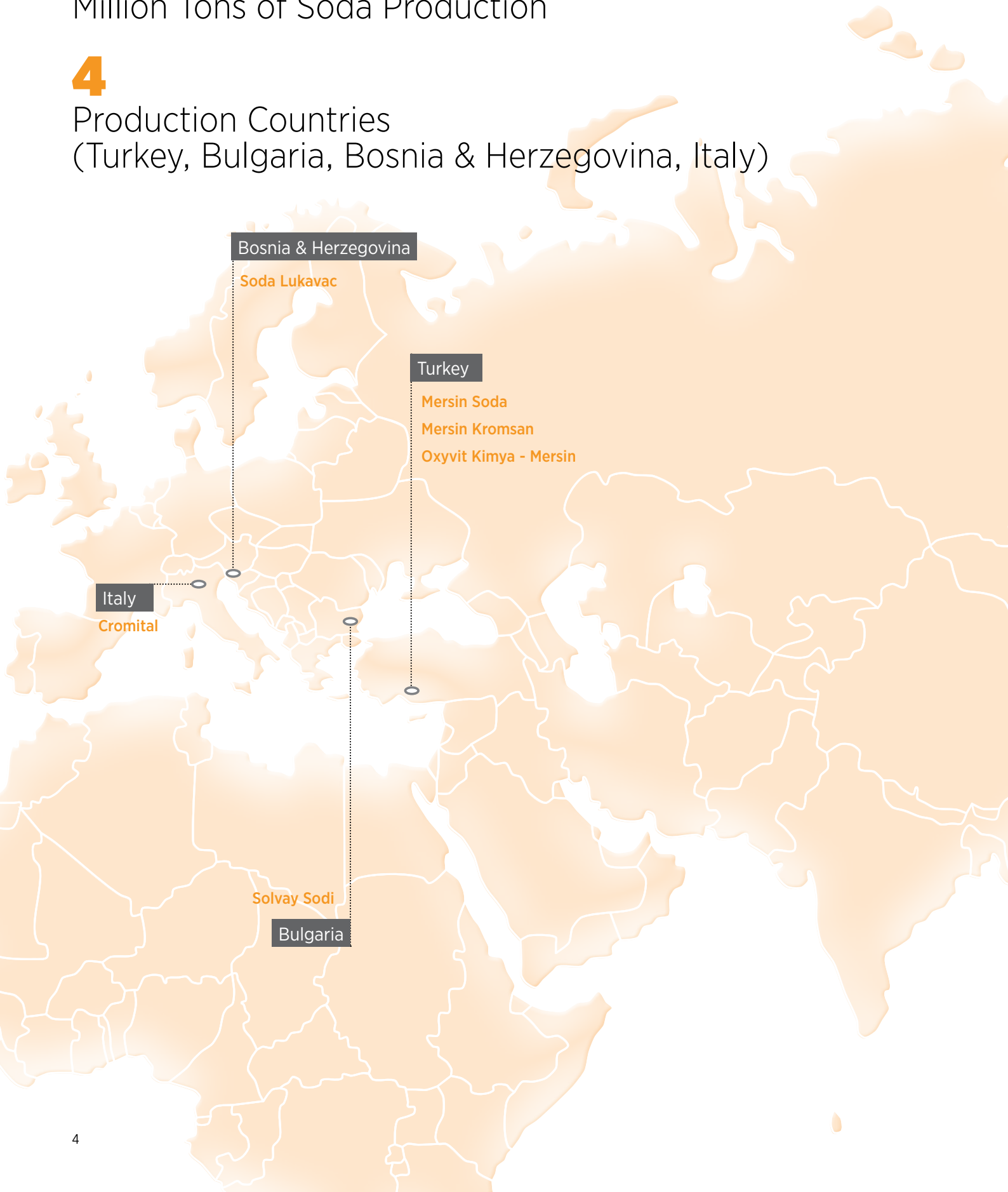
PRODUCTION FACILITIES

2.3

Million Tons of Soda Production

4

Production Countries
(Turkey, Bulgaria, Bosnia & Herzegovina, Italy)





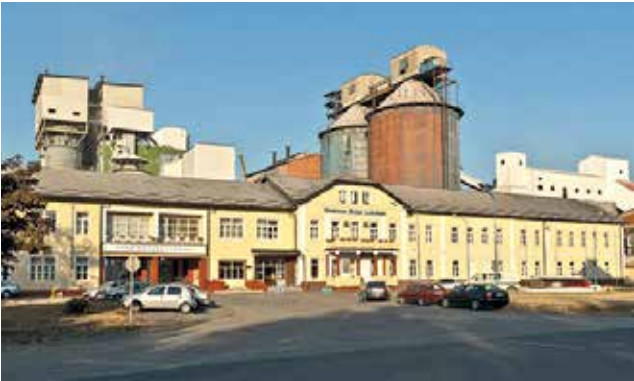
Turkey

Mersin Soda Plant



Turkey

Mersin Kromsan Plant



Bosnia & Herzegovina

Šiřecam Soda Lukavac d.o.o.



Bulgaria

Solvay Sodi AD



Turkey

Oxyvit Kimya - Mersin



Italy

Cromital S.p.A.

BOARD OF DIRECTORS



PROF. DR. AHMET KIRMAN
Chairman



TAHSİN BURHAN ERGENE
Vice Chairman



UMUT BARIŞ DÖNMEZ
Member⁽²⁾



ZEYNEP HANSU UÇAR
Member⁽²⁾ ()*



PROF. DR. HALİL ERCÜMENT ERDEM
Independent Member⁽³⁾



ÜZEYİR BAYSAL
Independent Member⁽⁴⁾

PROF. DR. AHMET KIRMAN / Chairman

(58) Prof. Dr. Ahmet Kirman graduated from Ankara University, Faculty of Law. He then earned his Master's degree in EU Competition Law, and his Ph.D. in Commercial Law, to become Associate Professor and then Professor of Financial Law. Prof. Dr. Kirman served as Faculty Member, Division Head, Head of the Finance Department and Institute Director at Ankara University, Faculty of Political Science. He was also a Faculty Member at Galatasaray University, Faculty of Law. Prof. Dr. Kirman started his career in 1981 as a judge for the Council of State. Later, he joined Türkiye İş Bankası A.Ş. where he held various positions in banking and insurance. He served as Chairman of Türkiye İş Bankası A.Ş., Milli Reasürans T.A.Ş., Destek Reasürans A.Ş., Petrol Ofisi A.Ş., and as Board Member at several companies including Anadolu Sigorta A.Ş. Prof. Dr. Kirman has served as the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. since 2006, and he is serving as Vice Chairman and CEO of Şişecam Group since 2011. He is also the Chairman of Soda San. A.Ş., Trakya Cam San. A.Ş., Anadolu Cam San. A.Ş., Paşabahçe A.Ş. and several other Group companies, while serving on ICC Turkish National Committee's Board of Directors, TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Prof. Dr. Kirman is the author of 12 books and numerous scholarly articles.

TAHSİN BURHAN ERGENE / Vice Chairman

(51) Tahsin Burhan Ergene graduated with a Bachelor's degree in Mechanical Engineering from Istanbul Technical University, in 1989. He completed the International Management Certificate Program at Istanbul University, in 1990, and the Advanced Management Program at Harvard Business School in 2012. Mr. Ergene joined Şişecam Group in 1990, where he held various managerial positions in the sales and marketing departments. In 2011, he was appointed as the Marketing and Sales Vice President of the Chemicals Group. He has been serving as the President of Şişecam Chemicals since January 2014.

UMUT BARIŞ DÖNMEZ / Member⁽¹⁾

(40) Umut Barış Dönmez graduated from Boğaziçi University, Department of Management. He joined the Group as CFO of Şişecam Soda Lukavac d.o.o. in 2006. He was promoted to CEO at Şişecam Soda Lukavac d.o.o. on September 1, 2010. On April 1, 2015, he completed his Bosnia & Herzegovina assignment and was appointed Financial Director for the Chemicals Group. Mr. Dönmez has been Financial Director of the same Group since January 1, 2016.

ZEYNEP HANSU UÇAR / Member^{(2) (*)}

(45) Zeynep Hansu Uçar is a graduate of Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her career as an Assistant Investment Specialist in the Subsidiaries Division of İşbank in 1994. She held several managerial positions responsible for various group companies at the same department. Ms. Uçar has been serving as the Subsidiaries Division Unit Manager since 2015. She currently serves as a Board Member at Türkiye Şişe ve Cam Fabrikaları A.Ş., Trakya Cam Sanayii A.Ş., Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii A.Ş. Having functioned as a Board Member and Auditor at various companies of Şişecam Group since 2010, she also holds seats on the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, and Camiş Yatırım Holding A.Ş. since March 27, 2012, all being İşbank subsidiaries.

PROF. DR. HALİL ERCÜMENT ERDEM / Independent Member⁽³⁾

(55) Prof. Dr. H. Ercüment Erdem graduated from Dokuz Eylül University, Faculty of Law. He initially served as a research assistant between 1984 and 1997 at the same university before teaching Commercial Law and Professional French as an Assistant Professor. At the same time, Mr. Erdem taught in the master's program and became a thesis adviser. In 1997, he became an Associate Professor in Commercial Law; in 2003, Mr. Erdem became a full Professor in the same field. From 1997 to 2011, he was an Associate Professor at Galatasaray University, Faculty of Law and subsequently a Professor of Commercial Law, teaching bachelor's, master's, and doctorate students, and helping to manage several master's and doctorate theses. He completed a masters' degree in Private Law at Ankara University, Graduate School of Social Sciences before receiving his doctorate from the University of Fribourg in Switzerland and undertaking research on American Law at the Yale Law School. Since 1998, Dr. Erdem has provided consulting services to domestic and foreign clients in various branches of private law. At Erdem & Erdem, a law firm he founded, he specializes in the provision of commercial law services. He has been an independent member of the board at CMA-CMG since 2011, and at Yılport Holding A.Ş. since 2013. Dr. Erdem is a member of the Istanbul Bar Association and the Co-Chairman of the International Chamber of Commerce (ICC)'s Commission on Commercial Law and Practice. He is a member of the International Court of Arbitration of the ICC, the Council of the ICC Institute of World Business Law, the International Bar Association, and the Advisory Council of Banking and Commercial Law Research Institute, in addition to several other professional associations. Prof. Dr. Erdem is the author of nine books, more than 50 articles, and four published translations.

ÜZEYİR BAYSAL/Independent Member⁽⁴⁾

(55) Üzeyir Baysal studied Economics and Finance in the Faculty of Political Sciences at Ankara University, graduating in 1984. He commenced his professional career as Assistant Auditor at the Certified Bank Auditors Board in 1985. Between 1988 and 1996, Mr. Baysal served as a Certified Bank Auditor at the same board and was made Chief Certified Bank Auditor at the Banking Regulation and Supervision Agency in 1996. He retired from this position on March 30, 2012. He is not associated with the soda industry or any related parties.

⁽¹⁾ Member of the Corporate Governance Committee.

⁽²⁾ Member of the Corporate Governance Committee and Member of the Risk Committee.

⁽³⁾ Chairman of the Corporate Governance Committee, Member of the Risk Committee, Member of the Audit Committee.

⁽⁴⁾ Member of the Corporate Governance Committee, Chairman of the Risk Committee, Chairman of the Audit Committee.

^(*) Zeynep Hansu Uçar resigned from her position as Board Member effective August 4, 2016.

Board Members were elected for a period of one (1) year at the Ordinary General Shareholders' Meeting on March 23, 2016; this was registered on March 29, 2016, and published on April 4, 2016, in issue number 9046 of the Trade Registry Gazette.

EXECUTIVES

Tahsin Burhan Ergene	Chemicals Group President
Hidayet Özdemir	Vice-President of Production
Çenk Nuri Soyer	Vice-President of Sales & Marketing
Umut Barış Dönmez	Finance Director
Kevser İnceler ^(*)	Planning Director
İmran Eroğul	Human Resources Director
Selma Akyol	Supply Chain Director
Mehmet Gürbüz	Soda Sanayii A.Ş. General Manager
Barış Can	Şişecam Soda Lukavac d.o.o. General Manager
Yalçın Orhan	Oxyvit Kimya Sanayii A.Ş. General Manager
Serdar Özer	Cromital SPA General Manager

^(*) Kevser İnceler retired from the company effective July 30, 2016.

CHAIRMAN'S MESSAGE

Dear Shareholders,

As a global brand in soda and chromium chemicals, Soda Sanayii continued to generate added value for all its stakeholders by achieving successful financial and operational results in 2016. The Company's success was due to its advanced production technology, highly competent human resources, product and service quality, environment and society oriented management approach. Driven by Şişecam Group's deep-rooted corporate culture and forward-looking vision in the face of challenging market conditions, our Company strengthened its strong position globally with its solid performance in target markets in fiscal year 2016.

2016 was a period of continuing political and economic uncertainty for Turkey as well as the world economy.

This was a year of political and economic risks as well as fluctuations for Turkey and the world economy. The US dollar continued to rise against local currencies while the interest rate hike of the US Federal Reserve occurred in the last month of the year. However, the European Central Bank's expansionary monetary policies to stimulate the economy in the Eurozone did not yield the desired results. The reasons for this included the UK's decision to leave the EU, and the banking crises in Italy and Germany. The economic slowdown in China, the second largest economy in the world, continued in 2016. In addition, the economic contraction in Russia, one of the world's major soda producers, significantly eased due to the gradual increase in oil prices.

Despite the negative global developments, the Turkish economy posted 4.5% growth in the first and second quarters of 2016, closing the year with 3% growth. The slowing trend in the second half of the year was due to the uncertainty caused by the Fed's interest rate hike decision-making process on international financial markets, the failed coup attempt in Turkey and the effect of ongoing geopolitical risks.

Despite the challenging market conditions, Soda Sanayii achieved its targets, recording a successful performance once again in 2016.

During the year, the supply-demand balance in the soda sector was maintained. The sector recorded 3% growth in the Middle East and Central Europe, which figure among our Company's most important export markets. Meanwhile in China, which accounts for 40% of the world's soda consumption, growth in soda demand was below expectations along with the slowdown in the construction sector. In Russia, one of the leading soda producers globally, domestic producers resorted to higher volumes of exports due to the loss of value in the ruble. As a result, they increased their capacity utilization rates via operational improvements.

Soda Sanayii, one of the most important players of the global soda and chromium chemicals market, reported 2.3 million tons of soda production in total. The Company realized this result by effectively managing production and sales both within and outside the country in 2016, despite challenging market conditions and an increasingly competitive environment. Soda Sanayii differentiated with market diversification, penetration in target markets in addition to the high standards achieved in product and service quality. As a result, our Company recorded a 17% increase in sales revenues in TRY terms compared to a year ago. Soda Sanayii, which figures among the top four largest soda producers in Europe and top 10 in the world, realized 65% of its consolidated soda sales in international markets.

As one of the world's leading producers of chromium chemicals, Soda Sanayii maintained its strong market position in 2016. This was despite the slowdown in sectors such as leather, impregnate, pigment and metal coating—which use chromium products as input—and increasing competition due to declining demand. Our Company achieved 85% of sales revenues in its chrome business through exports. The strong export performance was due to robust synergy between our production facilities, primarily the Kromsan plant in Mersin/Turkey and in Italy, as well as effective sales restructuring in China.

In 2016, Soda Sanayi recorded US\$ 53 million in investment expenditure.

Against a backdrop marked by special circumstances, rising geopolitical and economic risks, and toughening global financial conditions, increasing uncertainties result in lower risk appetite for new investments all over the world. Despite the current environment, Soda Sanayii continued its planned capacity increase and renewal/improvement investments in 2016 at full steam, in line with its vision for future growth. The Company expended a capital investment amount of US\$ 53 million during the year to bolster the operating performance of production facilities, lower energy costs, boost efficiency, and ramp up sustainable raw material procurement.

As part of its capital investment drive, the Company's 80,000 ton capacity increase investment and new steam production facility went into operation at the Mersin Soda Plant. Salt operation investments were carried out at the Mersin Soda Plant and the Lukavac Plant in Bosnia & Herzegovina to secure production by providing sustainable raw material procurement. Infrastructure strengthening and modernization work continued at our other facilities.



Soda Sanayii has undersigned innovative practices in energy efficiency, differentiation from the competition, sustainable customer relationship management and business development.

Soda Sanayii has embraced the sustainable growth strategy of Şişecam Group as its mission. In 2016, the Company undersigned operational processes that are profitable financially and efficient operationally by taking into account its environmental and social responsibilities. During the year, Soda Sanayii successfully implemented the flexible management approach required by the uncertainties in the global economy while effectively managing the risks and opportunities in the markets where it operates. Our Company transformed the expanding business volume with the right moves into profitability and reached its targets.

While internal studies focused on energy efficiency, environmental protection and continuous development were conducted in all facilities at Şişecam, Soda Sanayii also continued its efforts in these areas throughout the year. While ramping up the production volume through capacity increases, our Company intensely focused on achieving perfection in business processes, boosting energy efficiency, bolstering its presence in markets, differentiating from the competition, and creating sustainable customer relations.

On behalf of Soda Sanayii, I would like to thank all our stakeholders and shareholders who supported us in realizing our targets; our suppliers and customers with whom we worked in productive cooperation; and our employees, who made significant contributions through their dedication to the success we have achieved.

PROF. DR. AHMET KIRMAN

Chairman of the Board

AN OVERVIEW OF 2016

Soda Sanayii A.Ş. bolsters its powerful global market position with the high quality of its products and services, market diversification, and successful performance in target markets. The Company also focuses on energy efficiency, environmental protection, and continuous improvement.



In 2016, Soda Sanayii demonstrated a strong performance despite unfavorable developments in the global economy and a difficult economic climate, aided by the excellence of its product and services, market diversification, and penetration in target markets.

Developments in the soda sector

A quick look at regional demand patterns for soda products around the world reveals that the largest increase (4%), was recorded in the Indian sub-continent. This was followed by the Middle East and Central Europe with 3% each, two of our important export markets. China, responsible for roughly 40% of the world soda production, posted lower than expected demand growth in 2016 due to a contraction in flat glass production tied to a slowdown in the construction industry. On the other hand, Russia, one of the most significant soda producers, took advantage of the foreign exchange rate that favored exports, while domestic soda producers made some operational improvements that boosted overall capacity utilization.

During the year, overall demand in the glass industry, which constitutes 51% of global soda demand, grew 1.5-2%. In the second largest market for soda, the detergent industry, worldwide demand went up 2% despite some regional differences.

The glass industry, the leading consumer of soda in Turkey, maintained a stable course in 2016, retaining roughly the previous year's demand levels. Demand from the detergent industry continued to expand, in parallel with the rising sales of domestic producers to meet increasing demand from the Middle East and countries on our western and eastern borders. Textile industry demand remained the same or dipped slightly over the year, mainly due to foreign exchange rate fluctuations, loss of momentum in exports to Europe and Russia, and the unfavorable effects of tourism losses on textile markets. However, demand rose for sodium bicarbonate, an input of

feed for the food industry, in 2016 due to Iran, Iraq, and Syria making direct purchases from the domestic market via border trade.

Developments in the chromium chemicals sector

Soda Sanayii A.Ş. maintained its position in 2016 in the chromium chemicals markets it traditionally dominates, such as the leather, metal plating, wood preservation and pigment industries. Thanks to products provided to the pigment and leather industries, market shares grew, especially in Asia and the Far East. Market penetration for leather has similarly increased in South America and South Africa.

In the fourth quarter, besides the upward movement in commodity prices, the sharp rise in the price of chromite ore, the main raw material of chromium chemicals, was ultimately reflected in the prices for chromium chemicals. Turkey's leather industry was hit hardest as a result of the political crisis with Russia, its main export market. Developments after July brought on stagnation in all industries for the remainder of the year, while causing further devaluation of the Turkish lira against major foreign currencies. While the domestic leather industry recorded a net contraction, the relative growth observed in the metal plating sector over the past few years continued during 2016.

ACHIEVEMENTS IN 2016

17% increase in soda sales revenues

2016 saw supply and demand in balance overall, still Soda Sanayii A.Ş.'s soda sales rose 17% from the previous year in Turkish lira terms. The Company produced 2.3 million tons of soda in Mersin, Bosnia & Herzegovina, and at the Solvay Sodi plant in Bulgaria, a production joint venture. As the fourth largest producer in Europe and 10th biggest in the world, Soda Sanayii delivered 65% of the total consolidated soda sales to international markets.



Soda Sanayii A.Ş. differentiates from international competitors by the rich raw material resources it owns, its energy management system, excellent product quality, exceptionally high operational efficiency, and the logistics advantages it enjoys from its proximity to ports.

Sustainable sales performance in chromium chemicals

Growth trends in industries that involve leather, wood preservation, pigments, and metal finishing, which rely on chromium chemicals, have varied depending on geography and their areas of use. As the leather industry has receded in Asia, markets in Europe and the US have been more stable. South American and African markets have expanded to a degree, albeit at relatively lower levels. In the pigment industry, Asian nations have demonstrated growth, while in metal plating, Asia and the US have somewhat recovered in comparison with previous years. Upheavals in neighboring countries during the year unfavorably impacted all manufacturing in Turkey, including the leather, impregnated products, and metal plating industries.

Despite these developments, the chromium chemicals product group performed well in 2016, achieving its target sales revenues. Sales volumes and revenue results surpassed expectations, especially for sodium dichromate. Particularly in Chinese and Asian economies, and also in Europe, market shares have increased due to effective sales and marketing efforts. Sales of chromic acid rose from 2015 with contributions from expanded country and customer portfolios. Sales of chromium III products have maintained levels from the prior year. Despite domestic contraction in the basic chromium sulphate market, the Company maintained its market share. Sales of chromic acid actually went up in comparison with a year earlier owing to the implementation of corrective measures.

**Europe's 4th largest
and the world's 10th
biggest soda producer**

Soda Sanayii A.Ş.—with its Kromsan Plant, production base in Mersin, Turkey, a plant in Italy and an organization in China—realized 85% of its sales revenue from exports in its chromium business line. The Kromsan Chromium Compounds facility maintained its leadership position in 2016 thanks to its advanced production technology, high capacity utilization ratio, high quality product development efforts, wide sales network, and high environmental standards.

With the help of its Italian affiliate Cromital SPA, and its liquid and powder based chromium sulfate production and sales, Soda Sanayii A.Ş. sustained its leading position in Italy, home to Europe's largest leather processing industry. The company is prominent in the European market for its liquid chromic acid, liquid sodium dichromate, and chromium III chemicals, a product developed for the metal plating industry. Cromital SPA is the only plant licensed in Italy to treat and recycle chromium effluent, thus contributing to environmental protection by rendering reusable chromium recovered from the waste. In 2016, the company continued sales of sodium bicarbonate, a material used for the flue gas treatment in the leather industry, that it had started in 2013.



Raw material production for a wide range of products, from the leather industry to the feed sector, from detergents to metal plating

Soda Sanayii A.Ş. meets its process steam needs with an in-house Cogeneration Plant. This facility, with a power generation capacity of 252 megawatts, generated 3.9 million tons of steam and sold 1.9 billion kilowatt-hours of electricity in 2016.

Highlights from 2016 investment activities

In line with its goal of achieving profitable growth, the Company continued its capital investments in modernization, with a focus on bolstering operating performance, reducing energy costs, and boosting efficiency. In 2016, Soda Sanayii A.Ş. realized total capital investment of about USD 56 million.

During the year, the Company also completed an 80,000 ton capacity expansion investment at the Mersin Soda Plant, incorporating a calciner and other additional equipment. Aiming to fill the increased capacity and provide a sustainable raw material supply, Soda Sanayii A.Ş. continued investing in new salt fields. In addition, the investments in the new steam generation plant, which started in the last quarter of 2014 to boost the Company's competitive advantage by reducing energy costs, were completed. A second line was commissioned at the Kromsan Plant as part of efforts to neutralize old technology waste.

At the Şişecam Soda Lukavac Plant in Bosnia & Herzegovina, the new steam boiler, which aims to boost energy efficiency, reduce costs and increase production in compliance with environmental regulations, was commissioned in first quarter 2016. Furthermore, the Company executed investments in infrastructure-related reinforcement and modernization, as well as in alternative salt supplies.

KEY EVENTS

In 2016, Soda Sanayii A.Ş. continued its commitment to the "Responsible Care" initiative, a voluntary program developed autonomously by the chemical industry, to engage in important awareness and social responsibility activities besides management system applications.

These efforts included the maintenance and renovation of nearby elementary school buildings; a kite festival for children with disabilities; the Şişecam inter-corporate backgammon, Mersin inter-corporate volleyball, and table tennis tournaments. As in every year, the Company funded university scholarships for the children of retired personnel, an initiative funded exclusively by the staff.



In addition, Soda Sanayii A.Ş. continued sponsorship of the project "Research, Tracking, and Protection of the Mersin Province Kazanlı Beach Sea Turtle Populations During the Spawning Season" undertaken by the Mersin University Sea Turtles Application and Research Center.

During research conducted in 2016, a record 1,705 sea turtle nests were identified. On May 19, 2016, Soda Sanayii A.Ş. employees participated in an event organized to clean up the natural habitat of the sea turtles.

The National Chemistry Congress, held annually by the Turkish Chemical Society, was organized at Mersin University in 2016 with the sponsorship of Soda Sanayii A.Ş. on August 15-21. At a Science Festival held at the Private Şişecam Vocational and Technical Anatolian High School in the Mersin Organized Industrial Zone built by the Şişecam Group, the six most accomplished students were awarded prizes.

During the year, Soda Sanayii A.Ş. participated in the All China Leather Fair in Shanghai, China. The fair was attended by representatives from 20 countries, including numerous companies from all regions of China. There, Soda Sanayii A.Ş. presented its leading leather brands TANKROM® and Ecol-tan® to international participants.

Soda Sanayii A.Ş. was a bronze sponsor of the Fifth Global Feed and Food Congress, an event that bolstered relationships by bringing together the leading companies of the industry. The Company used this opportunity to become introduced to new feed and food producers to forge commercial ties with them.

Additionally, the Chairmanship of the European Soda Ash Producers Association passed to Şişecam in 2016.

REACH

In 2016, Soda Sanayii A.Ş., a significant exporter of both soda and chromium products, continued to meet its obligations in the context of Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulations number EC/1907/2006, a vital protocol for the European community.

Authorization work for REACH pertaining to the Company's chromic acid product began in 2012 and formally commenced in May 2015 with an application for authorization made to the European Chemicals Agency. This process continued in 2016, and is expected to be completed in first quarter 2017. Two more companies have been added to the chromium III nitrate registration file, for which Soda Sanayii A.Ş. is the leading registrar.

In accordance with codes on Regulation (EC) 1272/2008 related to classification, labelling and packaging of substances and mixtures (CLP), revision of soda product labeling was completed with work on chromium chemicals currently underway.

ENVIRONMENT AND QUALITY ACTIVITIES

Soda Sanayii A.Ş. implements management systems to oversee activities that will safeguard the well-being and safety of the environment, as well as the Company's employees and clients.

In 2016:

- The Company successfully passed ISO 14001 Environment Management System interim surveillance audits, implemented as an Integrated Management System, and checks for compliance with OHSAS 18001 Occupational Health and Safety.
- Surveillance audits were conducted at the Soda and Kromsan plants in relation to the ISO 9001:2008 Quality Management System; ISO 22000 Food Safety and Global Food Safety Management System for sodium bicarbonate; ISO FSSC 22000 Food Safety Management Systems in relation to feed grade sodium bicarbonate GMP; ISO 10002 Customer Satisfaction Management System; and ISO 50001 Energy Management System.
- Product Conformity Certificates for soda and chromium products were renewed.
- Kosher and Halal Certificates given for the sodium bicarbonate product went through successful interim surveillance audits.
- The company carried out activities under Environmental Impact Assessment Evaluation regulations. Obligations under Environmental Authorization and Licensing regulations were met in relation to these activities.
- At Soda Sanayii A. Ş. Management Sales Center, ISO 9001:2008 Quality Management System and ISO 27001 Information Security Management System Certifications were obtained.

Leading chromium chemicals producer

RESEARCH AND DEVELOPMENT ACTIVITIES

Soda Sanayii A.Ş.'s R&D activities have targeted the development of current processes in the production of soda and chromium composites with low cost and environmentally friendly technologies. This effort is anticipated to enrich the product portfolio with new high value added products, increasing competitive power by cutting costs and boosting efficiency.

In 2016, product development and modeling activities continued in the soda product group. For chromium chemicals, research has focused on enhancing process and product quality. Laboratory and small scale pilot experiments have been undertaken to develop new leather chemicals.

EXPECTATIONS AND OBJECTIVES FOR 2017

In Europe particularly, the global supply and demand balance attained by the soda industry in 2016 is expected to continue for the most part into 2017. Based on industry forecasts, notably in flat and other glass, global growth of 2% is projected. The Indian subcontinent and certain African markets are projected to see demand increase 4-5% driven by growth in the glass and detergent industries there. The Middle East market is expected to behave similarly, with estimated growth of 3% as a result of developments in the glass sector. In parallel with the market environment in Europe, Western Europe is forecast to remain flat in terms of market size. Meanwhile, Central and Eastern Europe is expected to post higher demand for soda due to positive developments in the detergent industry.

In line with soda industry related developments, the highly competitive environment is expected to continue into 2017. As a result, Soda Sanayii A.Ş. will focus on projects that manage costs, render supply processes more effective, and boost energy efficiency. In addition, the Company aims to expand the share of total sales in international markets via operational efficiency and effective service provision to global customers via long-term agreements.



In the chromium chemicals industry, the price of chromite ore started to rise in fourth quarter 2016 with this trend expected to continue into 2017, especially during the first half of the year. Paralleling the general trend in higher commodity prices, the price of chromite will likely be higher than it was in 2016.

While global competition in the chromium chemicals market is forecast to continue at the same level, its value in the world's markets is expected to be higher than the year before. No further shrinkage is projected in serviced industries. Pursuant to the Company's vision of achieving growth in the chromium industry, Soda Sanayii A.Ş. plans to capture more market share, by realizing increases in sales volume and revenues targeted through optimized capacity utilization, operational efficiency, and cost reductions. These efforts will, in turn, lead to competitive strength for the Company. Soda Sanayii A.Ş. plans to continue diversifying its export markets for reaching all countries that use chromium chemicals. This effort will allow the Company to maintain its leading position and enhance its effectiveness. The chromium product group will use its customer focused approach in all its marketing and sales activities, embracing the roles and responsibilities of a global player. The Company also aims to create new, environmentally aware products using environmentally friendly technologies.

To meet the sustainability expectation of its stakeholders in 2017, Soda Sanayii A.Ş. plans to continue forming strategic collaborations and participate in one-on-one meetings, seminars, workshops, surveys, and briefings through a variety of participatory channels. The Company will exchange its views and make observations proactively.



HUMAN RESOURCES

At end-2016, Soda Sanayii A.Ş. A.Ş. and its affiliates had a total of 1,576 employees, of whom 637 were salaried and 939 were contracted.

All Company Human Resources activities—including recruitment, training, performance management, optimum staff size analyses, reorganization studies, career management, back-up systems, among others—are conducted in accordance with applicable laws, rules and regulations. These efforts are carried out with the aim of mutually benefiting the employer and employee, in alliance with the corporate values of Şişecam Group. Recruitment processes are managed without any discrimination or favoritism, taking into consideration the competencies required for the position and the potential of the candidate. These are duly assessed with tools that have proven scientific validity and reliability.

To allow employees to further their knowledge and skills, training programs are conducted both in-house and externally. Staff development is encouraged via both domestic and overseas training and certificate programs, and by attendance at conferences, panels, fairs, and summits. To facilitate the Recognition, Appreciation, and Awards System, successful projects that staff members participate in throughout the year are presented with awards.

Pursuant to the Company's globalizing corporate culture, staff development activities required by Human Resources are implemented in line with a success-oriented performance environment and a vision of continuous improvement. To further develop the international management skills of potential leaders and specialized technical human capital, domestic and overseas training and improvement courses are actively used.

INDUSTRIAL RELATIONS

The Collective Labor Agreement between Petrol-İş Union and the Soda and Kromsan plants that covered the 2014-2015 period ended on December 31, 2015. A new Collective Bargaining Agreement for the period 2016-2017 was agreed to on May 5, 2016, following successful negotiations.

The term of the 2015 Collective Bargaining Agreement for Şişecam Soda Lukovac Plant expired on December 31, 2015, and the new Collective Bargaining Agreement for 2016-2017 was signed on January 26, 2016.

In line with Company values, no discrimination is made among employees in relation to race, religion, language, or gender, and diversity and difference is respected. All business processes and activities are conducted with sensitivity and in light of the Şişecam ethical principles.



OCCUPATIONAL HEALTH AND SAFETY

In 2016, field surveys were conducted at the plants and factories of Soda Sanayii A.Ş. A.Ş. and its affiliates with respect to occupational health and safety. In accordance with the Occupational Health and Safety Law, studies were made concerning legal obligations. Training was held to instill a culture of occupational health and safety through on-the-job “Tool Box” training sessions.

The Company shared information on the Occupational Health and Safety Law, the reporting of workplace accidents, and ideal work hours from occupational health specialists, workplace doctors, and other health employees with plant managers and associated units. To secure the compliance of affiliated companies with the occupational health and safety reporting expectations of the Şişecam Group, consultation and support activities were undertaken to this end.

A Safety Report was prepared pursuant to the “Regulations on the Prevention and Reduction of the Impact of Large Scale Industrial Accidents.” The report was delivered in June to the Labor Inspection Board of the Ministry of Labor. Automatic fire sprinkler systems were installed to enhance fire precautions. An interim audit on the OHSAS 18001 Occupational Health and Safety (ISG) Management System conducted by the Turkish Standards Institute (TSE) was passed successfully. Occupational health audit programs were prepared with 160 site audits performed with the participation of management.

RISK MANAGEMENT AND THE INTERNAL AUDIT ACTIVITIES

Soda Sanayii A.Ş.’s risk management and internal audit activities are managed by the Risk Committee and the Audit Committee, both of which are sub-committees of the Board of Directors. Committee meetings are held periodically with a predetermined agenda. The decisions and recommendations made at these meetings are regularly submitted to the Board of Directors. The Board of Directors is kept apprised of risk management and internal audit activities by these committees, and provides guidance as required.

The world today is evolving into a significantly different place. Considerable political, economic, and environmental risks are spawned by financial crises and clashes of national interests. Security concerns are stoked by geopolitical issues. Technological developments or “Industry 4.0” are causing upheaval among industries. All these result in dramatic changes to the environment, economic and social landscape. Global risks have begun to impact the lives of companies and states in new and unusual ways, changing the way risks are viewed across the world. Against this tumultuous backdrop, risk management has emerged as a very important discipline.

In 2016, Soda Sanayii A.Ş. continuously reviewed the effectiveness of risk management and internal audit processes, as in previous years. These two areas comprise crucial components of corporate management; they are now managed with a wider perspective and greater effectiveness.



On-the-job training to expand the occupational health and safety culture

Communication between the internal audit and risk management functions are kept at the highest level to support decision-making processes and to increase management effectiveness. Soda Sanayii A.Ş. has conducted studies to establish a strong corporate structure and reassure stakeholders. These studies also aimed to safeguard the tangible and intangible assets of the Company, conserve its resources, protect the environment, minimize losses originating from uncertainties, and maximize potential benefits gained from opportunities.

Risk Management

At Soda Sanayii A.Ş., risk management is handled carefully and proactively. Actions are undertaken with due consideration given to corporate risk management policies. All financial and non-financial risks the Company is exposed to through its activities are consistently observed and assessed. With this information, the Company formulates strategies and takes the necessary precautions to manage risks.

Internal Auditing

Şişecam Group has engaged in internal auditing activities for many years as part of its long established corporate structure. These efforts aim to ensure constructive and efficient controls are in place and required responses are taken in a timely manner, allowing for the healthy development of the Company. In this way, unity and harmony across implementations is established, and internal audit activities are conducted pursuant to regulatory requirements. Soda Sanayii A.Ş. implements risk-focused audit practices with respect to both internal audit activities that accord with an annual ordinary audit program and the results from audit findings related to risk management efforts.

INFORMATION ON CONSOLIDATED COMPANIES

Şişecam Soda Lukavac d.o.o.

Şişecam Soda Lukavac d.o.o was established in the Tuzla Canton of Bosnia & Herzegovina in 2006. The company produces soda and its derivatives and exports most of its production. Indirect shareholding in the company is at 100%.

Solvay Şişecam Holding A.G.

Solvay Şişecam Holding A.G. is headquartered in Vienna and was set up in 1997 as a capital company to own a minority share in the Bulgarian company Solvay Sodi AD. The indirect shareholding is a 25% interest in the company. The Solvay Group owns a 75% stake.

Şişecam Bulgaria Ltd.

Şişecam Bulgaria Ltd. trades in soda products and its head office is in Sofia, Bulgaria. The indirect shareholding in the company is at 100%.

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

Oxyvit Kimya Sanayii ve Ticaret A.Ş. was launched in 1996 in the Tarsus Organized Industrial Zone. The company's main activity is the production and marketing of Vitamin K3 and sodium metabisulphite and their derivatives. Oxyvit Kimya Sanayii, as one of the few producers of Vitamin K3 in the world, has a prominent place in total global production capacity. The company exports more than 90% of its production. The other major shareholder of Oxyvit Kimya Sanayii is Cheminvest Türkiye Deri Kimyasalları San. ve Tic. A.Ş., an Italian chemicals trading company established in Turkey. Soda Sanayii A. Ş. and Türkiye Şişe ve Cam Fabrikaları A.Ş. hold a 45% and 5% stake in Oxyvit Kimya Sanayii, respectively.

Cromital SPA

Cromital SPA was established in Bergamo, Italy, in 1992. The company manufactures basic chrome sulphate, a base chemical used in the leather industry. Its main market is in Italy. Soda Sanayii A.Ş. purchased 50% of the company's shares in 2005. In 2011, it purchased the remaining shares from Cheminvest SPA, and now owns 100% of the company's shares. Currently, Soda Sanayii A.Ş. indirectly owns 99.5% of the company, with the remaining 0.5% held by Türkiye Şişe ve Cam Fabrikaları A.Ş.

Şişecam Chem Investment B.V.

Şişecam Chem Investment B.V. was originally set up as a portfolio management company. Currently, it provides consultancy and other services to certain overseas affiliates. Some 99.47% of the company's shareholding is owned by Soda Sanayii A.Ş. The company in turn holds 99.5% of Cromital SPA, 100% of Şişecam Bulgaria, 100% of Soda Lukavac d.o.o., and 25% of Solvay Şişecam Holding AG in its portfolio.

SODA SANAYİİ A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD 1 JANUARY - 31 DECEMBER 2016
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT TOGETHER WITH INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH



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

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Soda Sanayii A.S. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity'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 entity's internal control. An independent audit includes also 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 independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Soda Sanayii A.S. and its Subsidiaries as at 31 December 2016 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 6 March 2017.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2016 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, SMMM
Partner

Istanbul, 6 March 2017

Soda Sanayii A.Ş.

Consolidated Statements of Financial Position for the Year Ended 31 December 2016 and 2015

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

ASSETS	Notes	31 December 2016	31 December 2015
Current assets			
Cash and cash equivalents	6	971.426.420	858.107.391
Financial investments	7	8.051.712	812.340
Trade receivables	10,37	412.140.240	313.733.929
- <i>Due from related parties</i>	37	105.030.129	60.940.914
- <i>Other trade receivables</i>	10	307.110.111	252.793.015
Other receivables	11,37	40.043.599	44.139.100
- <i>Due from related parties</i>	37	35.871.454	33.778.829
- <i>Other receivables</i>	11	4.172.145	10.360.271
Inventories	13	203.878.982	179.296.464
Prepaid expenses	14	20.806.276	9.281.749
Current income tax asset	35	-	160.166
Other current assets	26	17.268.802	27.161.521
Total Current Assets		1.673.616.031	1.432.692.660
Non-Current Assets			
Financial investments	7	99.770.052	42.914
Other receivables	11	265.059	434.458
Investments accounted under equity method	16	281.304.918	245.306.932
Property, plant and equipment	18	1.209.263.206	1.085.761.431
Intangible assets	19,20	16.805.343	12.540.180
- <i>Goodwill</i>	20	8.740.506	7.486.410
- <i>Other intangible assets</i>	19	8.064.837	5.053.770
Prepaid expenses	14	17.420.273	28.514.582
Deferred tax assets	35	15.465.168	3.687.009
Other non-current assets	26	2.969.720	2.707.817
Total Non-Current Assets		1.643.263.739	1.378.995.323
TOTAL ASSETS		3.316.879.770	2.811.687.983

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

Soda Sanayii A.Ş.

Consolidated Statements of Financial Position for the Year Ended 31 December 2016 and 2015

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

LIABILITIES	Notes	31 December 2016	31 December 2015
Current Liabilities			
Short term borrowings	8	2.934.109	33.624.669
Short term portion of long term borrowings	8	40.013.497	38.730.599
Trade payables	10,37	236.216.308	222.776.005
- Due to related parties	37	75.113.126	59.932.078
- Other trade payables	10	161.103.182	162.843.927
Employee benefit obligations	24	3.172.785	2.373.785
Other payables	11,37	101.728.346	42.649.802
- Due to related parties	37	91.096.254	37.497.081
- Due to non-related parties	11	10.632.092	5.152.721
Deferred income	14	8.998.780	5.329.377
Current income tax liabilities	35	29.916.897	7.241.999
Short term provisions	22,24	8.245.035	8.256.175
Other current liabilities	26	7.005.874	6.564.956
Total Current Liabilities		438.231.631	367.547.367
Non-Current Liabilities			
Long term borrowings	8	250.017.656	235.138.763
Other payables	11	1.223.492	1.036.902
Long term provisions	24	24.472.765	23.015.411
Deffered tax liabilities	35	219.299	187.833
Total Non-Current Liabilities		275.933.212	259.378.909
Total Liabilities		714.164.843	626.926.276
EQUITY			
Total Equity Attributable to Equity Holders of the Parent	27	2.598.736.339	2.156.296.206
Paid in Capital		750.000.000	660.000.000
Other comprehensive income/expenses not to be reclassified to profit or loss		186.868.860	186.000.974
- Gain/loss on revaluation and remeasurement		186.868.860	186.000.974
- Gains(loss) from revaluation of tangible assets		186.295.892	185.834.191
- Actuarial gain		572.968	166.783
Other comprehensive income/expenses to be reclassified to profit(loss)		228.128.320	141.017.232
- Foreign currency translation reserve		228.128.320	141.017.232
Restricted reserves		124.634.277	84.831.933
Retained earnings		733.299.499	650.031.393
Net profit for the period		575.805.383	434.414.674
Non-controlling interest	27	3.978.588	28.465.501
Total Equity		2.602.714.927	2.184.761.707
TOTAL LIABILITIES AND EQUITY		3.316.879.770	2.811.687.983

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

Soda Sanayii A.Ş.

Consolidated Statements of Income

for the Year Ended 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
Sales	28	1.982.947.494	1.771.758.211
Cost of sales (-)	28	(1.394.573.100)	(1.296.702.526)
Gross Profit		588.374.394	475.055.685
General administrative expenses	29,30	(70.146.945)	(69.635.447)
Marketing expenses	29,30	(93.714.971)	(81.993.116)
Research and development expenses	29,30	(8.387.801)	(3.598.921)
Other operating income	31	91.901.333	72.904.341
Other operating expenses	31	(62.615.421)	(35.166.899)
Operating Profit		445.410.589	357.565.643
Income from investing activities	32	13.701.279	582.875
Expense from investing activities	32	(15.614)	(3.540.140)
Shares from (gains / losses) of investments accounted under equity method	16	72.182.985	53.560.065
OPERATING PROFIT BEFORE FINANCIAL INCOME		531.279.239	408.168.443
Financial income	33	254.092.856	207.219.348
Financial expense	33	(140.610.455)	(105.233.268)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		644.761.640	510.154.523
Tax expense from continuing operations		(68.137.225)	(69.081.504)
-Tax (charge) income for the period	35	(80.006.228)	(71.741.240)
-Deferred tax income/ (expense)	35	11.869.003	2.659.736
Profit for the period		576.624.415	441.073.019
Attributable to:			
Non-controlling interest	27	819.032	6.658.345
Equity holders of the parent	27	575.805.383	434.414.674
Earnings Per Share	36	0,768	0,579

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

Soda Sanayii A.Ş.

Consolidated Statements of Comprehensive Income

for the Year Ended 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
Profit for the period	27	576.624.415	441.073.019
Other Comprehensive Income/(expense) Items not to be reclassified to profit or loss	27	657.704	186.646.794
- Revaluation gain on tangible assets		282.985	195.136.869
- Actuarial gain / (loss) on employee termination benefits		490.281	876.473
- Income tax of other comprehensive income		(129.522)	(10.990.142)
- Income from associates accounted for under equity method		13.960	1.623.594
Items to be reclassified to profit or loss	27	90.137.324	50.429.983
- Currency translation differences		90.137.324	52.185.800
- Revaluation and / or reclassification differences of available for sale financial assets		-	(1.848.228)
- Income tax of other comprehensive income		-	92.411
Other Comprehensive Income/(Loss)		90.795.028	237.076.777
Total Comprehensive Income/(Loss)		667.419.443	678.149.796
Attributable to:			
Non-controlling interest		3.845.268	9.548.466
Equity holders of the parent		663.574.175	668.601.330
Earnings Per Share	36	0,885	0,891

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

Soda Sanayii A.Ş.

Consolidated Statements of Changes in Equity for the Year Ended 31 December 2016 and 2015

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

	Paid in capital	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted reserves	Retained Earnings	Net Profit for the Period	Total Equity Attributable to the Equity Holders of the Parent	Non-controlling interest	Equity
Balance at 1 January 2015	503.000.000	(541.562)	93.372.863	66.715.871	500.690.345	384.457.359	1.547.694.876	19.270.046	1.566.964.922
Transfers	-	-	-	78.104.560	306.352.799	(384.457.359)	-	-	-
Total comprehensive income(expense)	-	186.542.287	47.644.369	-	-	434.414.674	668.601.330	9.548.466	678.149.796
Dividends	-	-	-	-	(60.000.000)	-	(60.000.000)	(353.011)	(60.353.011)
Capital increase	157.000.000	-	-	(59.988.498)	(97.011.502)	-	-	-	-
Transactions with non-controlling shareholders	-	249	-	-	(249)	-	-	-	-
Balance at 31 December 2015	660.000.000	186.000.974	141.017.232	84.831.933	650.031.393	434.414.674	2.156.296.206	28.465.501	2.184.761.707
	Paid in capital	Other Comprehensive Income not to be reclassified to profit or loss	Other Comprehensive Income to be reclassified to profit or loss	Restricted reserves	Retained Earnings	Net Profit for the Period	Total Equity Attributable to the Equity Holders of the Parent	Non-controlling interest	Equity
Balance at 1 January 2016	660.000.000	186.000.974	141.017.232	84.831.933	650.031.393	434.414.674	2.156.296.206	28.465.501	2.184.761.707
Transfers	-	-	-	39.802.344	394.612.330	(434.414.674)	-	-	-
Total comprehensive income(expense)	-	657.704	87.111.088	-	-	575.805.383	663.574.175	3.845.268	667.419.443
Capital increase	90.000.000	-	-	-	(90.000.000)	-	-	-	-
Dividends	-	-	-	-	(240.000.000)	-	(240.000.000)	(488.296)	(240.488.296)
Changes related with changes of ownership interest in subsidiaries without loss of control	-	210.182	-	-	6.330.883	-	6.541.065	(6.541.065)	-
Transactions with non-controlling shareholders	-	-	-	-	12.324.893	-	12.324.893	(21.302.820)	(8.977.927)
Balance at 31 December 2016	750.000.000	186.868.860	228.128.320	124.634.277	733.299.499	575.805.383	2.598.736.339	3.978.588	2.602.714.927

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 Sanayii A.Ş.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
A.CASH FLOWS FROM OPERATING ACTIVITIES		438.048.570	309.983.520
Net profit for the period		576.624.415	441.073.019
Adjustments to reconcile net profit/(loss)to net cash provided by operating activities		(55.579.054)	(14.006.053)
-Depreciation and amortization	18,19	97.882.944	91.495.078
-Adjustments for impairments/reversals	10,11,13, 18	1.095.578	3.481.371
-Changes in provisions	22,24	4.746.859	4.342.095
-Dividend received in cash	32	(4.000)	(4.800)
-Interest income and expenses	31,33	(6.518.919)	(6.019.406)
-Unrealized exchange loss/ (gain) on cash and cash equivalents	31,33	(135.054.091)	(122.570.192)
-Adjustments for fair value through profit or loss	7	(13.506.013)	-
-Adjustments for retained earnings from investments accounted under equity method	16	(72.182.985)	(53.560.065)
-Adjustments for tax income(losses)	35	68.137.225	69.081.504
-Gain/ losses from sales of tangible assets	32	(175.652)	(251.638)
Changes in net working capital		(11.946.006)	(24.309.146)
-Increases/decreases in trade receivables	10,37	(63.421.162)	(27.665.326)
-Increases/decreases in other receivables	11,37	4.095.501	(37.083.818)
-Increases/decreases in inventories	13	(24.585.534)	(5.582.764)
-Increases/decreases in trade payables	10,37	11.481.886	42.883.013
-Increases/decreases in other payables	11,14,24,37	63.546.947	11.421.473
-Increase / decrease in derivatives	12,33	-	944.036
-Increases/decreases in net working capital	7,14,15,26,35	(3.063.644)	(9.225.760)
Cash flows from operating activities		509.099.355	402.757.820
-Interest paid	8,31,33,37	(20.608.152)	(13.569.996)
-Interest received	31,33,37	10.313.129	3.293.889
-Employment termination benefits paid	24	(3.200.437)	(2.072.618)
-Tax returns (payments)	35	(57.555.325)	(80.425.575)
B.CASH FLOWS FROM INVESTING ACTIVITIES		(157.757.111)	(142.622.886)
-Sale of other business/firms or fund shares or debt instruments related cash inflows	7,32	-	6.733.460
-Cash outflows for purchase of shares or debt instruments of other enterprises or funds	7,16	(92.742.375)	(138.856)
-Proceeds from sales of tangible and intangible assets	18,19,32	177.673	643.158
-Purchases of tangible and intangible assets	18,19	(169.977.690)	(226.565.960)
-Advances given and changes in liabilities	14	(3.822.509)	(52.100.411)
-Repayment from advances given and change in liabilities	14	15.637.745	57.548.405
-Dividends received	16,32	75.467.407	54.210.200
-Interest received	6,32,33	17.408.552	16.105.083
-Other cash inflow (outflow)	10,11,26	94.086	942.035

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

Soda Sanayii A.Ş.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016 and 2015

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

	Notes	1 January- 31 December 2016	1 January- 31 December 2015
C.CASH FLOWS FROM FINANCING ACTIVITIES		(315.170.098)	(89.873.907)
-Proceeds from changes of ownership interest in subsidiaries without loss of control	27	(8.977.927)	-
-Cash inflows from borrowings	8	15.941.665	33.112.720
-Repayment of borrowings	8	(81.645.540)	(62.633.616)
-Repayment of dividends	27	(240.488.296)	(60.353.011)
Net increase/(decrease) in cash and cash equivalents before currency translation differences (A+B+C)		(34.878.639)	77.486.727
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		147.428.010	132.022.200
Effect of foreign currency translation differences on cash and cash equivalents		134.337.274	125.623.349
Foreign currency translation differences		13.090.736	6.398.851
Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)		112.549.371	209.508.927
E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	857.317.812	647.808.885
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD YEAR (A+B+C+D+E)	6	969.867.183	857.317.812

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

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

1. Group's 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 (4 subsidiaries, 1 associate 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 dichromate, 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, generating electricity, and selling the generated electricity.

The Company was founded on 16 October 1969 and is registered in Istanbul/ Turkey according to Turkish Commercial Code. The Company has been quoted in the Borsa İstanbul A.Ş ("BİAŞ"), former title İstanbul Menkul Kıymetler Borsası ("İMKB"), 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 Shareholder Structure of the Company

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

Şişecam General Headquarters, İçmeler Mah. D-100 Karayolu Cad. No.44A, Tuzla / İstanbul / Turkey

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Electronic notification address : infosoda@sisecam.com
Registered e-mail : soda.krom@hs03.kep.tr
Internet adress : www.sisecamkimyasallar.com

Trade Register Information of the Company

Registered at: İstanbul Registry Office
Registry No: 495852/443434
Mersis No(Central) : 0-7720-0234-9800013

Employee Structure of the Group

	31 December 2016	31 December 2015
Personnel paid by monthly	637	637
Personnel paid by hourly	939	919
Total	1.576	1.556

The 48 employees who are counted in the total number of employee in the Group comprise of the employee of Joint Venture that are accounted for under the equity method (31 December 2015: 49 Employees).

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

1. Group's Organisation and Nature of Operations

Consolidated subsidiaries

The nature of the businesses, the respective business segments of the consolidated subsidiaries are as follows:

Subsidiaries	Nature of Business	Registered Country
Şişecam Soda Lukavac D.O.O.	Soda manufacturing	Bosnia Herzegovina
Şişecam Bulgaria EOOD	Trading of Soda products	Bulgaria
Cromital S.p.A.	Chrome derivates	Italy
Şişecam Chem Investment B.V.	Investing	Holland
Joint Ventures	Nature of Business	Registered Country
Oxyvit Kimya Sanayii ve Tic. A.Ş.	Vitamin-K manufacturing	Turkey
Associates	Nature of Business	Registered Country
Solvay Şişecam Holding AG	Investing	Austria

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

Company Name	31 December 2016		31 December 2015	
	Direct and indirect ownership (%)	Proportion of ownership (%)	Direct and indirect ownership (%)	Proportion of ownership (%)
Subsidiaries				
Şişecam Soda Lukavac D.O.O.	100,00	99,47	89,30	88,82
Şişecam Bulgaria EOOD	100,00	99,47	100,00	99,46
Cromital S.p.A.	99,50	98,97	99,50	98,96
Şişecam Chem Investment B.V.	99,47	99,47	99,46	99,46
Joint Ventures				
Oxyvit Kimya Sanayii ve Tic. A.Ş.	45,00	45,00	45,00	45,00
Associates				
Solvay Şişecam Holding AG	25,00	24,87	25,00	24,86

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

The accompanying year end consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("CMB") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, interim consolidated financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Boards. As well as presented in accordance with Taxonomy of IAS issued by POAASA dated 2 June 2016 within the scope of ruling numbered 30.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore consolidated financial statements of the Group have been prepared accordingly.

The Company (and its subsidiaries and joint ventures registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the “TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The interim consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These interim consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/IFRS.

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 consolidated are expressed in Turkish Lira (“TRY”), which is the functional of the Company and the presentation currency of the Group.

Restatement of Financial Statements in Hyperinflationary Periods

In accordance with the CMB’s resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 Financial Reporting in Hyperinflationary Economies is not applied in the accompanying consolidated financial statements.

Going Concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries and joint ventures have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Comparatives and restatement of prior periods’ financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current year consolidated financial statements.

Shares from Investments’ accounted under equity method are presented under operating profit before financial income in current period in accordance with Taxamony of IAS issued by POAASA with ruling numbered 30 dated 2 June 2016 and prior period balance is reclassified under same ruling.

Financial statements of foreign subsidiaries

Financial statements of subsidiaries, associates and joint ventures operating in foreign countries are prepared in accordance with the legislation of the country in which they operate and assets and liabilities in financial statements prepared according to the Group’s accounting policies are translated into TRY from the foreign exchange rate at the balance sheet date whereas income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are recognized in the currency translation differences, under equity.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Financial statements of foreign subsidiaries

Foreign currencies and exchange rates of the countries where a significant portion of the Group's foreign operations performed are summarized below:

Currency	31 December 2016		31 December 2015	
	Period End	Period Average	Period End	Period Average
USD	3,51920	3,01809	2,90760	2,71907
EUR	3,70990	3,33755	3,17760	3,01871
Bulgarian Leva	1,89684	1,70646	1,62468	1,54344
Bosnian Mark	1,89684	1,70646	1,62468	1,54344

Consolidation Principles

The consolidated financial statements include the accounts of the Group on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with CMB Financial Reporting Standards applying uniform accounting policies and presentation. The results of subsidiaries and joint ventures are included or excluded from their effective dates of acquisition or disposal respectively.

Subsidiaries

Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries are companies over which the parent company controls the financial and operating policies for the benefit of the parent 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, it has the power to exercise its actual control over the financial and operating policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Note 1 sets out all subsidiaries included in the scope of consolidation and shows their ownership and effective interests rates as of 31 December 2016 and 31 December 2015.

Subsidiaries are included into consolidation from the date on which the control is transferred to the Group and left out of the scope of consolidation from the date that control ceases. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The result of operations of Subsidiaries and Joint Ventures are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of disposing respectively.

The statement of financial position and statement 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 equity. Intercompany transactions and balances between the Company and its Subsidiaries are eliminated during the consolidation. The cost of, and the dividends arising from, shares held by the Company in its Subsidiaries are eliminated from equity and income for the period, respectively.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Subsidiaries

The non-controlling shareholders' share in the net assets of consolidated subsidiaries are separately classified in Group's equity. The non-controlling interests consist of shares from the initial business combinations and the non-controlling shares from the changes in equity after the business combinations date.

Subsidiaries, of which financial statements and operating results, either individually or cumulatively not material with respect to consolidated financial statements as of 31 December 2016, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7).

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 the Company and one or more joint venture partners. The company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself. The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of 31 December 2016 and 31 December 2015. Joint ventures are accounted for under equity accounting method.

Associates

The equity method is used for accounting of investments at associates. Associates are companies in which the Group has an interest which is more than 20% and less than 50% of the voting rights and over which a significant influence is exercised.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Whereas unrealized losses are also adjusted if they are not an indication of impairment in transferred assets. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables or the significant influence ceases the Group does not continue to apply the equity method, unless it has incurred obligations or made payments on behalf of the associate. Subsequent to the date of the cessation of the significant influence the investment is carried either at fair value when the fair values can be measured reliably or otherwise at cost when the fair values cannot be reliably measured.

Due to the fact that the income and expense of Joint ventures and associates are segments of the activities that are the main activities of the Group, the account which is "Income from investments in associates and joint ventures" is presented as a part of the "Operating Profit before financial income" in the consolidated statement of profit and loss.

Available-for-sale investments

Available-for-sale investments, in which the Group has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any provision for impairment.

Available-for-sale investments, in which the Group has an interest that is below 20% or in which a significant influence is not exercised by the Group, that have quoted market prices in active markets and whose fair values can be reliably measured, are carried in the financial statements at their fair value.

2.2 Statement of Compliance to TAS/TFRS

The Group prepared its consolidated financial statements for the period ended 31 December 2016 in the framework of the Communiqué Serial: II and numbered 14.1 and its related announcements. The consolidated financial statements and its accompanying notes are presented in compliance with the formats recommended by CMB, including required disclosures.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.3 Significant Changes in the Accounting Policies

Material changes in accounting policies are corrected, retrospectively; by restating the prior periods' consolidated financial statements. The accounting policies used in the preparation of these consolidated financial statements for the period ended 31 December 2016 are consistent with those used in the preparation of financial statements for the year ended 31 December 2015.

2.4 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. The accounting estimates used in the preparation of these consolidated financial statements for the interim period 31 December 2016 are consistent with those used in the preparation of financial statements for the year ended 31 December 2015.

Detected material errors in accounting are applied, retrospectively by restating the prior period consolidated financial statements.

2.5 Amendments in International Financial Reporting Standards ("IFRS")

The Group has applied new standards, amendments and interpretations to existing IAS/ IFRS standards published by IASB and TASC/IFRIC that are effective as at 1 January 2016 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 2016 and in the year ended periods to 31 December 2016.

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2016

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment the it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.5 Amendments in International Financial Reporting Standards ("IFRS")

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2016

- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. As a result of this change, when the transaction constitutes a business whether or not it is related with subsidiary, the result of transaction is recognized as full, but the gain or loss resulting from the transactions defined as sale or contribution of assets is recognized partially even if it is not related with the subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts
 - IAS 19, 'Employee benefits' regarding discount rates
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.
- Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.5 Amendments in International Financial Reporting Standards ("IFRS")

b) The new standards, amendments and interpretations issued as of 31 December 2016 but not effective yet

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets.
- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.5 Amendments in International Financial Reporting Standards ("IFRS")

b) The new standards, amendments and interpretations issued as of 31 December 2016 but not effective yet

However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.
- Amendment to IAS 40, 'Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:
 - IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
 - IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
 - IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- IFRIC 22, 'Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

Derivative Financial Instruments

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements.

2.6 Summary of Significant Accounting Policies

Revenue recognition

Revenues are recognized on an accrual basis at the fair values of consideration received or receivable incurred or to be incurred. Net sales represent the invoiced value of trading goods and services given, less sales discounts and returns. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized in the period on an accrual basis as financial income (Note 28, 31).

Sales of Goods

Revenue obtained from the sales of the goods is accounted for when the conditions below are met:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective 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.

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

Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Dividend Income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared. Dividends as a factor of distribution of profits will be reported in the Consolidated Financial Statements after the Board of Directors' approval.

Inventory

Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. Cost elements included in inventories are materials, direct labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories consist of raw material, semi-finished goods, finished goods, operating materials, commercial goods and other stocks (Note 13).

Property, plant and equipment

The tangible assets apart from land and properties are recognized based on the "cost model" under TAS 16. The assets are carried at cost less accumulated depreciation and impairment. Lands and properties are carried at revaluated amount, being its fair value at the date of revaluation less subsequent depreciation and impairment.

Land and properties are accounted by the revaluation model. The accounting policy is effective from the financial statements as of 31 December 2015.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Assets to be used for administrative purposes, or used in the production of goods and services and are in the course of construction are carried at cost, less any recognized impairment loss. 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.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives. Lands that are used to extract of salt from soil are classified to land improvements and are depreciated when the assets are ready for their intended use. Expected useful life, residual value and amortization method are evaluated every year for the probable effects of changes arising in the expectations and are accounted for prospectively (Note 18).

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

	Useful Life
Land improvements	5-50 years
Buildings	7-50 years
Machinery and equipment	2-25 years
Vehicles	4-10 years
Furniture and fixtures	2-20 years
Leasehold improvements	3-15 years

Property, plant and equipment are reviewed for probable impairment losses. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset net selling price or value in use. The recoverable amount of the property plant and equipment is the higher of future net cash flows from the utilization of this property plant and equipment or fair value less cost to sell.

All other repairs and maintenance are charged to the statements of income during the financial period in which they were incurred. Costs of property plant and equipment are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gain or losses on disposal of property, plant and equipment are included in the income/expense from investing activities and are determined as the difference between the carrying value and amounts received. The gain on revaluation on tangible assets presented in the equity is transferred directly to the retained earnings when the asset is retired from used or disposed of or fully depreciated.

Intangible Assets

Intangible assets acquired

Intangible assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each year and the effect of any change in the estimate is accounted for on a prospective basis. Purchase costs are included in the related assets and are amortized at between 3 and 5 years based on their economic lives (Note 19).

Computer software

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

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Costs associated with developing or maintaining computer software programs are recognized in the comprehensive income statement as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Software development costs include employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years) (Note 19).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately (Note 19).

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value when the events use or sold. 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 when used or sold. An impairment loss is recognised immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognised impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Leases

a) The Group as the lessee

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

b) The Group as the lessor

Operating leases

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income is recognized in the consolidated statement of income on a straight-line basis over the lease term.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

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 statement of income over the period of the borrowings (Note 8 and 33).

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

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 the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Related Parties

For the purpose of these consolidated financial statements, shareholders, key management personnel (general managers, head of group, vice general managers, vice head of group and factory managers) and Board members and their families, 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

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

Financial Investments

Classification

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and held to maturity financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Those with maturities greater than 12 months are classified as non-current assets. The Group's receivables are classified as "trade and other receivables" in the balance sheet (Note 10 and 11).

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Investments

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the related investments within 12 months of the balance sheet date (Note 7).

Held to maturity financial assets

Debt securities with fixed maturities, where management has both the intent and the ability to hold to the maturity, excluding the financial assets classified as originated loans and advances to customers are classified as "held-to-maturity financial assets". Held-to-maturity financial assets are carried at amortized cost using the effective yield method (Note 7).

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Loans and receivables are carried at amortized cost using the effective yield method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed for translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in the income statement; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity. Held-for-trading derivative financial instruments are initially recognized in the consolidated financial statements at cost and are subsequently measured at their fair value. Changes in the fair values of held-for-trading derivative financial instruments are included in the consolidated statements of income.

Dividends on available-for sale equity instruments are recognized in the statement of income as part of the income from investing activities when the Group's right to receive payments is established. The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models. If the market for a financial asset is not active and the fair value of the financial asset cannot be measured reliably, aforementioned financial assets are accounted for cost minus impairment in the consolidated financial statements.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments cannot be associated with the statement of income during following periods.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

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 operating income (Note 10).

Foreign exchange gain or loss and interest gain or loss which are relevant with trade balance are accounted into the "Other Operating Income or Expense" which are located in the consolidated income statement (Note10,31).

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months are classified under short-term financial investments (Note7).

Financial liabilities

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

Financial liabilities are classified as either equity instruments or other financial liabilities.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis (Note 8).

The effective interest method calculates 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 payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 10).

Business combinations and Goodwill

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

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Business combinations and Goodwill

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 acquire and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Legal mergers arising between companies controlled by the Group are not considered within the scope of TFRS 3. Consequently, no goodwill is recognized in these transactions. Similarly, the effects of all transactions between the legally merged enterprises, whether occurring before or after the legal merger, are corrected in the preparation of the consolidated financial statements.

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. For 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 recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recorded in equity.

Effects of Changes in foreign Exchange Rates

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 currency of the Company, and the presentation currency for the consolidated financial statements.

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

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

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Effects of Changes in foreign Exchange Rates

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

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

Earnings per share

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

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 36).

Events after the balance sheet date

The Group adjusts the amounts recognized in its financial statements to reflect adjusting events occurring after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

Provisions, Contingent Assets and Liabilities

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

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

Where 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 (Note 22).

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

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 segment 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 derivatives, soda derivatives-energy-other products. Geographic segments of the Group are defined in the following regions: Turkey and Europe. Some of the income and expense are not included in segment reporting as they are managed centrally.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Government 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 (Note 21).

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity (Note 35). In such case, the tax is recognized in shareholders' equity.

The current year tax on income is calculated for the Group's subsidiaries, associates and joint ventures considering the tax laws that are applicable in the countries where they operate.

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 are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and tax regulations that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The main temporary differences are from the time differences between carrying amount of tangible assets and their tax base amounts, the available expense accruals that are subject to tax and tax allowances that are not utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Employee Benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees.

According to Turkish Labor Law and other laws applicable in Turkey, the Group is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. All actuarial profits and losses are recognized in the consolidated statements of income (Note 24).

The liabilities related to employee termination benefits are accrued when they are entitled.

Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Dividends

Dividend income is recognized by the Group at the date the right to collect the dividend is realized. Dividend payables are recognized in the period profit distribution is declared.

2.7 Significant Accounting Estimates and Assumption

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with CMB Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for CMB Financial Reporting Standards and tax purposes. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor taxable profit/(loss). The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, current period losses, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

As a result of the evaluations, there is no deferred income tax asset amount existing as of 31 December 2016 (31 December 2015: None) results from temporary differences as of 31 December 2016 that are arising from the tax allowances and can be used as long as the tax allowances continue. 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 2016, the Company has recognized deferred tax assets amounting to TRY 44.574.895 (31 December 2015: TRY 28.071.888), based on the assumption that sufficient future taxable profits will be generated in the future to utilize these tax incentives (Note 35).

In the Board of Directors' meeting held on 30 December 2015, it has been decided to revalue the properties (land and buildings) which are valued at "Cost Method" within the scope of Turkish Accounting Standards (TAS) 16, with "Revaluation Method" based on the revaluated amounts as at 30 September 2015 and effective from the financial statements as of 31 December 2015, and apply this policy for the all Group Companies.

Revaluation gains from land and buildings were accounted under "Gain/loss on revaluation" and revaluation loss were accounted under "Loss from investing activities" in the income statement.

Land and buildings are stated at fair value in accordance with TAS 16 revaluation method. Fair values in the financial statements dated 31 December 2015 are based on the appraisal reports prepared by independent valuation firms.

As there were recent similar buying/ selling transactions nearby, revaluations of land were based on the method of reference comparison whereas if there were recent similar buying/ selling transactions nearby revaluations of buildings were based on the method of reference comparison if not the cost approach method.

In the market reference comparison method, current market information was utilized, taking into consideration the comparable property in the market in recent past in the region, price adjustment was made within the framework of criteria that could affect market conditions, and accordingly an average m2 sale value was determined for the lands subject to the valuation. The similar pieces of land found were compared in terms of location, size, settlement status, physical conditions, real estate marketing firms were consulted for up-to-date valuation of the estate market, also, current information and experience of the professional valuation company was utilized.

In the cost approach method, fair value of the buildings and land improvements was calculated by considering recent re-construction costs and related depreciation. In the cost approach method, above explained market reference comparison method was used in calculation of the land value, one of the components.

The carrying values of land, land improvements and buildings do not necessarily reflect the amounts that would result from the outcome of a sales transaction between independent parties.

As of initial recognition and as of balance sheet date, the The Group performs impairment assessment for lands and buildings of which valuations are based on market value and cost approach, in accordance with the "TAS 36 Impairment of Assets", and impairment has been recognized in income statement.

Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity, net-off relevant deferred tax impact.

During the period of 1 January - 31 December 2015, if the fair value determined in expert's report was lower/higher by 1%, the comprehensive income for the period would have been TRY 1.858.342 lower/ higher.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

3. Business Combinations

None (31 December 2015: None).

4. Interests in Other Entities

The disclosures related to Company's subsidiaries, joint ventures and associate's names, fields of activities, registered country and ownership rates presented in Note 1.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

5. Segment Reporting

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

	1 January-31 December 2016	Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated
Revenue	480.755.379	1.502.474.157	1.983.229.536	(282.042)	1.982.947.494	
Cost of sales (-)	(295.400.914)	(1.110.936.014)	(1.406.336.928)	11.763.828	(1.394.573.100)	
Gross profit	185.354.465	391.538.143	576.892.608	11.481.786	588.374.394	
Purchases of property, plant and equipment and intangibles	12.364.067	157.613.623	169.977.690	-	169.977.690	
Depreciation and amortisation	(15.150.374)	(95.043.955)	(110.194.329)	12.311.385	(97.882.944)	
	1 January-31 December 2015	Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated
Revenue	455.886.151	1.317.829.828	1.773.715.979	(1.957.768)	1.771.758.211	
Cost of sales (-)	(276.142.563)	(1.024.863.081)	(1.301.005.644)	4.303.118	(1.296.702.526)	
Gross profit	179.743.588	292.966.747	472.710.335	2.345.350	475.055.685	
Purchases of property, plant and equipment and intangibles	7.648.352	218.450.053	226.098.405	467.555	226.565.960	
Depreciation and amortisation	(14.905.515)	(79.374.762)	(94.280.277)	2.785.199	(91.495.078)	

Assets are not reported by operating segments.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

5. Segment Reporting

	Turkey	Europe	Total	Consolidation eliminations	Consolidated
1 January- 31 December 2016					
Revenue ^(*)	1.559.446.108	473.067.867	2.032.513.975	(49.566.481)	1.982.947.494
Purchases of property, plant and equipment and intangibles	154.574.397	15.403.293	169.977.690	-	169.977.690
Depreciation and amortisation	(71.912.773)	(38.281.556)	(110.194.329)	12.311.385	(97.882.944)
Total Assets (31 December 2016)	2.987.735.217	849.712.553	3.837.447.770	(520.568.000)	3.316.879.770
1 January-31 December 2015					
Revenue ^(*)	1.428.168.973	387.082.301	1.815.251.274	(43.493.063)	1.771.758.211
Purchases of property, plant and equipment and intangibles	165.118.292	60.980.113	226.098.405	467.555	226.565.960
Depreciation and amortisation	(63.663.433)	(30.616.844)	(94.280.277)	2.785.199	(91.495.078)
Total Assets(31 December 2015)	2.579.410.977	754.722.395	3.334.133.372	(522.445.389)	2.811.687.983

^(*) Net sales according to the geographical regions are represented based on the countries where the companies are operating.

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

6. Cash and Cash Equivalents

	31 December 2016	31 December 2015
Cash on hand	32.364	21.929
Cah in banks	971.394.056	858.085.462
- Demand deposits	50.680.826	23.312.860
- Time deposits (with maturities of three months or less)	920.713.230	834.772.602
	971.426.420	858.107.391

Time deposits

Currency	Interest Rate (%)	Maturity	31 December 2016	31 December 2015
USD	1,50-2,45	Overnight-January February 2017	515.758.230	770.947.266
Euro	0,94-1,10	Overnight-January 2017	307.743.358	5.503.072
TRY	9,75-10,60	Overnight-March 2017	90.897.554	49.707.969
TRY equivalent of other currencies		Overnight	6.314.088	8.614.295
			920.713.230	834.772.602

Cash and cash equivalents in the consolidated cash flows as of 31 December 2016 and 31 December 2015 are as follows;

	31 December 2016	31 December 2015
Cash and cash equivalents	971.426.420	858.107.391
Less: Interest accruals	(1.559.237)	(789.579)
	969.867.183	857.317.812

7. Financial Investments

a) Current financial investments

Current Financial Investments	31 December 2016	31 December 2015
Bank deposits with maturities more than 3 months ^(*)	2.845.260	812.340
Marketable securities to be held until maturity ^(**)	5.206.452	-
	8.051.712	812.340

^(*) The deposit is amounting BAM 1.500.000, BAM 1.000.000 with the interest rate of 2% and will be due on 18 September 2017 and BAM 500.000 with interest rate of 1,1% due on 29 December 2017.

^(**) Short term portion of the semi annually yielding long term financial investments denominated in US dollars.

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

7. Financial Investments

b) Non-current financial investments

Available for sale financial assets	31 December 2016	31 December 2015
Financial Investments with no active market	42.914	42.914
	42.914	42.914
Marketable securities to be held until maturity	99.727.138	-
Total non-current financial investments	99.770.052	42.914

Available for sale financial assets current movements are as follows:

	31 December 2016	31 December 2015
Opening balance: 1 January	42.914	8.226.209
Change in fair value	-	(1.848.228)
Outflows	-	(6.335.067)
	42.914	42.914

Financial investments with no active market	Shares%	31 December 2016	Shares %	31 December 2015
Camış Elektrik Üretim A.Ş.	<1	42.914	<1	42.914
Unconsolidated subsidiaries	Shares %	31 December 2016	Shares %	31 December 2015
Şişecam Shanghai Trade Co. Ltd.	100,00	655.448	100,00	655.448
Impairment provision (-)	-	(655.448)	-	(655.448)
		-		-

Held to maturity financial investments

Issuer of marketable security	31 December 2016	31 December 2015
Türkiye Halk Bankası A.Ş.	19.991.258	-
Türkiye İş Bankası A.Ş.	25.875.201	-
Türkcell İletişim Hizmetleri A.Ş.	14.114.019	-
Türkiye Sınai Kalkınma Bankası A.Ş.	10.866.785	-
Arçelik A.Ş.	10.134.303	-
Türkiye Garanti Bankası A.Ş.	10.183.525	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	3.593.696	-
Türkiye Vakıflar Bankası T.A.O.	6.111.270	-
Yapı ve Kredi Bankası A.Ş.	2.582.057	-
Türk Telekomünikasyon A.Ş.	1.481.476	-
	104.933.590	-

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7. Financial Investments

Held to maturity financial investments

The Group accounted the fixed income securities held to maturity under amortised costs using effective interest rate. Bonds, as a type of securities, are in US dollars with a fixed interest payment in every 6 months.

Held to maturity financial investments has an active market. Below is the list of their market prices;

Issuer of marketable security	31 December 2016	31 December 2015
Türkiye Halk Bankası A.Ş.	19.280.962	-
Türkiye İş Bankası A.Ş.	25.087.340	-
Turkcell İletişim Hizmetleri A.Ş.	13.529.701	-
Türkiye Sınai Kalkınma Bankası A.Ş.	10.399.124	-
Arçelik A.Ş.	9.804.690	-
Türkiye Garanti Bankası A.Ş.	9.858.956	-
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	3.471.664	-
Türkiye Vakıflar Bankası T.A.O.	6.133.030	-
Yapı ve Kredi Bankası A.Ş.	2.599.740	-
Türk Telekomünikasyon A.Ş.	1.388.020	-
	101.553.227	-
	31 December 2016	31 December 2015
Less than 3 months	757.603	-
Within 3 - 12 months	4.448.849	-
Within 1 - 5 years	65.354.228	-
5 years and above	34.372.910	-
	104.933.590	-

The movement schedule of held to maturity financial investments is below:

	31 December 2016	31 December 2015
Opening balance: 1 January	-	-
Purchases during the year	92.742.375	-
Interest to be collected during the year	(1.314.798)	-
Foreign currency valuation impact	13.506.013	-
	104.933.590	-

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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7. Financial Investments

Held to maturity financial investments

Coupon interest rates and the redemption dates for financial assets held until maturity are as follows:

Issuer of marketable security	ISIN Code	Stated interest (%)	Date of maturity
Türkiye İş Bankası A.Ş.	XS1390320981	5,375	06.10.2021
Türkiye İş Bankası A.Ş.	XS1079527211	5,000	25.06.2021
Türkiye İş Bankası A.Ş.	XS1508390090	5,500	21.04.2022
Türkiye Halk Bankası A.Ş.	XS0882347072	3,875	05.02.2020
Türkiye Halk Bankası A.Ş.	XS1188073081	4,750	11.02.2021
Türkiye Halk Bankası A.Ş.	XS1439838548	5,000	13.07.2021
Türkcell İletişim Hizmetleri A.Ş.	XS1298711729	5,750	15.10.2025
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1412393172	4,875	18.05.2021
Türkiye Sınai Kalkınma Bankası A.Ş.	XS1219733752	5,125	22.04.2020
Arçelik A.Ş.	XS0910932788	5,000	03.04.2023
Türkiye Garanti Bankası A.Ş.	USM8931TAF68	5,250	13.09.2022
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	XS0848940523	3,375	01.11.2022
Türkiye Vakıflar Bankası T.A.O.	XS1508914691	5,500	27.10.2021
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4,000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5,125	22.10.2019
Türk Telekomünikasyon A.Ş.	XS1028951264	4,875	19.06.2024

Marketable securities' effective interest rate is; 5,484 % (31 December 2015:None).

Held to maturity securities,are kept by İş Portföy Yönetimi A.Ş.

8. Borrowings

Short-term bank borrowings	31 December 2016	31 December 2015
Short-term bank borrowings	2.934.109	33.624.669
Short term portion of long term bank borrowings	31 December 2016	31 December 2015
Short term portion of long term borrowings' installments and interests on principal	39.416.043	38.339.446
Due to related parties (Note 37)	740.976	532.470
Issuance differences and commissions of financial liabilities due to related parties	(143.522)	(141.317)
Total short term portion of long term bank borrowings	40.013.497	38.730.599
Total current financial liabilities	42.947.606	72.355.268
Non-current financial liabilities	31 December 2016	31 December 2015
Long term portion of long term bank borrowings	74.398.850	90.236.342
Due to related parties (Note 37) ^(*)	175.960.000	145.380.000
Issuance differences and commissions of financial liabilities due to related parties	(341.194)	(477.579)
Total non-current financial liabilities	250.017.656	235.138.763
Total financial liabilities	292.965.262	307.494.031

^(*) On 9 May 2013 T.Şişe ve Cam Fabrikaları A.Ş. issued USD 500.000.000 notes with seven year maturity due May 2020. The fixed interest rate for notes is %4,25 (effective interest rate: %4,415) and the principle is due on maturity date. After the issuance of bonds, USD 50.000.000 was transferred to Group and the Group has individually guaranteed payments of principle, interest and other liabilities for the same amount.

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

8. Borrowings

As of balance sheet date, risk of changes in interest rates on loans and contractual repricing dates of the Group as follows:

Repricing periods for loans	31 December 2016	31 December 2015
Less than 3 months	2.934.109	38.213.804
Within 3 - 12 months	39.416.043	33.750.311
Within 1-5 years	72.914.890	90.236.342
More than 5 years	1.483.960	-
	116.749.002	162.200.457

The impact of discounting is not significant due to given interest rates for short-term loans and their carrying values approximate their fair values. The fair values are determined using the weighted average effective annual interest rates. The long-term financial liabilities are generally subject to repricing within three and six months periods and a large amount of those liabilities consists of foreign currency denominated loans. Therefore, it is expected that the carrying value of the financial liabilities that are calculated by effective interest rate method approximate to their fair values.

The movement schedule of the borrowings of the company between 1 January - 31 December 2016 is as follows:

Bank Borrowings	Principal	Interest	Commission	Total
Opening balance, 1 January	161.886.200	856.635	(542.378)	162.200.457
Currency translation differences	17.645.784	78.841	(66.319)	17.658.306
Foreign exchange gain/(loss)	2.948.093	-	-	2.948.093
Liability reserve within period	15.941.665	4.407.219	-	20.348.884
Reversal of provision within period	(81.645.540)	(4.981.142)	219.944	(86.406.738)
Balance at 31 December 2016	116.776.202	361.553	(388.753)	116.749.002

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
Opening balance, 1 January	145.380.000	532.470	(438.532)	(180.364)	145.293.574
Foreign exchange gain/(loss)	30.580.000	-	-	-	30.580.000
Liability reserve within period	-	6.661.388	-	-	6.661.388
Reversal of provision within period	-	(6.452.882)	93.343	40.837	(6.318.702)
Balance at 31 December 2016	175.960.000	740.976	(345.189)	(139.527)	176.216.260

The movement schedule of the borrowings of the company between 1 January - 31 December 2015 is as follows:

Bank Borrowings	Principal	Interest	Commission	Total
Opening balance, 1 January	169.332.379	1.335.002	(724.770)	169.942.611
Currency translation differences	17.969.400	136.092	(77.999)	18.027.493
Foreign exchange gain/(loss)	4.105.317	-	-	4.105.317
Liability reserve within period	33.112.720	4.974.974	-	38.087.694
Reversal of provision within period	(62.633.616)	(5.589.433)	260.391	(67.962.658)
Balance at 31 December 2015	161.886.200	856.635	(542.378)	162.200.457

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8. Borrowings

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
Opening balance, 1 January	115.945.000	377.286	(527.570)	(221.200)	115.573.516
Foreign exchange gain/(loss)	29.435.000	-	-	-	29.435.000
Liability reserve within period	-	6.071.077	-	-	6.071.077
Reversal of provision within period	-	(5.915.893)	89.038	40.836	(5.786.019)
Balance at 31 December 2015	145.380.000	532.470	(438.532)	(180.364)	145.293.574

Short and long-term bank borrowings are summarized as below:

31 December 2016

Currency	Maturity	Interest Range (%) ^(*)	Current	Non-current	Total
USD	2017-2020	Libor + 4,50	6.521.791	183.608.943	190.130.734
EUR	2017-2022	Euribor + 2,20-6,00	36.407.164	66.408.713	102.815.877
TRY	2017	-	18.651	-	18.651
			42.947.606	250.017.656	292.965.262

^(*) The weighted average interest rate for EUR is Euribor + 3,30% for USD is Libor + 4,50% (Average effective annual interest rate for EUR is 3,30%, for USD is 4,27%).

31 December 2015

Currency	Maturity	Interest Range (%) ^(*)	Current	Non-current	Total
USD	2016-2020	Libor + 4,50	5.286.803	156.395.672	161.682.475
Euro	2016-2020	Euribor + 2,20-6,00	67.057.185	78.743.091	145.800.276
TRY	2016	-	11.280	-	11.280
			72.355.268	235.138.763	307.494.031

^(*) The weighted average interest rate for EUR is Euribor + 3,43% for USD is Libor + 4,50% (Average effective annual interest rate for EUR is 3,32%, for USD is 4,26%).

The repayment schedule of the financial liabilities is as follows:

	31 December 2016	31 December 2015
Within 1 year	42.947.606	72.355.268
Within 1-2 years	31.024.476	33.109.679
Within 2-3 years	21.214.709	25.224.193
Within 3-4 years	194.810.551	16.795.561
Within 4-5 years	1.483.960	160.009.330
More than 5 years	1.483.960	-
	292.965.262	307.494.031

9. Other Financial Liabilities

None (31 December 2015: None).

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10. Trade Receivables and Payables

Trade Receivables

Current Trade Receivables	31 December 2016	31 December 2015
Trade receivables	301.887.498	247.607.112
Notes receivable	7.660.961	6.467.008
Other trade receivables	5.114	11.402
Rediscount of notes receivable (-)	(507.587)	(514.047)
Trade receivables due from related parties (Note 37)	105.030.129	60.940.914
Allowances for doubtful trade receivables (-)	(1.935.875)	(778.460)
	412.140.240	313.733.929

Intra-group sales of soda product payment term is 60 days (31 December 2015 : 30 days) and for other sales, average term is 55 days (31 December 2015: 49 days). For overdue payments; interest rate of 2% is charged to customers on a monthly basis (31 December 2015: 2%). Average sale term for domestic sales of chrome products is 20 days on a foreign currency basis (31 December 2015: 24 days). Interest of 1% is charged for overdue payments on a monthly basis (31 December 2015: 1%). For export sales, the average term is 66 days (31 December 2015: 65 days).

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

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

	31 December 2016	31 December 2015
Opening balance, 1 January	(778.460)	(486.889)
Foreign currency translation differences	(61.837)	(23.903)
Charge for the period	(1.095.578)	(267.668)
	(1.935.875)	(778.460)

The Group holds the following collaterals for trade receivables:

	31 December 2016	31 December 2015
Eximbank export insurance	142.454.983	117.056.191
Guarantee letters	30.999.804	38.896.614
Commercial letter of credit	3.145.269	3.743.012
Factoring	751.310	116.100
Mortgages	228.657	512.750
Other	5.364.536	4.566.791
	182.944.559	164.891.458

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10. Trade Receivables and Payables

As of 31 December 2016, TRY 44.495.839 (31 December 2015: TRY 23.234.662) of trade receivable amount was past due but not impaired. This is related to various independent customers with no recent history of default. The aging analysis of trade receivable amounts is as follows:

	31 December 2016	31 December 2015
Overdue up to one month	22.881.199	14.440.218
Overdue for 1-3 months	15.766.825	4.074.546
Overdue for 3-12 months	5.505.320	3.586.522
Overdue for 1-5 years	342.495	1.133.376
Total overdue receivables	44.495.839	23.234.662
The part under guarantee with collateral etc.	(32.697.674)	(14.201.441)

At 31 December 2016, there are no non-current receivables (31 December 2015:None).

Trade Payables

	31 December 2016	31 December 2015
Current Trade Payables		
Trade payables	161.345.944	163.483.186
Due to related parties (Note 37)	75.113.126	59.932.078
Other trade payables	502.047	172.773
Rediscount of notes payable	(744.809)	(812.032)
	236.216.308	222.776.005

Chromite purchases are on cash basis first 9 months and for last quarter 15 days (31 December:Cash basis), and Anthracite purchases are with a maturity of 30-45 days (31 December 2015:first 9 months Cash basis,last quarter 50 days). Average payment period for other trade payables is 45-60 days (31 December 2015: 32-47 days). Corporate risk management policies are in place to ensure that all of the payables are paid within payment terms.

At 31 December 2016, there are no non-current payables (31 December 2015:None).

11. Other Receivables and Payables

	31 December 2016	31 December 2015
Other current receivables		
Other receivables from related parties (Note 37)	35.871.454	33.778.829
Due from personnel	51.310	35.314
Deposits and guarantees given	2.876.246	838.626
Other current receivables	1.278.101	9.519.843
Allowance for other receivables	(33.512)	(33.512)
	40.043.599	44.139.100

The movement of other doubtful receivables is as follows:

	31 December 2016	31 December 2015
Opening balance, 1 January	(33.512)	(33.512)
Allowance within the period	-	-
	(33.512)	(33.512)

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11. Other Receivables and Payables

	31 December 2016	31 December 2015
Other non- current receivables		
Deposits and guarantees given	265.059	434.458
	265.059	434.458
Other current payables		
Due to related parties (Note 37)	91.096.254	37.497.081
Deposits and guarantees received	10.535.424	5.049.827
Other current payables	96.668	102.894
	101.728.346	42.649.802
Other non-current payables		
Other non-current payables	1.223.492	1.036.902
	1.223.492	1.036.902

12. Derivative Financial Instruments

At 31 December 2016, there are no derivative financial instruments.

	31 December 2016	31 December 2015
Opening balance - 1 January	-	-
Foreign exchange gain/(loss) charged to statement of profit or loss	-	944.036
Foreign exchange difference	-	(944.036)
Net assets/ (liabilities)	-	-

In accordance with foreign currency swap agreement as of 1 January - 31 December 2015 the Group:

The Group entered into a foreign currency swap agreement with T.İş Bankası A.Ş. dated on 18 June 2015 including the purchase of Turkish Lira by the sale EUR 17 million that will be due on various times until 18 December 2015. EUR 17 million of the related agreement has been realized.

13. Inventories

	31 December 2016	31 December 2015
Raw materials	88.820.416	78.937.708
Work in process	5.614.400	3.433.122
Finished goods	76.257.766	74.893.279
Trade goods	5.513.503	2.595.018
Goods in transit	26.890.910	15.733.726
Other inventories	803.030	3.721.638
Allowance for diminution in value of inventories (-)	(21.043)	(18.027)
	203.878.982	179.296.464

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13. Inventories

The movements of provision for inventory write-down are as follows:

The movements of provision for inventory write-down	31 December 2016	31 December 2015
Opening balance, 1 January	(18.027)	(16.002)
Foreign currency translation differences	(3.016)	(2.025)
	(21.043)	(18.027)

14. Prepaid Expenses and Deferred Revenue

Current prepaid expenses	31 December 2016	31 December 2015
Advances given for inventories	18.132.734	6.404.203
Prepaid expense	2.673.542	2.877.546
	20.806.276	9.281.749

Non-current prepaid expenses	31 December 2016	31 December 2015
Advances given for tangible and intangible assets	5.858.319	16.117.462
Prepaid expense	11.561.954	12.397.120
	17.420.273	28.514.582

Current deferred revenue	31 December 2016	31 December 2015
Advances received	8.998.780	5.329.377
	8.998.780	5.329.377

There are no non-current deferred revenues (31 December 2015: None).

15. Construction Contracts

None (31 December 2015: None).

16. Joint Ventures and Associates under Equity Method

Net asset values represented in the balance sheet of the associates that are valued with equity method are as follows:

	31 December 2016	31 December 2015
Solvay Şişecam Holding AG	272.696.606	236.304.976
Oxyvit Kimya San. ve Tic. A.Ş.	8.608.312	9.001.956
	281.304.918	245.306.932

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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16. Joint Ventures and Associates under Equity Method

Statement of financial positions of the associate that is recognized with equity method during the period are as below:

Solvay Şişecam Holding AG	31 December 2016	31 December 2015
Current assets	331.392.011	325.550.926
Non-current assets	929.906.212	767.800.259
Total assets	1.261.298.223	1.093.351.185
Current liabilities	97.359.893	86.801.601
Non-current liabilities	50.962.447	41.824.165
Total liabilities	148.322.340	128.625.766
Non-controlling interests	22.189.461	19.505.515
Net assets	1.090.786.422	945.219.904
Share of the Group (%)		
- Direct and indirect ownership ratio (%)	25,00	25,00
- Effective ownership ratio (%)	24,87	24,86
The Group's share in net assets	272.696.606	236.304.976
	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	774.095.630	672.885.111
Profit/ (loss) from continuing operations	187.155.479	142.204.703
Advance dividend payments	95.106.825	63.008.930
Profit from continuing operations	282.262.304	205.213.633
Other comprehensive income	157.057.791	106.630.950
Total comprehensive income	439.320.095	311.844.583
The Group's share in profit / (loss) from continuing operations	70.565.576	51.303.408
Dividends distributed from retained earnings	198.646.751	149.312.642
Group share of distributed dividends	73.438.394	53.080.393

Solvay Şişecam Holding AG is established in Austria Vienna for the purpose of directly and indirectly owning with share of 97.95% and controlling Solvay Sodi AD established in Bulgaria - Devnya region in accordance with the Republic of Bulgaria legislations.

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

16. Joint Ventures and Associates under Equity Method

Oxyvit Kimya Sanayii ve Tic. A.Ş.	31 December 2016	31 December 2015
Current assets	22.021.351	19.045.486
Non-current assets	13.364.868	14.412.178
Total assets	35.386.219	33.457.664
Current liabilities	11.347.003	8.995.728
Non-current liabilities	4.909.761	4.457.722
Total Liabilities	16.256.764	13.453.450
Net Assets	19.129.455	20.004.214
The Group's share (%)		
- Direct and indirect ownership ratio (%)	45,00	45,00
- Effective ownership ratio (%)	45,00	45,00
The Group's share in net assets	8.608.312	9.001.956
	1 January- 31 December 2016	1 January- 31 December 2015
Revenue	36.125.159	40.959.851
Profit/(Loss) from continuing operations	3.594.220	5.014.760
Other comprehensive income	31.023	3.607.963
Total comprehensive income	3.625.243	8.622.723
The Group's share in profit / (loss) from continuing operations	1.617.409	2.256.657
Dividends distributed from retained earnings	4.500.000	2.500.000
Group share of distributed dividends	2.025.013	1.125.007

The shares of the joint venture outside the Group are owned by Cheminvest Türkiye Deri Kimyasalları Sanayii ve Tic. A.Ş.

Movements of the associates during the period are as below:

	31 December 2016	31 December 2015
Opening balance, 1 January	245.306.932	217.532.079
Income from associates and joint ventures	72.182.985	53.560.065
Dividend income	(75.463.407)	(54.205.400)
Gains/Losses on defined benefit plan remeasurement	13.960	6.918
Effect of share purchase	-	138.856
Revaluation of Plant, Property and Equipment	-	1.616.676
Foreign currency translation differences	39.264.448	26.657.738
	281.304.918	245.306.932

17. Investment Properties

None (31 December 2015: None).

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

18. Property, Plant and Equipments

Cost	Land	Land improvements	Land	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Other tangible assets	Construction in progress	Total
Opening balance, 1 January	241.042.272	179.538.436	-	101.987.884	1.476.426.922	5.527.425	26.950.978	5.250.955	168.907.912	2.205.632.784
Reclassifications*	(4.101.819)	-	-	-	22.924.756	-	-	-	-	18.822.937
Currency translation differences	4.165.990	2.935.904	-	11.788.032	63.792.469	613.377	261.246	48.026	3.728.924	87.333.968
Additions	-	-	-	-	2.058.805	-	255.110	2.331.060	165.330.508	169.975.483
Disposals	-	-	-	-	(794.187)	(181.953)	(4.496)	-	-	(980.636)
Transfers from construction in progress	5.081.559	12.530.723	-	32.220.109	261.389.775	100.719	1.529.182	-	(312.852.067)	-
Closing balance, 31 December 2016	246.188.002	195.005.063	-	145.996.025	1.825.798.540	6.059.568	28.992.020	7.630.041	25.115.277	2.480.784.536
Accumulated depreciation										
Opening balance, 1 January	(2.105.266)	(95.500.729)	-	(5.417.023)	(985.405.783)	(3.514.883)	(22.944.446)	(4.983.223)	-	(1.119.871.353)
Reclassifications*	-	-	-	-	(22.924.756)	-	-	-	-	(22.924.756)
Currency translation differences	(6.488)	(661.683)	-	(1.141.276)	(30.482.235)	(410.891)	(200.079)	(25.621)	-	(32.928.273)
Charge for the period (**)	-	(13.873.312)	-	(5.421.548)	(75.652.913)	(584.703)	(1.130.747)	(112.340)	-	(96.775.563)
Disposals	-	-	-	-	794.187	181.953	2.475	-	-	978.615
Closing balance, 31 December 2016	(2.111.754)	(110.035.724)	-	(11.979.847)	(1.113.671.500)	(4.328.524)	(24.272.797)	(5.121.184)	-	(1.271.521.330)
Net book value as of 31 December 2016	244.076.248	84.969.339	-	134.016.178	712.127.040	1.731.044	4.719.223	2.508.857	25.115.277	1.209.263.206
Net book value as of 31 December 2015	238.937.006	84.037.707	-	96.570.861	491.021.139	2.012.542	4.006.532	267.732	168.907.912	1.085.761.431

(*) The Group has reviewed the tangible assets and has made relevant classifications and nettings including those with no useful economic life. These assets has no effect on the profit/loss.

(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

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

18. Property, Plant and Equipments

Cost	Land	Land improvements	Land	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Other tangible assets	Construction in progress	Total
Opening balance, 1 January	49.938.740	162.119.325		119.226.585	1.366.909.668	5.610.108	25.388.113	4.994.639	45.611.819	1.779.798.997
Reclassifications (*)	-	1.382.366		(1.382.366)	-	-	-	-	-	-
Revaluation	188.350.974	-		(35.351.056)	-	-	-	-	-	152.999.918
Currency translation differences	2.617.256	1.893.265		7.960.324	35.734.425	467.355	170.886	16.896	5.460.065	54.320.472
Additions	135.302	-		7.683	3.738.810	119.267	67.925	300.350	217.452.923	221.822.260
Disposals	-	-		(753.084)	(1.123.767)	(1.261.360)	(109.722)	(60.930)	-	(3.308.863)
Transfers from construction in progress	-	14.143.480		12.279.798	71.167.786	592.055	1.433.776	-	(99.616.895)	-
Closing balance, 31 December 2015	241.042.272	179.538.436		101.987.884	1.476.426.922	5.527.425	26.950.978	5.250.955	168.907.912	2.205.632.784
Accumulated depreciation										
Opening balance, 1 January	-	(82.864.929)		(41.662.670)	(897.363.540)	(3.408.305)	(21.774.856)	(4.743.355)	-	(1.051.817.655)
Reclassifications (*)	-	(281.888)		281.888	-	-	-	-	-	-
Revaluation	-	-		42.136.951	-	-	-	-	-	42.136.951
Currency translation differences	(1.936)	(345.461)		(1.182.235)	(16.373.535)	(276.427)	(113.027)	(9.416)	-	(18.302.035)
Charge for the period (*)	-	(12.008.451)		(4.449.531)	(72.789.314)	(569.296)	(1.143.887)	(233.382)	-	(91.193.861)
Disposals	-	-		568.945	1.120.606	739.145	87.324	2.930	-	2.518.950
Provision for Losses	(2.103.330)	-		(1.110.375)	-	-	-	-	-	(3.213.703)
Closing balance, 31 December 2015	(2.105.266)	(95.500.729)		(5,417,023)	(985,405,783)	(3,514,883)	(22,944,446)	(4,983,223)	-	(1,119,871,353)
Net book value as of 31 December 2015	238,937,006	84,037,707		96,570,861	491,021,139	2,012,542	4,006,532	267,732	168,907,912	1,085,761,431
Net book value as of 31 December 2014	49,938,740	79,254,396		77,563,915	469,546,128	2,201,803	3,613,257	251,284	45,611,819	727,981,342

(*) The Group has reviewed the tangible assets and has made relevant classifications and nettings including those with no useful economic life. These assets has no effect on the profit/loss.

(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

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

19. Intangible Assets

Cost	Rights	Development Expenses	Other	Total
Opening balance, 1 January	10.246.845	953.220	5.079.566	16.279.631
Restatement	-	-	4.101.819	4.101.819
Currency translation differences	242.170	159.680	82.929	484.779
Purchases	2.207	-	-	2.207
Closing balance 31 December 2016	10.491.222	1.112.900	9.264.314	20.868.436

Accumulated amortization

Opening balance, 1 January	(9.685.748)	(953.220)	(586.893)	(11.225.861)
Currency translation differences	(227.748)	(159.680)	(82.929)	(470.357)
Charge for the period ^(*)	(120.191)	-	(987.190)	(1.107.381)
Closing Balance 31 December 2016	(10.033.687)	(1.112.900)	(1.657.012)	(12.803.599)
Net Book value as of 31. December 2016	457.535	-	7.607.302	8.064.837
Net Book value as of 31 December 2015	561.097	-	4.492.673	5.053.770

Cost	Rights	Development Expenses	Other	Total
Opening balance, 1 January	8.807.357	846.156	1.557.547	11.211.060
Restatement	1.106.383	-	(1.106.383)	-
Currency translation differences	162.205	107.064	55.602	324.871
Purchases	170.900	-	4.572.800	4.743.700
Closing Balance, 31 December 2015	10.246.845	953.220	5.079.566	16.279.631

Accumulated amortization

Opening balance, 1 January	(8.362.735)	(846.156)	(1.424.627)	(10.633.518)
Restatement	(955.847)	-	955.847	-
Currency translation differences	(146.073)	(107.064)	(37.989)	(291.126)
Charge for the period ^(*)	(221.093)	-	(80.124)	(301.217)
Closing Balance, 31 December 2015	(9.685.748)	(953.220)	(586.893)	(11.225.861)
Net book value as of 31 December 2015	561.097	-	4.492.673	5.053.770
Net book value as of 31 December 2014	444.622	-	132.920	577.542

^(*) Allocation of amortization expense is disclosed in Note 28 and Note 30.

20. Goodwill

Movements of the goodwill during the period are as below:

	31 December 2016	31 December 2015
Opening balance, 1 January	7.486.410	6.645.555
Currency translation differences	1.254.096	840.855
	8.740.506	7.486.410
	31 December 2016	31 December 2015
Cromital S.p.A.	8.740.506	7.486.410
	8.740.506	7.486.410

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

21. Government Grants and Incentives

Certain expenses regarding industries relating to research and development 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 provided that repayments is done " capital support" is given. 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.

22. Provisions, Contingent Assets and Liabilities

Short-term provisions	31 December 2016	31 December 2015
Provision for cost inputs	4.234.371	5.486.072
Provision for employee benefits	423.175	459.023
Provision for litigation	3.040.916	2.058.080
Provision for other expenses	546.573	253.000
	8.245.035	8.256.175

As of 31 December 2016, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 3.040.916 (2014: TRY 2.058.080) and provided for this amount. The provision amount was recognised under general management expenses.

Contingent liabilities as of 31 December 2016 and 31 December 2015 are as follows:

Collaterals, pledge and mortgages given by the Company	31 December 2016			
	Total TRY	USD	EUR	TRY
A. Given Under the Group's Own Corporate Identity	22.789.041	3.659.785	437.320	8.287.112
B. Given In Favour of Fully Consolidated Subsidiaries	99.986.880	-	26.951.368	-
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	175.960.000	50.000.000	-	-
i. Given in Favour of Main Shareholder (°)	175.960.000	50.000.000	-	-
ii. Given in Favour of Other Related Parties Not Cover by B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	298.735.921	53.659.785	27.388.688	8.287.112

(°) The financial needs of the Group are met by the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş. and these funds are proceed to subsidiaries with same conditions. The Group has provide guarantee for repayment of the principal and interest of 50 million USD, CPM presented under the Table D-i "In Favor of the Parent Company", which was funded by the of Şişecam's bond issue on 9 May 2013 which amounts to 500 million USD with 7-years maturity. The Group doesn't give guarantee in favor of third parties.

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22. Provisions, Contingent Assets and Liabilities

Collaterals, pledge and mortgages given by the Company	31 December 2015			
	Total TRY	USD	Euro	TRY
A. Given Under the Group's Own Corporate Identity	22.433.765	3.912.951	661.120	8.955.694
B. Given In Favour of Fully Consolidated Subsidiaries	144.353.829	-	45.428.571	-
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	145.380.000	50.000.000	-	-
i. Given in Favour of Main Shareholder (*)	145.380.000	50.000.000	-	-
ii. Given in Favour of Other Related 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
	312.167.594	53.912.951	46.089.691	8.955.694

Ratio of CPM's given by the Company to the Company's equities is 6,76 % as of 31 December 2016 (6,65 % as of 31 December 2015).

(*) The financial needs of the Group are met by the parent company, Türkiye Şişe ve Cam Fabrikaları A.Ş. and these funds are proceed to subsidiaries with same conditions. The Group has provide guarantee for repayment of the principal and interest of 50 million USD, CPM presented under the Table D-i "In Favor of the Parent Company", which was funded by the of Şişecam's bond issue on 9 May 2013 which amounts to 500 million USD with 7-years maturity. The Group doesn't give guarantee in favor of third parties.

23. Commitments

Other Commitments

The Group has no natural gas commitment from Botas for 2017 (31 December 2015: 367.605.807 sm³).

24. Employee Benefits

Short-term employee benefits

	31 December 2016	31 December 2015
Payables to personnel	3.172.785	2.373.785
Short- term provisions for employee benefits	31 December 2016	31 December 2015
Unused vacation provision for the period	423.175	459.023

Long term provisions for employee benefits

	31 December 2016	31 December 2015
Domestic	21.689.795	20.815.130
Foreign	2.782.970	2.200.281
	24.472.765	23.015.411

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24. Employee Benefits

Employment Termination Benefits

Under the Turkish Labor Law, the Group is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 4.297,21 for each period of service as of 31 December 2016 (31 December 2015: TRY 3.828,37). The Group is taken into consideration in the calculation of provision for employment termination benefits TRY 4.426,16 as of 1 January 2017 (31 December 2015: TRY 4,092.53 effective from 1 January 2016). Liability of employment termination benefits is not subject to any funding as there isn't an obligation.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss/(gain) is accounted in the income statement under the cost of sales and operating expenses.

The principal assumption is that the maximum liability for each year of service will increase in line 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 consolidated financial statements as of 31 December 2016 and 31 December 2015 the provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Provisions at the balance sheet date were calculated by assuming an annual inflation rate of 6,00% (31 December 2015: 5,00%) and a discount rate of 11,50% (31 December 2015: 10,13%), the real discount rate is approximately 5,19% (31 December 2015: 4,89%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2016 the possibility of employment to retirement of employees is 98,76% (31 December 2015: 99,35%).

The movement of the employment termination benefits is as follows:

	31 December 2016	31 December 2015
Opening balance, 1 January	23.015.411	20.631.981
Currency translation differences	390.073	243.714
Service costs	3.762.264	4.325.464
Interest costs	995.735	763.343
Actuarial gain/loss	(490.281)	(876.473)
Paid during period	(3.200.437)	(2.072.618)
	24.472.765	23.015.411

25. Impairment of Assets

Impairment of assets	31 December 2016	31 December 2015
Allowances for doubtful trade receivables	1.935.875	778.460
Allowance for other receivables	33.512	33.512
Allowance for diminution in value of inventories	21.043	18.027
Impairment of available for sale financial asset	655.448	655.448
	2.645.878	1.485.447

The detail of impairment losses on available for sale financial assets	31 December 2016	31 December 2015
Şişecam Shanghai Trade Co. Ltd.	655.448	655.448
	655.448	655.448

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26. Other Assets and Liabilities

	31 December 2016	31 December 2015
Other current assets		
Deductible VAT	3.510.757	4.137.116
Recoverable VAT on exports	13.713.333	22.559.193
Other	44.712	465.212
	17.268.802	27.161.521
Other non-current assets		
Spare parts to be used in the following years	2.932.621	2.676.041
Other non-current assets	37.099	31.776
	2.969.720	2.707.817
Other current liabilities		
Taxes and dues payable	2.855.124	2.854.848
Social security premiums payable	2.676.964	2.233.077
Expense accruals	200.939	172.108
Other	1.272.847	1.304.923
	7.005.874	6.564.956

There are no non-current liabilities (2015:None).

27. Equity, Reserves and Other Equity Components

Equity components "Paid-in Share Capital", "Restricted Reserves" and "Share Premiums", which is accounted as legal reserves in accordance with related article of the Turkish Commercial Code ("TCC") are presented with their statutory figures in books of account. In this respect, differences (such as; differences due to application of inflation accounting) resulted from the application of re-evaluations or re-measurements in accordance with the CMB's financial reporting standards, which are not subject to profit distribution or capital increase as of the date of this report, are presented in the "inflation adjustment to share capital" financial statement line if they are related with paid in capital or in the "retained earnings" financial statement line if they are related with restricted reserves or premium in excess of par.

a) Capital/ Treasury Shares (Capital adjustments)

The approved and paid-in share capital of the Company consists of 75.000.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each (Kr represents 1/100 of TRY).

	31 December 2016	31 December 2015		
Registered Capital upper limit	1.000.000.000	1.000.000.000		
Paid-in-capital	750.000.000	660.000.000		
	31 December 2016	31 December 2015		
Shareholder	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	454.840.150	60,64	401.259.333	60,80
Anadolu Cam Sanayii A.Ş.	-	-	82.795.651	12,54
Camiş Madencilik A.Ş.	197.304	0,03	173.628	0,03
Denizli Cam San. ve Tic. A.Ş.	-	-	164.341	0,02
Trakya Cam Sanayii A.Ş.	-	-	67.224.608	10,19
Other (*)	294.962.546	39,33	108.382.439	16,42
Nominal capital	750.000.000	100,00	660.000.000	100,00

(*) Other includes the publicly traded portion of Soda Sanayi A.Ş shares.

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

27. Equity, Reserves and Other Equity Components

Ultimate shareholders of the Company, indirectly, are as follows:

Shareholder	31 December 2016		31 December 2015	
	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş. Mensupları Munzam Sosyal				
Güvenlik ve Yardımlaşma Sandığı Vakfı	158.341.085	21,11	177.993.310	26,97
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	84.611.324	11,28	94.983.820	14,39
Other (*)	507.047.591	67,61	387.022.870	58,64
Nominal capital	750.000.000	100,00	660.000.000	100,00

(*) Other includes various shareholders and the publicly traded portion of T.İş Bankası A.Ş shares.

b) Other Comprehensive Income or Expense not to be reclassified to profit or loss

	31 December 2016	31 December 2015
Revaluation funds of investment properties	186.295.892	185.834.191
-Revaluation increase fund of lands and buildings	186.295.892	185.834.191
Actuarial gain /loss fund for employee termination provision	572.968	166.783
	186.868.860	186.000.974

Revaluation funds of land and buildings on revaluation

As of 31 December 2015, The Group decided to revalue the land and buildings in accordance with revaluation method in order to present with fair value, gain on revaluation is accounted for under equity by considering impact of deferred tax and non-controlling interest.

The movement of the revaluation funds of land and buildings is as follows:

	31 December 2016	31 December 2015
Opening- 1 January	185.834.191	-
Effects of non-controlling shares	210.182	-
During the period	-	195.136.869
Currency translation differences	282.985	84.530
Deferred tax effect	(31.466)	(10.814.847)
From business partnerships	-	1.616.676
Non controlling interests	-	(189.037)
	186.295.892	185.834.191

Provision for employee termination benefits actuarial gain / loss reserve fund

The amendment in TAS-19 "Employee Benefits" does not permit the actuarial gain/loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for under equity. Actuarial losses or gain fund for employee termination provisions are not attributable to be reclassified in income statements.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

27. Equity, Reserves and Other Equity Components

b) Other Comprehensive Income or Expense not to be reclassified to profit or loss

The movement of provision for employee termination benefits actuarial gain /loss fund is as below:

	31 December 2016	31 December 2015
Opening- 1 January	166.783	(541.562)
Effect of Consolidation change rate	-	249
During the period	504.241	883.391
Deffered tax effect	(98.056)	(175.295)
	572.968	166.783

c) Other Comprehensive Income or Expenses to be reclassified to profit or loss

Revaluation funds	31 December 2016	31 December 2015
Currency translation differences	228.128.320	141.017.232
Financial asset revaluation reserve	-	-
	228.128.320	141.017.232

Differences from Foreign Currency Translation

It arises from exchange differences arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY and accounted for under equity.

Revaluation fund on financial assets

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

The movement of financial asset revaluation fund is as below:

	31 December 2016	31 December 2015
Opening- 1 January	-	1.755.817
Change in Fair Value	-	(1.848.228)
Deffered tax effect	-	92.411
	-	-

d) Restricted Reserves

Restricted reserves of the parent company	31 December 2016	31 December 2015
Primary legal reserves	124.329.304	84.526.960
Gain from disposals of tangible assets	304.973	304.973
	124.634.277	84.831.933

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

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27. Equity, Reserves and Other Equity Components

d) Restricted Reserves

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is calculated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Publicly held corporations make their dividend distributions within the framework set forth in the standards and notifications published by Capital Markets Board.

"Legal Reserves", and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of TFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous period's profits/losses.

e) Retained Earnings

The Group's extraordinary reserves presented in the consolidated retained earning amounting to TRY 733.299.499 (31 December 2015: TRY 650.031.393) is TRY 804.320.475 (31 December 2015: TRY 792.374.725).

Profit Distribution

Dividends are distributed according to Communiqué Serial: II-19.1 on "Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law", principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué II No: 14.1 that sufficient reserves exists in the consolidated statutory books.

Reserves subject to dividend distribution

The Company's net distributable profit statutory accounts and the amount of reserves subject to dividend distribution as of balance sheet date are listed as below.

	31 December 2016	31 December 2015
Net profit for the period	474.281.524	382.046.886
Legal reserves	(23.714.076)	(19.102.344)
Special funds in accordance with Corporate Tax Law 5/1-e	-	(298.791)
Net distributable profit for the period	450.567.448	362.645.751
Extraordinary reserve	804.320.475	792.374.725
	1.254.887.923	1.155.020.476

It has been decided in Ordinary General Assembly Meeting held on 23 March 2016 that a gross dividend amounting to TRY 240.000.000, equivalent of 36,3636% of paid-in capital will be distributed in cash and a gross dividend amounting to TRY 90.000.000 will be distributed as bonus shares. It has also been decided that the date of payment of cash dividend will be 29 April 2016 and the bonus shares will be distributed after the completion of legal procedures. Capital increase is permitted at the general meeting of CMB dated 24 June 2016 and numbered 20/681 and capital increase and the change of articles of incorporation in line with capital increase have been registered 14 July 2016. The new issued shares are distributed to the owners as of 18 July 2016.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

27. Equity, Reserves and Other Equity Components

f) Non-controlling Interest

Shares attributable to third parties in including the approved and paid-in capital of the consolidated subsidiaries and joint ventures which are not fully owned, are separately accounted for as "Non-controlling Interests" in the consolidated financial statements by a reduction of related equity components.

Shares attributable to third parties in the net profit or loss for the period of the consolidated subsidiaries and joint ventures, which are not fully owned are separately accounted for as non-controlling interests in the distribution of period profit / (loss) section of the consolidated statement of income.

Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2016:

The non-controlling interest shareholders have not participated in the cash capital increase in Şişecam Chem Investment B.V.

Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2015:
None.

The transactions that were held with purpose of re-structuring of Group companies between 1 January and 31 December 2016 are as follows:

The capital of Şişecam Chem Investment B.V., a subsidiary of the Company, has increased in cash in February 2016. Due to the Company being the sole participant in the capital increase, the Company's participant rate increased from 99,46% to 99,47%.

Sisecam Chem Investment B.V which is a subsidiary of firm, purchased the minority shares of Sisecam Soda Lukavac d.o.o at the amount of BAM 13.050.400 by paying BAM 5.500.000 at the date of 14 March 2016.

The transactions that were held with purpose of re-structuring of Group companies between 1 January and 31 December 2015 are as follows:

Shares of Oxyvit Kimya Sanayii ve Tic. A.Ş with TRY 3.350,00 nominal value in Cam Elyaf Sanayii A.Ş.'s portfolio and TRY 1,00 nominal value in Camiş Elektrik Üretim A.Ş.'s portfolio are purchased for an amount of TRY 138.865.

These transactions are effected the current effective equity structures and the effects on the capitals are presented below:

	31 December 2016	31 December 2015
Attributable to equity holders of the parent company	18.865.958	-
Non-controlling interest	(27.843.885)	-
	(8.977.927)	-

g) Sale of Subsidiaries

None (31 December 2015: None).

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

28. Sales and Cost of Sales

Sales	1 January- 31 December 2016	1 January- 31 December 2015
Sales	1.721.696.245	1.512.698.875
Electricity sales ^(*)	270.725.924	272.580.665
Other income	906.139	790.052
Sales return	(2.256.573)	(7.268.158)
Sales discount	(8.110.051)	(7.043.223)
Other Deductions from Sales	(14.190)	-
	1.982.947.494	1.771.758.211

^(*) 1.857.529.400 kwh electricity sold between 1 January-31 December 2016 (2015:1.610.168.722 kwh).

Cost of sales	1 January- 31 December 2016	1 January- 31 December 2015
Direct materials	(508.789.605)	(518.325.395)
Direct labor	(39.630.419)	(34.252.819)
Production overheads	(504.973.136)	(490.176.446)
Depreciation	(94.330.227)	(88.217.482)
Change in work in process	2.181.278	1.533.484
Change in finished goods	1.364.487	17.676.470
Cost of goods sold	(1.144.177.622)	(1.111.762.188)
Cost of merchandise sold	(250.395.478)	(184.940.338)
	(1.394.573.100)	(1.296.702.526)

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

	1 January- 31 December 2016	1 January- 31 December 2015
General administrative expenses	(70.146.945)	(69.635.447)
Marketing, selling, and distributing expenses	(93.714.971)	(81.993.116)
Research and development expenses	(8.387.801)	(3.598.921)
	(172.249.717)	(155.227.484)

30. Operating Expenses by Nature

	1 January- 31 December 2016	1 January- 31 December 2015
Direct materials	(3.546.767)	(2.706.475)
Personnel expenses	(45.961.443)	(41.388.548)
Services rendered by third parties	(52.557.582)	(49.745.547)
Miscellaneous expenses	(62.485.178)	(54.658.873)
Taxes and funds	(4.146.030)	(3.450.445)
Depreciation and amortisation	(3.552.717)	(3.277.596)
	(172.249.717)	(155.227.484)

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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31. Other Operating Income/ (Expenses)

	1 January- 31 December 2016	1 January- 31 December 2015
Other operating income		
Foreign exchange gains from other operating activities	61.871.328	54.787.009
Interest income from other operations	3.324	145.755
Rediscount on interest gain	386.855	562.288
Provisions Released	-	535.306
Service income	5.869.708	3.681.827
Rental income	89.509	68.627
Gain on sales of scrap items	2.943.727	1.745.643
Return of withholding tax miscalculated over dividend payment	-	7.263.922
Gain on sales of raw materials	9.753.567	-
Insurance claims	80.660	532.778
Incomes from other operating expenses	10.902.655	3.581.186
	91.901.333	72.904.341

	1 January- 31 December 2016	1 January- 31 December 2015
Other operating expenses		
Foreign exchange loss from other operating activities	(33.468.031)	(28.042.713)
Interest loss from other operations	(255.249)	(280.163)
Rediscount on interest loss	(447.618)	(568.658)
Commission expenses	(146.098)	(318.508)
Loss from sales of raw materials	(9.413.707)	-
Loss on sales of scrap items	(131.068)	-
Lawsuit loss	(1.325.780)	(792.487)
Provision expenses	(1.095.578)	(267.668)
Expenses from other operating expenses	(16.332.292)	(4.896.702)
	(62.615.421)	(35.166.899)

32. Income and Expense from Investing Activities

	1 January- 31 December 2016	1 January- 31 December 2015
Income from Investing Activities		
Dividend income	4.000	4.800
Revaluation differences of financial assets ^(*)	13.506.013	-
Gain on sale of available for sale financial assets	-	398.393
Gain on sale of property,plant and equipment	191.266	179.682
	13.701.279	582.875

	1 January- 31 December 2016	1 January- 31 December 2015
Expenses from Investing Activities		
Loss from sale of property,plant and equipment	(15.614)	(326.437)
Provision for impairment of property, plant and equipment	-	(3.213.703)
	(15.614)	(3.540.140)

^(*) Interest income which is inside of aforementioned amount that is presented below,off seted with financial asset valuation difference.

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33. Financial Income and Expenses

	1 January- 31 December 2016	1 January- 31 December 2015
Financial Income		
Foreign exchange income	226.919.639	187.838.341
-Cash and cash equivalents	203.122.052	171.731.025
-Borrowings	1.512.190	943.538
-Bond issued	13.995.000	7.300.000
- Derivatives	-	1.397.736
- Other	8.290.397	6.466.042
Interest Income	27.173.217	19.381.007
-Time deposits	16.863.412	16.232.873
- Other	10.309.805	3.148.134
	254.092.856	207.219.348
Financial Expense		
Foreign exchange income	(120.268.845)	(92.012.445)
-Cash and cash equivalents	(68.784.778)	(46.107.676)
-Borrowings	(4.460.283)	(5.048.855)
-Bond issued	(44.575.000)	(36.735.000)
- Derivatives	-	(453.700)
- Other	(2.448.784)	(3.667.214)
Interest income/expense	(20.341.610)	(13.220.823)
-Time deposits	(4.407.219)	(4.974.974)
-Bond issued	(6.661.388)	(6.071.077)
- Other	(9.273.003)	(2.174.772)
	(140.610.455)	(105.233.268)
Finance Income/Expenses(Net)		
Foreign exchange income/expense	106.650.794	95.825.896
-Cash and cash equivalents	134.337.274	125.623.349
-Borrowings	(2.948.093)	(4.105.317)
-Bond issued	(30.580.000)	(29.435.000)
- Derivatives	-	944.036
- Other	5.841.613	2.798.828
Interest income/expense	6.831.607	6.160.184
- Time Deposits and borrowings	12.456.193	11.257.899
-Bond issued	(6.661.388)	(6.071.077)
- Other	1.036.802	973.362
	113.482.401	101.986.080

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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34. Assets Held for Sale

None (31 December 2015 : None).

35. Taxation on Income (Including Deferred Tax Assets and Liabilities)

Deferred Tax Assets and Liabilities

The Group recognizes deferred tax assets and liabilities based upon the temporary differences between financial statements as reported in accordance with CMB and its tax base of statutory financial statements. These differences usually result in the recognition of revenue and expense items in different periods for CMB and statutory tax purposes.

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these 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 2016	31 December 2015
Deferred tax assets	15.465.168	3.687.009
Deferred tax liabilities (-)	(219.299)	(187.833)
Deferred tax assets/liabilities (net)	15.245.869	3.499.176

Temporary differences constitute a basis for Deferred Tax	31 December 2016	31 December 2015
Useful life and valuation differences on tangible and intangible assets	191.562.371	156.839.407
Provision for employment termination benefits	(24.472.765)	(23.015.411)
Revaluation of inventories	431.135	188.126
Deferred revenue	(20.225.347)	(11.568.673)
Reduced corporate tax	(222.874.473)	(140.359.439)
Other	532.454	176.743
	(75.046.625)	(17.739.247)

Deferred tax (assets) / liabilities	31 December 2016	31 December 2015
Useful life and valuation differences on tangible and intangible assets	(38.093.416)	(31.433.485)
Provision for employment termination benefits	4.996.378	4.670.215
Revaluation of inventories	(86.227)	(37.625)
Deferred revenue	4.045.069	2.313.735
Reduced corporate tax	44.574.895	28.071.888
Other	(190.830)	(85.552)
	15.245.869	3.499.176

Carry forward tax losses can be utilized against corporate income taxes for a period of maximum 5 years in Turkey.

There is no carry forward tax losses which are not subjected to deferred tax calculation (31 December: None).

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35. Taxation on Income (Including Deferred Tax Assets and Liabilities)

Movements of deferred tax assets /(liabilities) are as follows:

	31 December 2016	31 December 2015
Opening balance, 1 January	3.499.176	11.741.355
Exchange differences	7.212	(4.184)
Charged to the equity	(129.522)	(10.897.731)
Charged to statement of income	11.869.003	2.659.736
	15.245.869	3.499.176

Corporate Tax

The Group is subject to Turkish corporate taxes. Tax legislation in Turkey does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the revenues exempted from tax, non-taxable revenues and other discounts (if any previous year losses) are deducted.

In Turkey, corporate tax rate is 20% (31 December 2015: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of are as follows:

Country	31 December 2016	31 December 2016
Bosnia Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Italy	31,4	31,4

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income (2015: 20 %). Losses can be carried forward for offset against future taxable income for up to 5 years.

There is no definite and specific procedure for evaluation of tax in Turkey. The companies are obligated to state the current period's tax declaration until between 1 - 25 April of following year. Tax authority has right to audit and change the stated tax declaration and accounting records from which the tax declaration is originated in 5 years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. This rate was changed to 15% for all Companies as of 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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35. Taxation on Income (Including Deferred Tax Assets and Liabilities)

Reduced Corporate Tax Allowance

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2009/15199 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

Provision for taxes as of 31 December 2016 and 31 December 2015 are as below:

Current period tax liability:	31 December 2016	31 December 2015
Current corporate tax liability	80.230.223	71.834.280
Prepaid taxes and funds	(50.313.326)	(64.592.281)
Tax provision in the balance sheet	29.916.897	7.241.999
	1 January- 31 December 2016	1 January- 31 December 2015
Current corporate tax liability	(80.230.223)	(71.834.280)
Foreign exchange differences	223.995	93.040
Deferred tax expense	11.869.003	2.659.736
Tax provision in the statement of income	(68.137.225)	(69.081.504)
	1 January- 31 December 2016	1 January- 31 December 2016
Reconciliation of provision for tax	644.761.640	510.154.523
Profit before taxation and minority interest	644.761.640	510.154.523
Effective tax rate	20%	20%
Calculated tax	(128.952.328)	(102.030.905)
Tax reconciliation		
- Non-deductible expenses	(2.598.567)	(2.156.006)
- Dividends and other non-taxable income	25.959.292	13.610.339
- Previous period's losses exempt from tax	-	5.562.688
- Effects of foreign subsidiaries subject to different tax rates	6.933.673	5.197.084
- Reduced corporate tax	32.878.282	10.348.785
- Other	(2.357.577)	386.511
Tax provision in the statement of income	(68.137.225)	(69.081.504)

The subsidiary of the Group located in Bosnia Herzegovina is exempt from taxation due to the tax regulations of Bosnia Herzegovina.

Current tax assets	31 December 2016	31 December 2015
Prepaid taxes and funds	-	160.166

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36. Earnings per Share

	1 January- 31 December 2016	1 January- 31 December 2015
Earnings per share		
Average number of shares in circulation during the period (full value)	750.000.000	750.000.000
Net profit for the period attributable to shareholders of the parent company	575.805.383	434.414.674
Earning per TRY 1 nominal share	0,768	0,579
Total comprehensive income attributable to shareholders of the parent company	663.574.175	668.601.330
Earnings per share from total comprehensive income with nominal price of TRY 1	0,885	0,891

37. Related Party Transactions

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

Deposits at Related Parties	31 December 2016	31 December 2015
T.İş Bankası A.Ş.		
- Demand deposit	4.920.189	3.816.307
- Time deposit	914.796.125	794.110.206
	919.716.314	797.926.513
İşbank AG		
- Demand deposit	341.862	36.639
- Time deposit	-	2.790.149
	341.862	2.826.788
Loans received from related parties	31 December 2016	31 December 2015
T.İş Bankası A.Ş.	18.651	36.703.761
T.Sınai Kalkınma Bankası A.Ş.	13.914.474	16.388.901
IFC	99.900.419	107.597.751
Financial borrowings through T. Şişe ve Cam Fabr. A.Ş. ^(*)	176.216.260	145.293.574
	290.049.804	305.983.987

^(*) On 9 March 2013 T.Şişe ve Cam Fabrikaları A.Ş. , issued USD 500.000.000 notes with seven year maturity due May 2020. The fixed interest rate for notes is 4,25% and the principle is due on maturity date. After the issuance of bonds, USD 50.000.000 was transferred to Group and the Group has individually guaranteed payments of principle, interest and other liabilities for the same amount.

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37. Related Party Transactions

Marketable securities to be held until maturity:	31 December 2016	31 December 2015
T.İş Bankası A.Ş.	25.875.201	-
T.Sinai Kalkınma Bankası A.Ş.	10.866.785	-
	36.741.986	-

Nominal value and coupon interest rate detail of marketable securities to be held until maturity is as follow:

Issuer of marketable security	ISIN Code	Coupon interest rate (%)	Nominal value (USD)	Nominal value (USD)
T.İş Bankası A.Ş.	XS1390320981	5,375	3.696.400	-
T.İş Bankası A.Ş.	XS1079527211	5,000	2.190.000	-
T.İş Bankası A.Ş.	XS1508390090	5,500	1.500.000	-
			7.386.400	-
T.Sinai Kalkınma Bankası A.Ş.	XS1219733752	5,125	600.000	-
T.Sinai Kalkınma Bankası A.Ş.	XS1412393172	4,875	2.502.700	-
			3.102.700	-
			10.489.100	-

Trade receivables from related parties	31 December 2016	31 December 2015
Şişecam Enerji A.Ş.	28.725.957	30.589.525
Trakya Cam Sanayii A.Ş.	17.664.418	4.998.591
Trakya Yenişehir Cam Sanayii A.Ş.	11.588.322	4.870.786
Trakya Glass Bulgaria EAD	10.538.490	4.832.492
Anadolu Cam Yenişehir Sanayi A.Ş.	7.648.344	1.693.004
Trakya Polatlı Cam Sanayii A.Ş.	5.955.039	2.929.276
Paşabahçe Cam San. ve Tic. A.Ş.	4.869.432	2.241.066
Anadolu Cam Eskişehir Sanayi A.Ş.	4.697.363	2.697.501
Anadolu Cam Sanayii A.Ş.	4.228.657	1.615.655
Solvay Şişecam Holding AG	3.131.602	1.671.941
Paşabahçe Bulgaria EAD	2.763.168	1.101.392
HNG Float Glass Limited	1.583.640	-
Oxyvit Kimya San. ve Tic. A.Ş.	1.210.564	536.374
Cam Elyaf Sanayii A.Ş.	161.913	116.768
İş Merkezleri Yönetim ve İşletim A.Ş.	118.872	-
Denizli Cam Sanayii ve Tic. A.Ş.	114.654	38.451
Fabrika Cementa Lukavac D.D.(FCL)	29.694	20.244
JSC Mina	-	965.799
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	22.049
	105.030.129	60.940.914

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37. Related Party Transactions

Other receivables from related parties	31 December 2016	31 December 2015
Trakya Cam Sanayii A.Ş.	9.465.980	57.850
Trakya Yenişehir Cam Sanayii A.Ş.	5.562.485	556.734
Oxyvit Kimya San. ve Tic. A.Ş.	5.021.695	4.216.394
Anadolu Cam Yenişehir Sanayi A.Ş.	3.785.961	714.322
Trakya Polatlı Cam Sanayi A.Ş.	3.620.665	-
Paşabahçe Cam San. ve Tic. A.Ş.	3.222.882	-
Anadolu Cam Eskişehir Sanayi A.Ş.	2.697.445	2.749.999
Anadolu Cam Sanayii A.Ş.	2.158.088	-
Madencilik San.Tic.A.Ş.	161.379	-
Cam Elyaf Sanayii A.Ş.	108.848	-
Denizli Cam Sanayii ve Tic. A.Ş.	50.714	102.096
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	15.312	-
T.Şişe ve Cam Fabrikaları A.Ş.	-	22.867.094
Camiş Madencilik A.Ş.	-	619.952
Camiş Elektrik Üretim A.Ş.	-	273.721
Şişecam Enerji A.Ş.	-	1.620.667
	35.871.454	33.778.829

Trade payables to related parties	31 December 2016	31 December 2015
Solvay Şişecam Holding AG	35.830.174	33.199.433
Şişecam Enerji A.Ş.	27.147.469	14.470.585
Şişecam Dış Ticaret A.Ş.	8.462.326	10.066.379
T. Şişe ve Cam Fabrikaları A.Ş.	2.362.339	1.141.527
Rudnik Krecnjaka Vijenac D.O.O.	1.092.467	1.015.329
Oxyvit Kimya San. ve Tic. A.Ş.	157.343	-
İş Portföy Yönetimi A.Ş.	33.482	-
Anadolu Anonim Türk Sigorta A.Ş.	16.750	3.472
Camiş Ambalaj Sanayii A.Ş.	10.776	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	22.335
Anadolu Cam İnceleme ve Yatırım A.Ş.	-	12.120
Paşabahçe Mağazaları A.Ş.	-	898
	75.113.126	59.932.078

Non-trade payables to related parties	31 December 2016	31 December 2015
T.Şişe ve Cam Fabrikaları A.Ş.	55.366.652	-
Şişecam Dış Ticaret A.Ş.	34.431.290	13.879.738
Şişecam Enerji A.Ş.	928.040	-
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	171.242	157.605
Oxyvit Kimya San. ve Tic. A.Ş.	168.622	168.622
Camiş Madencilik A.Ş.	25.766	-
Paşabahçe Mağazaları A.Ş.	2.840	78.168
Çayırova Cam Sanayii A.Ş.	1.802	230.573
Cam Elyaf Sanayii A.Ş.	-	18.503.748
Camiş Ambalaj Sanayii A.Ş.	-	439.639
Anadolu Cam Sanayii A.Ş.	-	2.855.565
Paşabahçe Cam San. ve Tic. A.Ş.	-	1.067.465
Trakya Polatlı Cam Sanayii A.Ş.	-	115.958
	91.096.254	37.497.081

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

37. Related Party Transactions

	1 January- 31 December 2016	1 January- 31 December 2015
Sales to related parties		
Şişecam Enerji A.Ş. (¹)	256.978.893	247.240.651
Trakya Cam Sanayii A.Ş.	76.416.673	54.841.910
Trakya Yenişehir Cam Sanayii A.Ş.	53.866.477	41.569.902
Trakya Glass Bulgaria EAD	51.013.132	49.533.791
Anadolu Cam Yenişehir Sanayi A.Ş.	35.237.627	30.872.886
Trakya Polatlı Cam Sanayii A.Ş.	35.191.021	25.320.627
Paşabahçe Cam San. ve Tic. A.Ş.	27.495.660	25.178.859
Anadolu Cam Eskişehir Sanayi A.Ş.	26.552.033	18.445.419
Anadolu Cam Sanayii A.Ş.	20.666.289	21.175.912
Paşabahçe Bulgaria EAD	12.436.916	-
JSC Mina	6.513.554	5.067.623
Oxyvit Kimya San. ve Tic. A.Ş.	5.124.658	4.353.401
Saint Gobain Glass Egypt S.A.E.	3.881.802	4.919.637
HNG Float Glass Limited	1.897.890	-
Denizli Cam Sanayii ve Tic. A.Ş.	508.820	402.438
Cam Elyaf Sanayii A.Ş.	356.540	394.432
Fabrika Cementa Lukavac D.D.(FCL)	73.181	25.930
İş Merkezleri Yönetim ve İşletim A.Ş.	-	1.059.301
Bayek Tedavi Sağlık Hizm. ve İslt. A.Ş.	-	330.570
	614.211.166	530.733.289

(¹) The primary activities of Şişecam Enerji A.Ş. are natural gas and electricity.

TRY 771.464.753 of the Group's exports during the period 1 January - 31 December 2016 were made through Şişecam Dış Ticaret A.Ş., who acts as an agent for these transactions (1 January - 31 December 2015: TRY 769.627.147).

	1 January- 31 December 2016	1 January- 31 December 2015
Purchases from related parties		
Şişecam Enerji A.Ş. (¹)	221.190.036	147.364.971
Solvay Şişecam Holding AG	184.915.365	159.057.266
Rudnik Krečnjaka Vijenac D.O.O.	9.843.130	8.148.999
Oxyvit Kimya San. ve Tic. A.Ş.	713.348	793.413
Çayırova Cam Sanayii A.Ş.	361.473	257.801
Camış Ambalaj Sanayii A.Ş.	72.180	373.502
	417.095.532	315.995.952

	1 January- 31 December 2016	1 January- 31 December 2015
Dividend Income from related parties		
Camış Elektrik Üretim A.Ş.	4.000	4.800
	4.000	4.800

Soda Sanayii A.Ş.

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37. Related Party Transactions

	1 January- 31 December 2016	1 January- 31 December 2015
Interest income from related parties		
T.İş Bankası A.Ş.	15.488.976	14.225.360
Şişecam Enerji A.Ş.	2.860.032	687.238
Camiş Madencilik A.Ş.	1.480.422	24.632
T.Şişe ve Cam Fabrikaları A.Ş.	1.404.878	1.416.098
Trakya Yenişehir Cam Sanayii A.Ş.	872.738	28.125
Trakya Cam Sanayii A.Ş.	710.858	61.930
Anadolu Cam Eskişehir Sanayi A.Ş.	624.610	151.617
Trakya Polatlı Cam Sanayii A.Ş.	575.895	60.994
Anadolu Cam Yenişehir Sanayi A.Ş.	552.362	21.985
Paşabahçe Cam San. ve Tic. A.Ş.	497.045	25.764
Anadolu Cam Sanayii A. Ş.	399.550	45.126
Oxyvit Kimya San. ve Tic. A.Ş.	296.533	147.929
Denizli Cam Sanayii ve Tic. A.Ş.	16.565	1.903
Camiş Elektrik Üretim A.Ş.	14.822	88.408
Cam Elyaf Sanayii A.Ş.	3.495	362.637
İşbank AG	-	45.284
Şişecam Dış Ticaret A.Ş.	-	23.633
Camiş Ambalaj Sanayii A.Ş.	-	115
	25.798.781	17.418.778

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 to meet the needs of financing. 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. considered the emerging developments in the currency markets. The interest rate used for December 2016 was 0,983% (31 December 2015 0,90%).

	1 January- 31 December 2016	1 January- 31 December 2015
Other income from related parties		
Solvay Şişecam Holding AG	3.077.275	2.913.891
Trakya Cam Sanayii A.Ş.	2.903.369	3.129.554
Camiş Madencilik A.Ş.	1.935.872	2.418.850
Paşabahçe Cam San. ve Tic. A.Ş.	926.892	932.716
Cam Elyaf Sanayii A.Ş.	694.903	880.070
Rudnik Krečnjaka Vijenac d.o.o.	329.076	346.067
T.Şişe ve Cam Fabrikaları A.Ş.	298.628	307.684
Oxyvit Kimya San. ve Tic. A.Ş.	186.557	257.993
Camiş Elektrik Üretim A.Ş.	-	918.132
	10.352.572	12.104.957

	1 January- 31 December 2016	1 January- 31 December 2015
Service expense to related parties		
T.Şişe ve Cam Fabrikaları A.Ş.	18.864.116	22.029.154
	18.864.116	22.029.154

Soda Sanayii A.Ş.

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37. Related Party Transactions

Interest expense to related parties	1 January- 31 December 2016	1 January- 31 December 2015
T.Şiše ve Cam Fabrikaları A.Ş.	4.630.622	749.852
IFC	3.344.608	2.864.869
Şişecam Dış Ticaret A.Ş.	2.666.052	287.479
Cam Elyaf Sanayii A.Ş.	1.158.835	414.334
T.Sinai Kalkınma Bankası A.Ş.	797.881	822.143
T.İş Bankası A.Ş.	353.675	1.164.097
Şişecam Enerji A.Ş.	174.833	1.589
Trakya Cam Sanayii A.Ş.	144.536	85.242
Anadolu Cam Sanayii A.Ş.	72.076	41.153
Çayırova Cam Sanayii A.Ş.	36.256	17.500
Camış Ambalaj Sanayii A.Ş.	26.559	20.752
Paşabahçe Mağazaları A.Ş.	9.110	2.322
Trakya Polatlı Cam Sanayi A.Ş.	-	18.545
İşbank AG	-	138.944
Paşabahçe Cam San. ve Tic. A.Ş.	-	102.447
Camış Madencilik A.Ş.	-	36.090
Denizli Cam Sanayii ve Tic. A.Ş.	-	4.333
Anadolu Cam Yenişehir Sanayi A.Ş.	-	2.366
Oxyvit Kimya San. ve Tic. A.Ş.	-	503
	13.415.043	6.774.560

Other expense to related parties	1 January- 31 December 2016	1 January- 31 December 2015
Şişecam Dış Ticaret A.Ş.	4.175.268	4.136.194
Şişecam Enerji A.Ş.	4.140.173	646.896
Şişecam Shanghai Trading Co. Ltd.	2.355.834	2.035.038
İş Gayrimenkul Yatırım Ort. A.Ş.	1.538.350	1.756.053
Rudnik Krecnjaka Vijenac D.O.O.	1.037.606	965.771
T.Şiše ve Cam Fabrikaları A.Ş.	768.816	643.033
T.İş Bankası A.Ş.	609.698	1.484.417
Anadolu Anonim Türk Sigorta A.Ş.	569.158	230.956
İş Merkezleri Yönetim ve İşletim A.Ş.	540.180	718.772
İş Portföy Yönetimi A.Ş.	116.336	-
Çayırova Cam Sanayii A.Ş.	81.207	478.639
Solvay Şişecam Holding AG	40.034	32.888
Camış Madencilik A.Ş.	23.180	1.319
Cam Elyaf Sanayii A.Ş.	11.571	4.344
Camış Ambalaj Sanayii A.Ş.	3.462	2.274
Paşabahçe Mağazaları A.Ş.	3.318	54.786
Trakya Glass Bulgaria EAD	436	-
Anadolu Cam Investment BV	-	11.514
İş Yatırım Menkul Değerler A.Ş.	-	19.475
	16.014.627	13.222.369

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

37. Related Party Transactions

	1 January- 31 December 2016	1 January- 31 December 2015
Compensation to key management		
Equity holders of the parent	4.502.518	3.867.837
Other companies subject to consolidation	1.713.566	2.264.496
	6.216.084	6.132.333

Key management personnel is composed of top management, members of board of directors, general manager, directors, general manager assistants and Vice Presidents. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits in 1 January - 31 December 2016 and 1 January - 31 December 2015.

38. Nature and Level of Risks Derived from Financial Instruments

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status 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 Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

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

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

As of 31 December 2016 and 31 December 2015 the Group's net debt / total equity ratios are as follows:

	31 December 2016	31 December 2015
Borrowings and trade payables	529.181.570	530.270.036
Less: Cash and cash equivalents	(971.426.420)	(858.107.391)
Net debt	(442.244.850)	(327.837.355)
Total equity	2.602.714.927	2.184.761.707
Net debt / total equity ratio	(%17)	(%15)

(b) Financial Risk Factors

The Group's activities expose it to 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.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

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 Management

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.

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.1) Credit Risk Management

	Receivables					
	Trade Receivables			Other Receivables		
	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents	Derivative Instruments
31 December 2016						
Maximum credit risk exposure as of balance sheet date ⁽¹⁾	105.030.129	307.110.111	35.871.454	4.437.204	971.394.056	-
- Under maximum guarantee with collaterals, etc.	-	(182.944.559)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	105.030.129	262.614.272	35.871.454	4.437.204	971.394.056	-
- Under guarantee with collaterals, etc.	-	(150.246.885)	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	44.495.839	-	-	-	-
- Under guarantee with collaterals, etc.	-	(32.697.674)	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	1.935.876	-	33.512	-	-
- Impairment (-)	-	(1.935.876)	-	(33.512)	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-

⁽¹⁾ Credit quality enhancing instruments; such as; guarantees received, are not considered in the calculation.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.1) Credit Risk Management

Credit risks exposed through types of financial instruments

	Receivables					Cash and Cash Equivalents	Derivative Instruments
	Trade Receivables		Other Receivables				
31 December 2015	Related Parties	Third Parties	Related Parties	Third Parties	Third Parties		
Maximum credit risk exposure as of balance sheet date ⁽¹⁾	60.940.914	252.793.015	33.778.829	10.794.729	10.794.729	858.085.462	-
- Under maximum guarantee with collaterals, etc.	-	(164.891.458)	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	60.940.914	229.558.353	33.778.829	10.794.729	10.794.729	858.085.462	-
- Under guarantee with collaterals, etc.	-	(150.690.017)	-	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	23.234.662	-	-	-	-	-
- Under guarantee with collaterals, etc.	-	(14.201.441)	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	778.460	-	-	33.512	-	-
- Impairment (-)	-	(778.460)	-	(33.512)	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

⁽¹⁾ Credit quality enhancing instruments; such as; guarantees received, are not considered in the calculation.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.1) Credit Risk Management

Guarantees that are obtained from customers are as stated below:

	31 December 2016	31 December 2015
Eximbank export insurance	142.454.983	117.056.191
Guarantee letters	30.999.804	38.896.614
Commercial letter of credit	3.145.269	3.743.012
Factoring	751.310	116.100
Mortgages	228.657	512.750
Other	5.364.536	4.566.791
	182.944.559	164.891.458

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

	31 December 2016	31 December 2015
Overdue up to one month	22.881.199	14.440.218
Overdue for 1-3 months	15.766.825	4.074.546
Overdue for 3-12 months	5.505.320	3.586.522
Overdue for 1-5 years	342.495	1.133.376
Total overdue receivables	44.495.839	23.234.662
The part under guarantee with collateral etc.	(32.697.674)	(14.201.441)

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

	31 December 2016	31 December 2015
Guarantee letter	1.249.303	1.940.397
Commercial letter of credit	60.530	315.184
Eximbank export insurance	29.497.945	11.140.660
Other	1.889.896	805.200
	32.697.674	14.201.441

(b.2) Liquidity risk management

Group manages the liquidity risk, by monitoring and matching the maturity dates of financial assets and liabilities to provide continuance for reserve and borrowing funds.

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 liability. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liability. Amount of interest payable to be paid of financial liabilities are included in the table.

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.2) Liquidity risk management

	31 December 2016					
	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	116.749.002	123.974.772	2.934.109	42.577.172	76.951.347	1.512.144
Financial liabilities to related parties	176.216.260	202.134.050	-	7.478.300	194.655.750	-
Trade payables	161.103.182	161.847.991	161.050.467	797.524	-	-
Due to related parties	166.209.380	166.209.380	165.565.380	644.000	-	-
Other payables	11.855.584	11.855.584	10.632.092	-	1.223.492	-
Total liabilities	632.133.408	666.021.777	340.182.048	51.496.996	272.830.589	1.512.144
	31 December 2015					
	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	162.200.457	172.643.155	38.384.326	37.601.275	96.657.554	-
Financial liabilities to related parties	145.293.574	173.183.925	-	6.178.650	167.005.275	-
Trade payables	162.843.927	163.655.959	161.031.978	2.623.981	-	-
Due to related parties	97.429.159	97.429.159	95.806.498	1.622.661	-	-
Other payables	6.189.623	6.189.623	5.152.721	-	1.036.902	-
Total liabilities	573.956.740	613.101.821	300.375.523	48.026.567	264.699.731	-

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Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(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.)

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.3.1) Foreign currency risk management

Foreign Currency Position as of 31 December 2016				
	TRY Equivalent	US Dollar	Euro	Other TRY Equivalent
1. Trade receivables	174.749.903	37.551.536	11.351.395	485.997
2a. Monetary financial assets (cash and banks included)	853.018.650	150.973.883	85.008.939	6.336.699
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	942.524	95.196	105.730	215.263
4. Current Assets	1.028.711.077	188.620.615	96.466.064	7.037.959
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	99.727.139	28.338.014	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	836.149	6.000	136.870	307.260
8. Non Current Assets	100.563.288	28.344.014	136.870	307.260
9. TOTAL ASSETS	1.129.274.365	216.964.629	96.602.934	7.345.219
10. Trade payables	85.765.242	18.737.241	5.170.282	643.914
11. Financial liabilities	6.665.316	1.893.986	-	-
12a. Other monetary liabilities	3.887.007	1.012.811	86.943	173
12b. Other non monetary liabilities	-	-	-	-
13. Short Term Liabilities	96.317.565	21.644.038	5.257.225	644.087
14. Trade payables	-	-	-	-
15. Financial liabilities	183.950.136	52.270.441	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. Long Term Liabilities	183.950.136	52.270.441	-	-
18. TOTAL LIABILITIES	280.267.701	73.914.479	5.257.225	644.087
19. Net assets of off balance sheet derivative items/(liability) position (19a-19b)	-	-	-	-
19a. Off balance sheet derivative assets	-	-	-	-
19b. Off balance sheet derivative liabilities	-	-	-	-
20. Net foreign assets / (liability) position (9-18+19)	849.006.664	143.050.150	91.345.709	6.701.132
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	847.227.991	142.948.954	91.103.109	6.178.609
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	772.133.536	193.775.334	54.786.650	4.448.955
24. Import	156.925.478	44.529.326	6.232.794	1.729.703

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.3.1) Foreign currency risk management

Foreign Currency Position as of 31 December 2015				
	TRY Equivalent	US Dollar	Euro	Other TRY Equivalent
1. Trade receivables	149.510.922	36.496.648	13.550.826	334.164
2a. Monetary financial assets(cash and banks included)	785.547.114	268.051.775	1.516.786	1.340.034
2b.Non monetary financial assets	-	-	-	-
3.Other receivables	1.973.180	-	602.372	59.083
4. Current Assets	937.031.216	304.548.423	15.669.984	1.733.281
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	11.400.918	129.149	3.469.727	-
8. Non Current Assets	11.400.918	129.149	3.469.727	-
9.TOTAL ASSETS	948.432.134	304.677.572	19.139.711	1.733.281
10. Trade payables	34.026.744	8.430.948	2.990.808	9.328
11. Financial liabilities	5.428.120	1.866.873	-	-
12a. Other monetary liabilities	25.548.917	5.616.117	2.901.402	-
12b. Other non monetary liabilities	-	-	-	-
13. Short Term Liabilities	65.003.781	15.913.938	5.892.210	9.328
14. Trade payables	-	-	-	-
15. Financial liabilities	156.873.251	53.952.831	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. Long Term Liabilities	156.873.251	53.952.831	-	-
18. TOTAL LIABILITIES	221.877.032	69.866.769	5.892.210	9.328
19. Net assets of off balance sheet derivative items/(liability) position (19a-19b)	-	-	-	-
19a. Off balance sheet derivative assets	-	-	-	-
19b. Off balance sheet derivative liabilities	-	-	-	-
20. Net foreign assets / (liability) position(9-18+19)	726.555.102	234.810.803	13.247.501	1.723.953
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	713.181.004	234.681.654	9.175.402	1.664.870
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	718.332.987	204.969.094	51.637.668	5.128.529
24. Import	162.896.701	43.006.376	14.533.673	2.086.410

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.3.1) Foreign currency risk management

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

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

Foreign currency sensitivity

	31 December 2016			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Increase in value of US Dollar against TRY by 10%				
1 - US Dollars net assets / liabilities	50.306.596	(50.306.596)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	50.306.596	(50.306.596)	-	-
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	33.798.342	(33.798.342)	133.040.160	(133.040.160)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	33.798.342	(33.798.342)	133.040.160	(133.040.160)
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	617.861	(617.861)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	617.861	(617.861)	-	-
Total (3 + 6 + 9)	84.722.799	(84.722.799)	133.040.160	(133.040.160)

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.3.1) Foreign currency risk management

	31 December 2015			
	Profit / Loss		Equity	
	Foreign currency appreciation	Foreign currency devaluation	Foreign currency appreciation	Foreign currency devaluation
Increase in value of US Dollar against TRY by 10%				
1 - US Dollars net assets / liabilities	68.236.038	(68.236.038)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	68.236.038	(68.236.038)	-	-
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	2.915.576	(2.915.576)	107.445.317	(107.445.317)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	2.915.576	(2.915.576)	107.445.317	(107.445.317)
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	166.487	(166.487)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	166.487	(166.487)	-	-
Total (3 + 6 + 9)	71.318.101	(71.318.101)	107.445.317	(107.445.317)

(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 floating rate borrowings. Based on the current balance sheet composition and analysis calculated by the Group, if the interest rates of TRY were increased / decreased by 1% and foreign currency interest rates were increased / decreased 0,25% with the assumption of keeping all other variables constant, the net profit / loss for the period before taxation and minority interest would decrease / increase by TRY 284.821 as of 31 December 2016 (31 December 2015: TRY 317.066).

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(b.3.2) Interest rate risk management

Interest rate sensitivity

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

	31 December 2016			
	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets	-	1.480.940.978	50.756.104	1.531.697.082
Cash and cash equivalents	-	920.713.230	50.713.190	971.426.420
Financial Investments	-	107.778.850	-	107.778.850
Available for sale financial assets	-	-	42.914	42.914
Trade receivables	-	307.110.111	-	307.110.111
Receivables from related parties	-	140.901.583	-	140.901.583
Other receivables	-	4.437.204	-	4.437.204
Financial Liabilities	113.900.968	518.213.789	18.651	632.133.408
Bank borrowings	113.900.968	2.829.383	18.651	116.749.002
Financial liabilities to related parties	-	176.216.260	-	176.216.260
Trade payables	-	161.103.182	-	161.103.182
Payables due to related parties	-	166.209.380	-	166.209.380
Other payables	-	11.855.584	-	11.855.584

	31 December 2015			
	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets	-	1.193.892.429	23.377.703	1.217.270.132
Cash and cash equivalents	-	834.772.602	23.334.789	858.107.391
Financial Investments	-	812.340	-	812.340
Available for sale financial assets	-	-	42.914	42.914
Trade receivables	-	252.793.015	-	252.793.015
Receivables from related parties	-	94.719.743	-	94.719.743
Other receivables	-	10.794.729	-	10.794.729
Financial Liabilities	126.813.028	447.132.432	11.280	573.956.740
Bank borrowings	126.813.028	35.376.149	11.280	162.200.457
Financial liabilities to related parties	-	145.293.574	-	145.293.574
Trade payables	-	162.843.927	-	162.843.927
Payables due to related parties	-	97.429.159	-	97.429.159
Other payables	-	6.189.623	-	6.189.623

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

38. Nature and Level of Risks Derived from Financial Instruments

(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 presented below is determined based on the equity price risks as of the reporting date. At the date of reporting, if the equity prices were increased / decreased by 10% with the assumption of keeping all other variables constant:

- As long as equity investments are classified as available for sale assets and neither to be disposed nor impaired, net profit/loss would not be affected as of 31 December 2016.

39. Fair Value of Financial Instruments and Hedge Accounting

Categories of Financial Instruments

31 December 2016	Financial assets and liabilities valued with effective interest rate method	Loans and receivables	Available for sale financial assets	Financial assets and liabilities designated as at fair value through profit or loss	Carrying value	Note
Financial assets	1.079.205.270	448.011.694	42.914	-	1.527.259.878	
Cash and cash equivalents	971.426.420	-	-	-	971.426.420	6
Trade receivables	-	307.110.111	-	-	307.110.111	10
Receivables from related parties	-	140.901.583	-	-	140.901.583	37
Financial investments	107.778.850	-	42.914	-	107.821.764	7
Financial liabilities	620.277.824	-	-	-	620.277.824	
Bank borrowings	292.965.262	-	-	-	292.965.262	8
Trade payables	161.103.182	-	-	-	161.103.182	10
Payables due to related parties	166.209.380	-	-	-	166.209.380	37

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

39. Fair Value of Financial Instruments and Hedge Accounting

31 December 2015	Financial assets and liabilities valued with effective interest rate method	Loans and receivables	Available for sale financial assets	Financial assets and liabilities designated as at fair value through profit or loss	Carrying value	Note
Financial assets	858.919.731	347.512.758	42.914	-	1.206.475.403	
Cash and cash equivalents	858.107.391	-	-	-	858.107.391	6
Trade receivables	-	252.793.015	-	-	252.793.015	10
Receivables from related parties	-	94.719.743	-	-	94.719.743	37
Financial investments	812.340	-	42.914	-	855.254	7
Financial liabilities	567.767.117	-	-	-	567.767.117	
Bank borrowings	307.494.031	-	-	-	307.494.031	8
Trade Payables	162.843.927	-	-	-	162.843.927	10
Payables due to related parties	97.429.159	-	-	-	97.429.159	37

Fair Value of Financial Instruments

The fair value of financial assets and liabilities are determined as follows:

- Category 1: Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.
- Category 2: Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.
- Category 3: Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

Financial assets	Financial assets at fair value as of reporting date			
	31 December 2016	Category 1	Category 2	Category 3
Financial assets available for sale	42.914	-	-	42.914
Total	42.914	-	-	42.914
Financial assets	Financial assets at fair value as of reporting date			
	31 December 2015	Category 1	Category 2	Category 3
Financial assets available for sale	42.914	-	-	42.914
Total	42.914	-	-	42.914

Soda Sanayii A.Ş.

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2016

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

40. Events after the Balance Sheet Date

The Company has decided in Board of Directors meeting held on 17 January 2017, to establish a new company for fibre glass that 100% shared will be held by the Group. The establishment of the subsidiary named "Şişecam Elyaf Sanayii A.Ş." of which paid in capital is 5.000.0000 Turkish Lira, was registered on 31 January 2017.

In 24 February 2017, it has been decided by the Board of Directors that the upper limit of the registered capital of 1.000.000.000 Turkish Lira will be revised to 2.500.000.000 Turkish Lira. Regarding to the changes in 6th article in Articles of Association -namely "Capital"-, it has been applied to Capital Markets Boards, Energy Market Regulatory of Turkey and Ministry of Customs and Trade in order to receive required permissions following by the revision. It has been decided to present the matter to the shareholders for consent in very first Board of Directors meeting. Applications has been made to the Capital Markets Board of Turkey and Energy Market Regulatory of Turkey on 27 February 2017 and been approved by the CMB on 2 March 2017.

41. Other Issues that Significantly Affect the Financial Statements or Other Issues Required for a Clearer Understanding of Financial Statements

Approval of Financial Statements

The Group's consolidated financial statements as of 31 December 2016 prepared in accordance with the Capital Markets Board's numbered Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the financial reporting standards endorsed by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Finance Director of Chemicals Group's, Umut Barış Dönmez, and the Budget and Controlling Manager, Melek Bala Zaimoğlu and approved for the public announcement by the Board of Directors on 6 March 2017.

SODA SANAYİİ A.Ş.

PROFIT DISTRIBUTION OF 2016

Dear Shareholders,

The company has generated with net profit amount of TRY 575.805.383 in 2016.

Net profit amounting to TRY 575.805.383 that is disclosed in consolidated balance sheet as at 31 December 2016 which has been prepared in accordance with Capital Markets Board Communiqué Series II - 14.1 regarding the "Procedures of Financial Reporting in Capital Markets", has been distinguished in accordance with profit distribution regulations of the Capital Markets Board and the article of 28 of articles of association and the principles of the "Policy of Dividend Distribution" which is published by our company as follows;

1. Net Profit of the period	575.805.383,00
2. First Legal Reserve	(23.714.076,22)
3. The amount Included into the Special Fund pursuant to the 5/1-e article of the Corporate Tax Law	-
4. Distributable net profit for the period	552.091.306,78
5. Donations in the year	324.422,34
6. Distributable net profit for the period that added donations of the first proportion of dividend	552.415.729,12
7. First proportion of dividend to shareholders	
- Cash	200.000.000,00
- Bonus Share	77.000.000,00
Total Dividend	277.000.000,00
8. Second Legal Reserve	(16.250.000,00)
9. Extraordinary Legal Reserve	258.841.306,78

Distributing of TRY 200 million gross dividend as cash which is corresponding rate 26,6666% of the capital, distributing of 77 million as bonus share which is corresponding rate 10,2666% of the capital; paying the net amount to our shareholders who are subject to withholding tax after deduction of income withholding tax from the cash dividend; determining of the cash dividend payment date as 30 May 2017 and dividend distribution as bonus share would be done after the legal process finalised.

Submit for your approval and opinions.

Best Regards,



PROF. DR. AHMET KIRMAN
Chairman

SODA SANAYİİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

SECTION I – STATEMENT OF COMPLIANCE CORPORATE GOVERNANCE PRINCIPLES

This statement defines the below mentioned responsibilities of Soda Sanayii Anonim Şirketi (the “Company”) for the handling of relations with shareholders, stakeholders, public disclosure and transparency, and for determination of the duties, powers and responsibilities of the Board of Directors, and of the committees and executives reporting thereto, within the frame of the Corporate Governance Principles stipulated by the Capital Markets Board of Turkey (CMB) Communiqué Serial: II-17.1 on Corporate Governance that went into force upon its publication in the Official Gazette issue 28871 dated 03 January 2014.

Incorporated in 1969 as a member of the Şişecam Group and a Türkiye İş Bankası subsidiary, Soda Sanayii A.S. is engaged in the soda ash and chromium chemicals sectors. Soda Sanayii supplies soda chemicals to various industrial sectors at home and abroad, including glass, textiles, detergent, chemicals, and food and feed industries, which Soda produces at its Soda Plant in Mersin and procures from Solvay Sodi, its associate in Bulgaria.

Şişecam Bulgaria Ltd., our sales company established in Bulgaria, ships the soda chemicals procured from Solvay Sodi to abroad base of customers located in and out of Bulgaria.

A substantial portion of the soda chemicals produced at Şişecam Soda Lukavac d.o.o., our subsidiary incorporated in Bosnia&Herzegovina, is exported.

As a most important producer of chromium chemicals, Soda Sanayii supplies the major industrial sectors at home and abroad, including leather, wood preservation, chemicals and paper with basic chromium sulphate, chromic acid, sodium sulphide and sodium sulfhydrate produced at the Kromsan Plant in Mersin, and purchased from the Italy-based Cromital S.p.A., in which it has acquired ownership share in 2005 to become the outright owner at the end of 2011. The Company ranks among the world’s top 10 and Europe’s top four largest suppliers in the soda ash sector, and it is leader producer in the field of chromium chemicals. In line with the position it enjoys, Soda Sanayii has built its management concept on the principles of equality, transparency, accountability and responsibility. This concept is best exhibited in the Company’s position established as one of the select producers in its field of activity in Europe and in the world, by virtue of the current magnitude of its business, the degree of its specialization, and its highly competitive operations.

The Company attaches great importance to continued productivity increase and cost reduction, and attains these targets with the support of modernization and R&D investments.

Displaying a high level of sensitivity with respect to environmental and occupational health, Soda Sanayii carries out its initiatives in these topics in accordance with Responsible Care, a voluntary initiative implemented by the chemicals industries in developed countries.

Modern governance and industrial operation principles, high level of institutionalization, market-orientation and R&D focus, growth, productivity increase, and product and service quality, which have brought the Company to its current position, also make up the pillars of the future’s stronger Soda Sanayii A.S. The Company pays the utmost attention to achieve compliance with the Capital Market Board (CMB) regulations in its corporate governance practices. The principles, which are appended to the Communiqué on Corporate Governance and with which full compliance could not yet be achieved in the fiscal year ended 31 December 2016, have not led to any conflict of interests among the stakeholders to date. Explanations regarding those Corporate Governance Principles covered in the appendix to the Corporate Governance Communiqué, which are non-compulsory for the Company, are provided in the related sections of the report for the year ended 31 December 2016. Specific activities carried out during the reporting period for achieving compliance with the Corporate Governance Principles are summarized below.

- 1) The Company has announced publicly the dividend payment dates and capital increase history of last five years in Turkish and English on the web site.
- 2) Any losses which might arise due to consequence of mistakes made by board of directors are insured by Anadolu Anonim Turk Sigorta within the scope of Director Liability Insurance.
- 3) The scope and content of the Company’s corporate website were expanded so as to increase the efficiency of shareholders’ and stakeholders’ access to information. Accordingly, the corporate website features investor presentations, investor calendar, frequently asked questions, and similar information and explanations, which may affect the exercise of shareholder rights, in an up-to-date manner for shareholders. During 2016, all related party transactions and transaction principles were collectively presented to the Board of Directors. There were no related party transactions or material transactions that needed to be put to the vote at the General Assembly by reason of the withdrawal of approval by independent members.

The Company’s 2016 Corporate Governance Principles Compliance Report was prepared in the format specified in the CMB resolution no. 2/35 published in the Weekly Bulletin no.2014/2 dated 27 January 2014, and presented under separate headings herein below.

SECTION II. STAKEHOLDERS

2.1. Investor Relations Department

In order to fulfil the obligations arising from the capital market legislation within the frame of the regulatory rules and to more effectively pursue the activities along that line, a centralized approach has been embraced, and the Parent Company created an organization accordingly.

All requirements and responsibilities of Soda Sanayii A.Ş. in accordance with the Turkish Commercial Code and capital markets board legislation have been fulfilled with the supervision, guidance, and coordination of the "Investor Relations Department" which falls within the area of responsibility of Financial Affairs Group Director Mustafa Görkem Elverici in line with the corporate governance principles of the CMB. In this context, in accordance with CMB II- 17.1 No. Corporate Governance Communiqué of Article 11, Asuman Durak, Department Manager who holds advance level Capital Markets Activities Licence and Umut Barış Dönmez, financial director were assigned as responsible parties, and this assignment was disclosed to the public through the PDP on 23 March 2016.

The investor relations department plays an active role in protection of shareholding rights and in facilitating the use of those rights, particularly the right to a debriefing and the right to analyse. The main activities conducted within this scope are summarized as follows:

- Keeps the records of the correspondence between the investors and the Company, and other information and documents in a sound, safe and up-to-date manner.
- Responds to written information requests about the Company received from the shareholders;
- Ensures that the General Assembly meetings are held in accordance with applicable legislation, articles of association and other internal guidelines;
- Prepares the documents that may be beneficial for shareholders at the General Assembly meetings;
- Supervises the fulfilment of obligations arising from the Capital Market Legislation, including all aspects of corporate governance and public disclosure.

The Department submits a periodic report to the Board of Directors, which covers the Department's activities during the reporting period, investor feedback and opinions that may be deemed important, and brokerage firms' comments and assessments about the Company.

One-on-one meetings and teleconferences are held with the analysts and fund managers of domestic and foreign brokerage firms and asset management companies at the Company's head office, and the information requests received by the Department are responded to. To request information, shareholders can directly contact the Investor Relations Department employees, or send an email to the Department's email address or use the contact form available on the website. Records of written and oral information requests, and of the responses thereto, are regularly kept by the Investor Relations Department.

Information and disclosures, which are of a nature to affect the exercise of shareholding rights, are made available for shareholders in an up-to-date manner on the corporate website.

2016 activities aimed at providing detailed information on the Company's activities and operations to investors are summarized below.

- During 2016 the Company participated in conferences regarding shares and bond investors organized by Bank of America Merrill Lynch (Miami), Citi (Frankfurt), BGC (London), Bank of America Merrill Lynch (London& New York), Ak Yatırım (Istanbul), BNP Paribas (London), HSBC (London), Goldman SACHS (London), İş Investment (America&Europe) and Raiffesen (London). The meetings were held with above 300 investors in total, including investor meetings held in our Company Headquarters.
- In March and August 2016 teleconferences were held via webcast with investors and analysts to evaluate the financial results for the year end of 2015 and the first half of 2016.

In addition to the contact persons of the Investor Relations Department, Bala Zaimoğlu, Budget and Financial Control Manager reporting to the Financial Affairs Department, and Ahmet Bayraktaroğlu, Accounting Manager, can also be assigned to the Investor Relations Department as and when necessary.

2.2. Exercise of the Shareholders' Right to Information

Shareholders are not discriminated against when exercising their right to obtain and review information. Each shareholder has the right to obtain and review information. The Articles of Association contains no provisions restricting the right to receive information. During 2016, written and verbal information requests from investors and shareholders were responded to in accordance with capital markets legislation, CMB regulations, and resolutions, and related information and documents, except for confidential information or trade secrets were, conveyed to investors and shareholders as required by the equality principles.

Within the framework of applicable legislation, the Company's corporate website is used effectively to broaden the shareholders' right to information and to facilitate proper exercise thereof. Within this scope, information and documents stipulated by the Corporate Governance Principles and regulatory authorities are made available in Turkish and in English for shareholders on the Company's corporate website accessible at www.sisecamkimyasallar.com.

The Company's Articles of Association do not stipulate the request for the appointment of a special auditor as an individual right as yet. No request for the appointment of a special auditor was received during the reporting period.

2.3. General Assembly Meeting

The announcement of a general assembly meeting is made through the Public Disclosure Platform (KAP), the Electronic General Assembly System (EGKS), the corporate website of the Company, and the Turkish Trade Registry Gazette at least three weeks before the meeting in order to reach the maximum number of shareholders. In addition, before the general assembly meeting, "information documents" regarding agenda items are prepared and announced to the public. All announcements and notifications required by the Turkish Commercial Code (TCC), capital markets legislation, CMB regulations and decisions, and the Company's Articles of Association.

The announcements clearly specify the date and time of the meeting, the exact meeting venue so as to avoid any ambiguity, meeting agenda, the body issuing the invitation to the meeting, and the address where the annual report, financial statements, and other general assembly meeting documents can be examined. In this context, the annual report, financial reports, other documents forming the basis for agenda items, and the profit distribution proposal were made available for review from the date of promulgation of the meeting announcement in various environments guaranteeing easy access to shareholders, including the Company head office and the electronic environment.

In addition to those, the following were posted in a manner to draw the attention under the "Informational Documents" section of the "General Assembly Announcements and Documents" under the "Investor Relations" heading on the Company's corporate website at www.sisecamkimyasallar.com.

- a. The total number of shares and voting rights reflecting the Company's shareholding structure as of the date of disclosure, privileged share groups within Company capital, voting rights, and the nature of privileges,
- b. Information that no material changes occurred in the management and/or activities of the Company and its subsidiaries in the previous fiscal year, nor are they planned for the upcoming fiscal period, which may have a material impact upon the Company's operations,
- c. Grounds for dismissal and replacement of Board Members, along with the nominees' résumés, posts held in the last decade, the nature and significance of their relationships with the Company and its related parties, whether they qualify as independent members, and information on similar matters.

When preparing the general assembly agenda, care is taken to assign a separate heading to each motion, and to express agenda items clearly in a manner that will not result in any misinterpretations. Words like "other" and "various", etc. are avoided.

When preparing the agenda, the Board of Directors takes into consideration the topics that shareholders communicated in writing to the Company's Investor Relations Department, which they wish to be incorporated in the agenda. No such requests were received during the reporting period.

The utmost attention is paid to hold General Assembly meetings without leading to inequality among the shareholders and to organize the meetings so as to make sure that shareholders can participate at the lowest possible cost. Within this context, the time of a general assembly meeting is determined by considering traffic, transportation, and similar external factors. Electronic general assembly meeting is considered as an option that can increase the ability of shareholders to participate in these meetings.

During the General Assembly meeting, the chairman takes care to make sure that the topics covered in the agenda are addressed in an unbiased and detailed manner, they are presented clearly and comprehensibly, and the shareholders are given the opportunity to voice their opinions and ask their questions under equal conditions. The shareholders' questions during a general assembly meeting, which are not trade secrets, are directly responded to during the course of the meeting. If the question is irrelevant to the agenda or is too comprehensive to be answered forthwith,

the query will be responded to in writing as soon as possible by the Investor Relations Department. During the Ordinary General Assembly convened in 2016, however, no questions were raised.

In the event that shareholders having management control, members of the Board of Directors, executives with administrative responsibility and/or their spouses or relatives by blood or marriage unto the second degree carry out a material transaction that might lead to a conflict of interest with the Company or its subsidiaries, and/or perform a transaction on their own or other's behalf which falls within the scope of the commercial activity of the Company or its subsidiaries, or become a partner with unlimited liability in another company dealing with the same kind of commercial activity, such transactions are included in the agenda as a separate item for presentation of detailed information at the General Assembly, and are recorded in the minutes of the General Assembly meeting.

Activities that the members of the Board of Directors perform within the scope of Articles 395 and 396 of the Turkish Commercial Code are presented for the information of the General Assembly.

Members of the Board of Directors, other relevant individuals, officials who were responsible for preparing the financial statements, and auditors attend the General Assembly in order to provide necessary information on specific matters covered in the agenda and to answer questions.

If there is a significant change in the management and operation of the company, public disclosure is made within the frame of the legislation.

Due to Zeynep Hansu Uçar's, member of the Company's Board of Directors, resignation as of 4 August 2016, in this context that change was disclosed on the PDP in line with the applicable legislation on 5 August 2016.

The Company's articles of association were amended in compliance with corporate governance principles with respect to significant transactions and related party transactions defined in the corporate governance principles of the CMB and providing guarantees, pledges, and mortgage in favour of third parties.

Within this context, during the reporting period;

In the Board of Directors' meeting held on 30 June 2016, Şişecam Soda Lukavac, one of the subsidiaries which operates in Bosna Hercegovina borrowed a loan from IFC amount of USD 10 Million. The Company decided to stand guarantor as joint and several responsibility with Türkiye Şişe ve Cam Fabrikaları A.Ş. As of 31 December 2016 amount of USD 2,1 Million is used.

At the last Ordinary General Assembly meeting, Shareholders were informed of donations made during the reporting period, and the upper limit of donations for the upcoming period was approved. In the Ordinary General Assembly meeting held on 23 March 2016, ceiling amount decided as TRY 1.975.000. In 2015, amount of TRY 61.977 donations were made.

General Assembly meetings are open to the public, including the media. Our General Assembly meetings are held under the supervision of a representative from the Ministry, who is assigned by the Ministry of Customs and Trade. The General Assembly meeting minutes, which are posted on the Company's corporate website, are also made available for review by shareholders at the

Company's head office. During the reporting period, information on related party transactions and on guarantees, pledges and mortgages provided in favour of third parties is provided at the General Assembly under a dedicated agenda item. The Ordinary General Assembly meeting for 2015 was held on 23 March 2016 with a quorum of 80,47%.

In the announcements and declarations regarding General Assembly meetings, the following information is provided;

- a) The agenda, place, date, and time of the General Assembly, and sample proxy form and the principles for the wording of the proxy form for those shareholders who will be represented by proxy;
- b) The information that the general assembly meetings will be held in a physical and electronic environment, and that in the case of electronic general meetings, proxies will be assigned, suggestions will be made, opinions will be expressed, and votes will be cast via the Electronic General Meeting System (e-GEM) provided by the Central Registry Agency (MKK), and that right holders wishing to participate in the general assembly in person or by proxy in the electronic environment shall make their preferences known in accordance with the principles of e-GEM;
- c) The information that shareholders wishing to participate in the physical general assembly must present their identities or proxy forms, as the case may be, if they wish to exercise their rights in relation to their shares registered in the "Shareholders List" with the Central Registry Agency (MKK) system in person or via their proxies;
- d) That the annual report, including financial statements, independent audit reports, the profit distribution proposal of the Board of Directors, and the former and new versions of the amended Articles of Association, if applicable, will be made available for examination by the shareholders at the Company head office and on the corporate website at least three weeks in advance of the General Assembly date.

2.4. Voting Rights and Rights of Non-controlling Interests

There are no privileges stated in the Company's Articles of Association regarding the exercise of voting rights. In accordance with the Articles of Association, each share is entitled to one vote. If cross ownerships is associated with a controlling relationship, the corporations in such cross ownership may not exercise their voting right in the General Assembly meetings of the corporations in which they have cross ownership, unless a compulsory situation arises, such as ensuring a quorum.

Soda Sanayii A.Ş. does not have treasury shares.

The Company avoids practices that complicate the exercise of the voting right, and all shareholders, including those who reside abroad, are given the opportunity to exercise their voting rights conveniently and easily.

The utmost care is taken to make sure that minority rights are exercised. However, the Articles of Association do not grant minority rights to those holding less than one twentieth of the capital, and the Company adopted the same ratios that are stipulated in the legislation for publicly-held companies. There are no findings indicating that there is a conflict between the interests of the blockholder and those of the Company.

2.5. Dividend Right

The Company has in place a specific, consistent "Dividend Distribution Policy" determined by considering the Turkish Commercial Code, the Capital Markets Board Law, tax laws and other legislation governing the Company, as well as the Articles of Association. This policy has been submitted to the approval of shareholders at the General Assembly, incorporated in the annual report and publicly disclosed on the corporate website.

The Company's profit distribution policy contains the minimum information that is clear enough to give investors an insight into the distribution principles and procedures for the Company's future profit. The profit distribution policy, the full text of which is provided herein below, observes a balanced policy between the interests of the shareholders and those of the Company.

The Profit Distribution Policy is as follows;

The dividend distribution policy of the Company has been determined considering the Turkish Commercial Code, the Capital Markets Board Law, tax laws, other legislation the company is subject to, and the provisions of the Articles of Association.

Accordingly;

- a) The Company has determined that a minimum of 50% of its distributable net profit for each period, calculated at year end within the framework of the legislation on capital markets and other relevant legislation, is distributed in cash and/or in the form of bonus shares; the Shareholders' Ordinary General Assembly may resolve on a distribution which differs from the targeted percentage, taking into consideration matters such as economic conditions, investment plans, and cash position.
- b) The Board of Directors' profit distribution proposals, which also contain the details stipulated in the arrangements pertaining to the Capital Markets Board and in the corporate governance principles, are, within the relevant statutory periods of time, disclosed to the public through the Public Disclosure Platform, the Company's website, and activity reports.
- c) Cash dividends, which shall be distributed depending on the resolutions taken at the General Assembly, are paid on the dates decided upon at the General Assembly; the transactions, which are relevant to the dividends that shall be distributed in the form of bonus shares, are completed within the statutory periods of time stipulated in the arrangements pertaining to the Capital Markets Board.
- d) Within the framework of the profit distribution policy the dividends are equally distributed among all the shares existing at the date of distribution, regardless of issuance and acquisition dates.
- e) If the Board of Directors proposes against distribution of profits to the General Assembly, the grounds for this proposal and information on how the undistributed profits shall be utilized are announced to the shareholders at General Assembly meetings.
- f) The profit distribution policy observes a balance between the interests of the shareholders and the interests of the Company.
- g) There are no privileged shares in terms of acquisition of shares from the profit.
- h) The Articles of Association do not contain any provisions governing founder's shares or payment of dividends to the members of the Board of Directors or to employees;

- i) In accordance with the articles of association, the Board of Directors can distribute profit advances, provided this is authorized by the General Assembly and complies with the Capital Markets Law and regulations of the Capital Markets Board regarding this subject; the profit advance distribution authority, which is granted by the General Assembly to the Board of Directors, is limited to the related year.

In 2016, dividends amounting to (240+90=) TRY 330 million have been distributed, of which TRY 240 million were cash and TRY 90 million were bonus shares.

2.6. Transfer of Shares

Neither the Articles of Association of the Company nor any decisions adopted at the General Shareholders' meeting contain any provisions that impede the transfer of shares which are publicly traded.

SECTION III. PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company's Website and Its Contents

The corporate website, www.sisecamkimiyasallar.com, is actively used as suggested by the corporate governance principles of the CMB in order to be in continuous contact with its shareholders and to maintain the company's relationships with its shareholders more effectively. The information on this website is constantly updated by the investor relations department. The company's corporate website has the same content with explanations within the framework of the provisions of the related regulations and there is not any conflicting or missing information on the site.

On the Company's corporate website www.sisecamkimiyasallar.com, which is available in Turkish and English, mandatory information is disclosed pursuant to the legislation. The following is included on the corporate website: segment information, information about products, annual and interim reports, financial statements, corporate governance compliance reports, the Articles of Association, trade register information, information about the latest shareholder and management structures, publicly disclosed material information, periodical financial statements, annual reports, prospectuses and circulars and other public disclosure documents, agendas from the general assembly meetings and lists of the participants and minutes for the general assembly meeting, a form for proxy voting at the general assembly meeting, the donation policy, the remuneration policy, the dividend distribution policy, the ethical rules of the company, frequently asked questions and the responses. Information on these topics can be accessed on the website for at least the last five years.

The shareholding structure of the Company, specifying the names of the real person shareholders holding more than 5% share after the elimination of indirect and cross-shareholding relationships, and the ratio and amount of shares are disclosed on the Company's corporate website and are updated quarterly.

Türkiye Şişe ve Cam Fabrikaları A.Ş. holds 60,65% of the issued shares of the company, amounting to TRY 750.000.000 as of 31 December 2016.

Türkiye Şişe ve Cam Fabrikaları A.Ş. is the controlling shareholder and as of the date of this report there are individual shareholders who hold more than 5% of the company's shares within its capital structure.

3.2. Annual Report

The annual report is prepared in order to provide complete and accurate information regarding the activities of the company to the public. The annual report for 2016 has been prepared based on the third clause of Article 516 of the Turkish Trade Act and Article 518 of the same act, in accordance with the minimum content specified in Article 8 of the "Communique of Principles Regarding Financial Reporting in Capital Market" of the Capital Market Board and the provisions of the "Regulations Regarding the Determination of Minimum Contents of Annual Activity Reports of the Companies" by the Ministry of Customs and Trade and the annual report has been independently audited.

The annual report contains the following information;

- The period covered by the report, the title of the company, trade registry number, contact information,
- The names of the chairman and the members of the board as well as committees and upper management,
- The sectors in which the company and its subsidiaries operate and information on its positions in these sectors,
- Information about the company's functional units, general explanations related to their activities and performance and yearly developments,
- Progress on investments, the eligibility and status of government incentives,
- The changes to the Articles of Association in the current period,
- The Corporate Governance Principles Compliance Report,
- Information on related party transactions,
- Other relevant and beneficial information that is not included in the financial statements,
- The company's organizational, capital and ownership structure and any changes made in the related accounting period,
- Information on all benefits provided to staff and the number of personnel,
- Information about the fact that no board members were involved in any transactions with the company on their own behalf or on someone else's behalf within the framework of permission granted by the General Shareholders' meeting along with their activities within the scope of restraint of trade,
- The dividend distribution policy,
- Basic ratios that explain the company's financial position, profitability and solvency, and,
- The Company's financing resources and risk management policies.

In addition to the matters specified in the legislation, information on the following matters is included in the annual reports;

- External positions held by Board members and executives and the declaration of independence of the relevant Board members,
- The members of the committees set up under the Board of Directors, their operating principles including meeting frequencies and activities carried out,
- The number of Board meetings held during the year and the attendance of Board members to these meetings,
- Any changes to legislation which could significantly affect the Company's operations,
- Any major lawsuits brought against the Company and their possible outcomes, and,
- The benefits provided to employees, professional training opportunities for employees, and corporate social responsibility initiatives pertaining to the Company activities that give rise to environmental and social consequences.

SECTION IV. STAKEHOLDERS

4.1. Informing the Stakeholders

The Company recognizes the rights of stakeholders which were established by law or through any other mutual agreement. In case the rights of the stakeholders are not regulated by the relevant legislation or protected by contracts, the Company protects the interest of stakeholders under good faith principles and within the capabilities of the Company. Effective and expeditious compensation is provided in case of a violation of rights.

Stakeholders are adequately informed on the protection of their rights, and the Company's relevant policies and procedures, through various tools including the corporate website.

The Company's corporate governance practices are structured to allow its stakeholders including its employees to report their concerns about any illegal or unethical transaction to the management.

The employees can report any act that is illegal and/or are unethical to the Audit Committee and the Internal Audit Department. A dedicated telephone line was set up for reporting ethical issues, which stakeholders can use to communicate any transaction that they deem to be contradictory to the laws or the Company's ethical values to the Audit Committee, which is formed of independent Board members. Such complaints can also be emailed to "etik@sisecam.com".

Şişecam has created the framework for a compensation policy, though not a very detailed one, and has disclosed it to the public on the corporate web site.

In order to increase communication with the employees, two in-house periodicals, the "Şişecam Group Periodical" and the "Technical Bulletin" are published. In addition, subjects that are followed by the public are broadcasted on the "Corporate TV". On the portal, which is available for in-house employees, instruction manuals and announcements regarding policies, procedures, instructions and systems that are in effect are submitted for the information of the employees.

4.2. Stakeholders' Participation in the Company Management

Principles which are embraced to allow for the participation of Company employees in management, keeps all lines of communication open and eliminates all possible obstacles. Practices such as", message to the General Manager", "Communication Line and Email Address for Ethics" and "Idea Factory" are used to this end.

The Company maintains constant communication with its employees, pays attention to their needs and creates various platforms and mechanisms by which employees can convey their opinions and comments.

Internal meetings are held, which company employees attended when necessary. These meetings play a significant role in the decision-making process of senior management. Expectations and demands from all of the stakeholders involved with the company are addressed based on the code of ethics and are resolved through mutual communication.

Even though these models and their applications are not incorporated in the Articles of Association, they are included in the "Şişecam Constitution" prepared by the Company management.

4.3. Human Resources Policy

The Company's Human Resources Policy has been documented by the Parent Company. The bylaws and procedures prepared accordingly are posted on the internal portal for the information of the Company employees.

Recruitment and career planning are based on equality and transparency. These activities are carried out in line with the relevant provisions of the "Human Resources Systems Bylaws", and of the "Recognition Appreciation and Rewarding System". The recruitment Department works to attract new graduates and other professionals by actively using all existing recruiting methods and techniques and by organizing various communication activities at universities and other institutions.

The Company's Performance Management System runs in interaction with the vision, mission and strategies of the Group. The Balanced Scorecard System, launched by the Group in 2010, has been scaled down to personal targets, and the Success Based Performance Culture is being converted into Success-Based Corporate Culture. The foundation of the Performance Management System is to create value for the employee and to ensure that the value created by the employee serves the development and sustainability targets of the Company.

Expectations for the individual employee and the requirements of the organization are discussed by means of the Career Development Plan, a part of the Performance Management System, in the career committees that are held regularly each year. Moreover, strategic career maps as well as the Group-based career and succession plans are developed using data from the Performance Management System.

The Company aims to add the necessary human resources to its organization while preserving a high level of loyalty among current employees, as well as creating a positive, equal and competitive working environment. During 2016, there is no any complaint from employees including especially discrimination. Relations with employees are executed in the coordination of Human Resource Department.

The compensation management system of the Group takes into account variables such as the wages in the market, the existing compensation structure and payment ability, individual performance and job levels. Our compensation management systems are compatible with market conditions that reward steady, high performance with competitive compensation and benefits strategies. The compensation and benefits management takes into consideration the criteria of knowledge, skill and experience that is required by the job without any discrimination on religious, language, race etc.

All employees of the Company are offered;

- An up-to-date competitive salary package that rewards success,
- A flexible and sustainable benefits package based on the employee's needs and expectations,
- A social structure that provides a work-life balance,
- A productive and fostering working environment which leads to open communication, and,

- Deep-rooted and innovative development and career opportunities aimed at global leadership.

Training and development activities are carried out to prepare employees in Şişecam Group for new positions, to support the skills necessary for their positions, and to support professional competence and self-development needs.

At the end of 2015, training and development activities were restructured under Şişecam Academy to add new dimensions with innovative methods and investments. Şişecam Academy and Şişecam aim to contribute to corporate targets, improve human resources competency, and contribute considerably to corporate image and employee loyalty. These activities continued with enrichment in 2016.

The Leadership School and the Sales School were set up in 2015. The aim of the Sales School is to create a sales driven culture in Şişecam Group and the school is prepared to serve sales representatives. The programme reaches 450 group employees. The Leadership School was prepared based on Global Leadership Model competencies, declared in 2015, and its aim is to improve the management level's leadership and management competencies that will enable Şişecam to achieve its objectives. In 2016 activities continued with enrichment.

Internal Coaching Certificate Programme aiming to transferring of information from seniors to juniors. In this content it is aiming to provide training for employees from seniors which are given by external firms to seniors.

During 2016, employees who received monthly salaries received 31,6 hours of training and those who received hourly salaries received 20,7 hours of training.

Coordination meetings are held with the Petrol-İş Union organized at our Company's workplaces with respect to the implementing collective bargaining agreements, industrial relations and increasing productivity. Similarly, coordination activities are also carried out with the trade unions organized at the workplaces abroad.

Culture of occupational health and safety adapt to employees by projects which aiming to changing behaviour of employees. In this context every year painting contest is hold involving of family of blue collar employees traditionally.

All data regarding root cause analysis of accidents are collected in the tracking system of workplace accidents. "Şişecam workplace Accidents Report" is prepared yearly according to collected data in the system.

The system, which covers all workplaces and units, including the management and sales centres, ensures the tracking and control of workplace accidents in a systematic manner integrated with the SAP system. Another phase of the project, the DOF system (corrective/preventive action system) ensures proper rectification covering also the financial dimension of all failures which may cause a risk of workplace accidents, arising from OHSAS 18001, internal and external inspections, managerial reasons, in a systematic manner. The health and safety audits of the factory are carried out together with the Şişecam Internal Audit Department. The projects towards changing the attitudes to improve the Şişecam Occupational Health and Safety culture are carried out at the factories in Turkey and abroad.

4.4. Codes of Conduct and Social Responsibility

The Şişecam Group Code of Conduct formulated around the general principles of honesty, transparency, confidentiality, impartiality and compliance with laws based on the Parent Company's Board of Directors decision no. 49 and dated 20 July 2010 was put into effect. The Code introduced guiding principles that will steer the relationships of all Group employees with customers, suppliers, shareholders and other stakeholders. These guidelines were updated according to current needs based on the Board of Directors decision no. 33 dated 28 March 2013. The Code of Conduct is publicly disclosed on the corporate website of the Parent Company.

Soda Sanayii A.Ş. awards an Education Incentive Scholarship to its employees and their children who are studying. Within this scope, TRY 395.014 of scholarships were awarded in 2016.

It is known that sea turtles, an endangered species, have been using the coastal areas in Mersin for laying eggs for centuries. Within the scope of the "Kazanlı Shore Project, researching the population, observing and protection of sea turtles" has been continuing in collaboration with Mersin University ensuring to protect the endangered Caretta and Chelonia mydas sea turtles and their nests since 2007. The aims of the event were to raise awareness about this issue among local people and to enable endangered sea turtles to contribute to ecotourism and socio-cultural and socio-economic life, while ensuring that endangered "Caretta" and "Chelonia mydas" turtle nests are protected under the "Kazanlı Project" by Soda Sanayii A.Ş. since 2007.

In 2016, as a result the project, the expected improvements in the total number of sea turtle nests continued to increase, a record number 1705. The aims of the event were to raise awareness about this issue among local people and to enable endangered sea turtles to contribute to ecotourism and socio-cultural and socio-economic life, while ensuring that endangered "Caretta" and "Chelonia mydas" turtle nests are protected under the "Kazanlı Project" by Soda Sanayii A.Ş. since 2007.

In 19 May 2016, the Kazanlı Shore Spring Cleaning event was organised by Soda Sanayii A.Ş. in collaboration with Mersin University to protect the endangered Caretta and Chelonia mydas sea turtles and their nests. At the event, in which 500 people participated and which was carried out with the participation of employee families, the sea turtles' living spaces were cleaned.

In addition to that, Soda Sanayii A.Ş has social responsibility facilities about forestation and sportive activities such as sailing too.

SECTION V. BOARD OF DIRECTORS

5.1. Structure and Constitution of the Board of Directors

Through its strategic decisions, the Board of Directors observes the Company's long-term interests on the basis of rational and cautious approach to risk management, while maintaining an optimum balance between the Company's risk exposure, growth and return, and administers and represents the Company based on these principles.

The Board of Directors has defined the Company's strategic goals and identified the needs in human and financial resources, and controls management's performance. The Board also oversees

that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

The Board of Directors has been formed in order to allow the Board members to work productively and constructively, to make quick and rational decisions and with the purpose of setting up committees and allowing those to organize their operations effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is the one who is not involved in ordinary operations and daily workflows of the Company and is not responsible for any other administrative role apart from the membership in Board of Directors. Most of the members of Board of Directors consist of non-executive members. Tahsin Burhan Ergene, the President of the Chemicals Group and Umut Barış Dönmez, Director of Financial Affair participates in the Board of Directors as an executive member. The Chairman of the Board of Directors and the General Manager are not the same person. In accordance with the criteria set by the Capital Market Board's Corporate Governance Principals, there exist two independent members in the Board of Directors.

Independent members have been determined in accordance with procedures anticipated in the corporate governance principles

on 25 February 2016 and proposed to Board of Directors at the same date. In the Board of Directors meeting held on 25 February 2016, due to termination of independent and non-independent members' duty terms as of 23 March 2016. Board of Directors have been selected for a year. Since the one-year duty terms of the members of Board of Directors cease to exist in the ordinary general assembly meeting to be held on 28 March 2017, the board members will be elected in the aforementioned Ordinary General Assembly meeting.

In this context, independent members have identified according to corporate governance compliance anticipated process on 16 January 2017 and presented to Board of Directors at the same date. In the Board of Directors meeting on 16 January 2017 relating to selection of independent members there is not found any discrepancy with CMB paper published on 30 January 2017 no. 29833736-110.99-E.1171

The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows.

STATEMENT OF INDEPENDENCE

Soda Sanayii A.Ş.

To the Board of Directors

I hereby declare that I, as a member of the Board of Directors of Soda Sanayii A.Ş., still satisfy the "Independent Board Member" requirements set out in the Capital Market Law, communiqué, resolution and other regulations of the Capital Markets Board of Turkey, as well as the Articles of Association of your Company; that I will forthwith notify any circumstance that compromises my independence to the Board of Directors, together with the grounds therefor, to be disclosed on the Public Disclosure Platform, and that I will concurrently notify the same in writing to the Capital Markets Board of Turkey, and that I will act in line with the decision of your Board of Directors and comply with the requirements set out in Article 4.3.8 of the Corporate Governance Principles.

Yours faithfully,



ÜZEYİR BAYSAL

06.03.2017

STATEMENT OF INDEPENDENCE

Soda Sanayii A.Ş.

To the Board of Directors

I hereby declare that I, as a member of the Board of Directors of Soda Sanayii A.Ş., still satisfy the "Independent Board Member" requirements set out in the Capital Market Law, communiqué, resolution and other regulations of the Capital Markets Board of Turkey, as well as the Articles of Association of your Company; that I will forthwith notify any circumstance that compromises my independence to the Board of Directors, together with the grounds therefor, to be disclosed on the Public Disclosure Platform, and that I will concurrently notify the same in writing to the Capital Markets Board of Turkey, and that I will act in line with the decision of your Board of Directors and comply with the requirements set out in Article 4.3.8 of the Corporate Governance Principles.

Yours faithfully,



PROF. DR. HALİL ERCÜMENT ERDEM

06.03.2017

Subsequent to General Assembly meetings, in which the members of Board of Directors are elected, Chairman and vice President of Board of Directors have been determined with the purpose of making decision on segregation of duties. As stated in the table below, there exists 2 executive and 3 non-executive members of the Board of Directors.

In accordance with Turkish Commercial Code Law no 395 and 396, the approvals with respect to participation of Chairman and members of the Board of Directors in the Company's area of activity, either in person or on behalf of others and their engagement to partnership of the companies operating in similar activities is given by the General Assembly.

The member of Board of Directors can express their opinion freely, without any influence. In accordance with Corporate Governance Principles, there is a female member in the Company's Board of Director, Zeynep Hansu Uçar resigned on 04.08.2016. On the other hand, there is neither a target rate nor a target period defined but limited to the fact that the rate of female members of the board shall not be fewer than 25% and there has been no defined policy in order to meet those targets yet.

The Company has subsidiaries and associates. Considering the fact that the involvement of members of Board of Directors in the management of these companies is for the interests of the Group, their responsibilities out of the Company are not limited and the out-of-company responsibilities of board members are explained below.

Name & Surname	Title	As-is Out of Group Responsibilities
Prof. Dr. Ahmet Kirman	Chairman	Anadolu Cam San. A.Ş., Paşabahçe Cam San.ve Tic. A.Ş., Trakya Cam San. A.Ş., Paşabahçe Mağazaları A.Ş., Trakya Glass Bulgaria EAD., Trakya Cam Investment B.V., Trakya Investment B.V., Fritz Holding GmbH., Anadolu Cam Investment B.V., OOO Ruscam Glass., OOO Ruscam Glass Packaging Holding, OOO Ruscam Management Company., Balsand B.V., TRSG Autoglass Holding B.V., Şişecam Chem Investment B.V., SC Glass Trading B.V., Paşabahçe Investment B.V., Şişecam Çevre Sistemleri A.Ş., OOO Posuda, AC Glass Holding B.V. Chairman of Board of Directors, Türkiye Şişe ve Cam Fabrikaları A.Ş., Vice Chairman of Board of Directors-General Manager.
Tahsin Burhan Ergene	Vice Chairman	Oxyvit Kimya Sanayii ve Ticaret A.Ş., Cromital S.p.A., Şişecam Soda Lukavac d.o.o., Şişecam Shanghai Trading CO. Ltd. Chairman of Board of Directors, Solvay Şişecam Holding A.G. Vice Chairman of Board of Directors, Solvay Sodi A.D., Şişecam Chem Investment B.V. member of Board of Directors.
Umut Barış Dönmez	Member	Cam Elyaf Sanayii A.Ş., Camiş Madencilik A.Ş., Madencilik Sanayii ve Ticaret A.Ş., Şişecam Shanghai Trading CO. Ltd. Şişecam Soda Lukavac d.o.o, Rudnik Krechnjaka Vijenac d.o.o., Şişecam Chem Investment B.V member of Board of Directors, Şişecam Bulgaria Ltd. Company responsible.
Prof. Dr. Halil Ercüment Erdem	Member	Anadolu Cam Sanayii A.Ş. and Paşabahçe Cam Sanayii A.Ş. Independent member of Board of Directors. Anadolu Cam Sanayii A.Ş. member of Committee which is responsible from Audit, Chairman of Corporate Governance Committee and Early Risk Identification System Committee, Erdem-Erdem Ortak Law office and Erdem-Erdem Danışmanlık A.Ş.co-founder, Galatasaray University academic member, CMA-CGM and Yılport Holding A.Ş. Member of Independent Board of Director, Co-Chairman of International Chamber of Commerce and International Commercial Applications Committee.
Üzeyir Baysal	Member	Şeker Leasing Independent Board of Directors and member of Audit Committee, Denizli Cam member of Board of Directors.

5.2. Fundamentals of Activities of Board of Directors

The Board of Directors elects a chairman and vice-president subsequent to each general assembly meeting. The Board of Directors makes a new election for the chairman and/or vice-president when they cease to have their roles for any reason. The vice President leads the Board of Directors when the Chairman does not participate. If the vice President does not participate neither, any member of the board who is elected by the board itself temporarily leads the meeting of Board of Directors. The date and agenda of the meeting of Board of Directors are determined by the Chairman. The vice President is responsible for these duties when the Chairman does not participate in the meeting. The Board of Directors organizes the meetings as necessary with respect to the transactions of the Company. However, a meeting once a month is required.

The number of decisions made by the Board of Directors during the period is 41 and the decisions are made at the consensus of the available members. There has not been any opponent member of the board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are considered in making Board of Directors' meeting.

The information and documents related to topics included in the Board meeting agenda are made available for review by Board members allowing sufficient amount of time before the meeting and ensuring equal availability of information. The members of the Board of Directors can make suggestion for changes in the agenda to Chairman, before the meeting. The opinion of any member who does not participate in the meeting and expresses his opinion to Board of Directors in written is presented to the other members. Each member of the board has a voting right in the Board of Directors.

At Board meetings, topics included in the agenda are discussed openly, addressing all relevant aspects. Participation rate of members of the board of Directors to the Board of Directors meeting is 95,9% in 2016. The Chairman makes his best effort to ensure the effective participation of non-executive members in the meetings of Board of Directors. The reasonable and detailed reasons of opponent votes related to opposed agenda items by the members of the Board of Directors. The reasons for the opposite opinions are declared publicly in detailed. However, there is no such publicly announcement in the year 2016 since there exists no such opinion was declared.

The meetings of Board of Directors are generally held at head office of the Company and the significant minutes of Board of Directors are announced to public via PDP and the minutes announced to public are also published in the Company's corporate website.

The powers and responsibilities of the members of the Board of Directors are clearly set out in the Articles of Association. The powers are exercised in accordance with the principles specified in the internal guidelines, which were drawn up in accordance with the Board of Directors decision no. 59 dated 21 November 2014 pursuant to Articles 367 and 371 of the Turkish Commercial Code, registered on 28 November 2014, and promulgated on 04 December 2014. The Board of Directors plays a leading role in ensuring effective communication between the Company and the shareholders, in settlement of disputes and in reaching a solution and with this purpose, the Board of Directors is in a close collaboration with the Department of Investor Relationships.

5.3. The Number, Structure and Independence of the Committees Constituted in the Board of Directors

For effective duty and responsibility performance of the Board of Directors, "Corporate Governance Committee", "Early Risk Identification System and Committee and the "Audit Committee have been constituted in accordance with the Corporate Governance Principles. The assigned positions, working principles and members of these committees were determined in the Administrative Board Meeting and disclosed to the public on the same day.

Audit Committee members are selected from the independent members of the Board. The chairman of the Corporate Governance and Early Risk Identification System and Committee are independent Board members. The Corporate Governance Committee, the Early Risk Identification System and Committee and the Audit Committee consist of four and two members, respectively.

The Chairman of the Board of Directors and General Manager do not participate in the committee. There exists no executive member in the committees except for the manager of the "Department of Investor Relations" participating in the Corporate Governance Committee, in accordance with corporate governance principles. A member of the Board of Directors, who is independent, does not have any responsibility in two committees, simultaneously.

The committees are provided with necessary support and resources in order to accomplish their tasks by the Board of Directors. The committees can invite any manager to their meetings and ask for his ideas when necessary.

The frequency of meeting of the committees is sufficient and is documented in written and recorded. The reports including information concerning their activities and minutes of meetings are presented to the Board of Directors.

Being responsible for the Company's accounting system, the independent audit and issue of financial information to public and the observation of internal control and process and effectiveness of internal audit system, the Audit Committee is also responsible for determining the methods and principles of the review and resolution of complaints related the company's accounting and internal control and its independent audit and assessment of feedbacks of the company's employees related to the accounting and independent audit issues within the framework of a confidentiality. It declares its findings related to its tasks, responsibilities, related assessments, and suggestions to Board of Directors in written. It also declares its assessments related to the consistency of annual and interim financial statements to be issued publicly with the company's accounting policies in terms of fair presentation and accuracy by the use of consultation from the Company's responsible managers and independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The details related to the activities of the Audit Committee and the minutes of meetings have been disclosed in the annual report. The Audit Committee held 4 meeting in 2016. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The Corporate Governance Committee determines whether the corporate governance principles are applied properly within the company and if not, detects the conflicts of interests due to in compliance with these principles and provides the Board of Directors with improving suggestions related to corporate governance applications. Additionally, it traces the activities of "Investor Relations Department. The Corporate Governance Committee held 5 meeting in 2016.

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the activities of Corporate Governance Committee. The candidacy proposals for independent memberships of the Board of Directors are evaluated by considering the fact whether they possess the requirements of independence of related legislation and these evaluations are reported.

The setting-up of a transparent system for the determination, evaluation and training of appropriate candidates for the memberships of Board of Directors and definition of related policies and strategies and performance of regular evaluations for the effectiveness and structure of Board of Directors and providing Board of Directors with the suggestions concerning the necessary changes are determined as the duties of the committee.

The wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and the members of Board of Directors was defined and announced to public in the corporate website.

Early Risk Identification System and Committee performs activities related to early identification of the risks concerning the company's going concern and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. Early Risk Identification System and Committee held 8 meeting in 2016.

Board of Directors were informed about all the declarations regarding the meetings of the Audit Committee, the Early Risk Identification System and Committee and the Corporate Governance Committee, considering the procedures.

Due to the fact that all members of Audit Committee and chairman of other committees and two members of Board of Directors are required to be independent, in accordance with Corporate Governance Principles, it has required a member of Board of Directors to be involved in more than one committee.

The Audit Committee;

Chairman Üzeyir Baysal (Independent), Prof. Dr. Halil Ercüment Erdem (Independent).

The Corporate Governance Committee;

Chairman Prof. Dr. Halil Ercüment Erdem (Independent), Üzeyir Baysal (Independent), Umur Barış Dönmez and Asuman Durak.

Early Risk Identification System and Committee;

Chairman Üzeyir Baysal (Independent), Prof. Dr. Halil Ercüment Erdem (Independent)

5.4. Risk Management and Internal Control System

Financial crisis and effects are still being felt today, intense international conflicts of interest, security problems triggered by geopolitical factors, technological developments which are also called fourth industry revolution, changes to business models resulting from digitalisation, and dramatic results of climate change caused different political, economic, and environmental risks globally compared to those of the past.

The fact that global risks started affecting people, companies, and states in new and unusual ways changed perspectives on risks around the world. The importance of risk management as a discipline increased considerably. In parallel with these developments, the efficiency of risk management and internal audit processes were reviewed in 2016 and these two functions, which form important elements of corporate governance, were closely managed. The Group continues its audit activities at a risk-based perspective and evaluates the available and potential risks proactively, under this structure.

Risk Management and internal audit activities at the Şişecam Group have been structured under the Parent Company. These activities have been carried out under the Parent Company's Board of Director and in coordination with our Group Presidency. The Early Risk Identification System and Committee, the Audit Committee and the Corporate Governance Committee that are formed in the Company have been reporting the outcomes of periodical and planned meetings to the Board of Directors in compliance with the legislation.

During the activities carried out with the aim of establishing a corporate structure, ensuring assurance to shareholders, protecting tangible and intangible assets, resources and environments of the Group, minimizing losses from uncertainty and having the maximum benefit from potential opportunities, relationship between the internal audit and risk management functions is maintained at the maximum level and is directed toward the goal of supporting decision-making processes and increasing management efficiency.

Risk Management in the Company:

Risk management activities in Soda Sanayii A.Ş. are executed fundamentally on the corporate risk management principles and a comprehensive and proactive approach is maintained. The group focused on increasing the efficiency of risk management processes, and invested in human resources and technology in 2016, with the aim of increasing the risk security it provides to stakeholders in a sharply competitive internal and external environment which is a result of the conditions above, and also with the aim of efficiently managing the uncertainties lead by global developments. Accordingly, the risk management function, which has been managed centrally for years, was revisited so as to focus on micro and local risks. Technological support in the form of an integrated risk management platform named "MicroSCOPE, which will help effect the changes necessary due to this new focus, was provided.

The activities of the risk management function, which was organised within the Parent Company, are carried out in accordance with legal requirements. As in previous years, we coordinated with Risk Management presidencies, which manage the group's main business fields, to manage the risks which were determined, prioritised, and included in an action plan in line with risk appetite. Reporting which enables the process to be followed up properly is performed in line with regulations.

Internal Audit in the Company:

In Şişecam Group, internal audit activities has been structured in the Parent Company's constitution. The aim of the internal audit functions which is keep going by the Parent Company is to provide a healthy development for the Group Companies, to create unity in practice, to ensure that the operations are in line with both internal and external regulations and to ensure that correctional measures are taken timely. In accordance with the aforementioned purpose, for both domestic and abroad establishments of the Group; audit procedures are carried out.

Audit work is done according to the periodical audit programs which are approved by the Board of Directors. When creating audit programs; risk management studies are utilized, in other words "risk-based audit" exercises are applied.

5.5. Strategic Goals of the Company

The process of definition of strategic goals of the Company and the evaluation and review of these strategic goals are initiated with the clarification of the set of Vision/Mission and Values by the Board of Directors.

Şişecam Board of Directors has put forward the objective of the Group for year 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 the global soda sector and; it also aims to maintain its leading position in all product groups in chromium 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 phase following the analysis, 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 business fields. Thus, the route map of the activities are created. Each strategy, defined in the map, is associated with a performance indicator, the level of success, which this indicator is desired to be reached, required projects for this activity and an organizational structure.

The Corporate Performance Program is utilized to measure and monitor the implementation success of the strategy. The program gives a chance to evaluate performance with main monitoring meetings four times a year. In order to degrade the performance from corporate level to employee-level, Individual Performance Management System is associated with the Strategic Plan.

5.6. Fiscal Rights

As indicated in the Articles of Association; rights, benefits and wages that are procured to the Members of the Board of Directors are established by the General Assembly. The monthly wages of the Members of the Board of Directors are determined and declared to the public in Ordinary General Assembly Meeting of year 2015 which was held at 23 March, 2016.

Wage policy principles for the high level executives of the Company are stated in written form in the Ordinary General Assembly Meeting for Shareholders which was held at April 10, 2013 and are declared to the Shareholders of the company and posted to the website of the Company.

The Company's senior executives do not receive any payments directly indexed to turnover, profitability or other key indicators, which can be technically considered as a premium. In addition to cash payments including salaries, bonuses, and fringe benefits, the Company's senior executives are paid a sum under the name bonus payment once a year, which is based on various criteria including the nature and risk level of the Company's operations, the magnitude of the structure that is administered and conducted, and the sector in which the Company is engaged, and is either increased, or kept unchanged, as the case may be, in view of various indicators such as inflation, overall salary increases and the rise in the Company's profitability. Furthermore, company cars are provided to the Company's senior executives as part of intangible benefits.

Within this scope, total payments made to the members of the Board of Directors and senior executives within the frame of the remuneration policy are disclosed in the notes to the financial statements. Non-disclosure of the benefits provided on the basis of individuals has not led to a conflict of interests.

The Company does not lend any money or extend credit to the Board members and executives, does not grant any personal loans through a third party, or furnish any collateral such as guarantee in their favour.

SODA SANAYİİ A.Ş.

SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY AGENDA FOR 2016

1. Election of the Presiding Board and authorization of the Presiding Board to sign the General Assembly meeting minutes,
2. Reading out the Board of Directors' Activity Report regarding the Company's 2016 operations, and the summary of the Independent Auditor's Report,
3. Examination, deliberation and ratification of the balance sheet and income statements for 2016,
4. Acquittal of the Members of the Board of Directors,
5. Election of the Members of the Board of Directors,
6. Determination of the remuneration to be paid to the Members of the Board of Directors,
7. Authorizing the Board of Directors Members pursuant to Articles 395 and 396 of the Turkish Commercial Code (TCC),
8. Decision on the distribution manner and timing of 2016 profit,
9. Decision on changing identified in attachment of amendment draft on condition that take necessary permissions from Capital Market Board, Energy Market Regulatory Board and T.C. Ministry of Customs and Trade.
10. Decision on the designation of the independent audit firm pursuant to the Turkish Commercial Code (TCC) and the CMB regulations,
11. Provision of information to shareholders regarding the donations made during the reporting period and determination of the upper limit of donations to be made in 2017,
12. Provision of information to shareholders regarding guarantees, pledges and mortgages provided in favour of third parties.

SODA SANAYİİ A.Ş.

ARTICLE OF ASSOCIATION

AMENDMENT DRAFT

Old Text **CAPITAL** **Article 6:**

The Company has accepted the registered capital system in accordance with the provisions of the Law numbered 6392 and started to apply this system with the consent of the Capital Market Board dated 5.4.2001 and numbered 17-428.

The Company's registered capital ceiling is 1.000.000.000 Turkish Liras divided into 100.000.000.000 shares each with 1 (one) Kuruş of nominal value. The Company's issued capital is 750.000.000 Turkish liras and each of these amounts was divided into 75.000.000.000 shares, each with 1 kuruş nominal value, to the bearer. The 750.000.000 Turkish liras representing the issued capital was completely paid and fulfilled.

The shares constituting the capital are tracked through recording within the framework of the principles of dematerialization.

The registered capital ceiling permission given by the Capital Market Board is valid for the years of 2012-2016 (5 years). Even if it will have failed to reach the permitted registered capital ceiling at the end of 2016; for the Board of Directors to resolve to increase the capital after 2016; for a previously permitted or a new ceiling amount, authorization must be received from the General Assembly through the consent of the Capital Market Board. In the event that such authorization is not received, the Company cannot increase the capital by the resolution of Board of Directors.

In case of necessity the capital of the Company shall be increased or decreased in accordance with Turkish Commercial Code and Capital Market regulations.

Board of Directors, in case of necessity, has authority to increase the capital by issuing new shares up to the registered capital ceiling in accordance with Capital Market Law, also has authority to decide on issuing shares under the nominal or Premium value and to limit the rights of shareholders to acquire new shares. Authorization to limit the right of acquiring new shares for the shareholders shall not be used in a way to cause inequality among the shareholders.

New Text **CAPITAL** **Article 6:**

The Company has accepted the registered capital system in accordance with the provisions of the Law numbered 6392 and started to apply this system with the consent of the Capital Market Board dated 5.4.2001 and numbered 17-428.

The Company's registered capital ceiling is 2.500.000.000 Turkish Liras divided into 250.000.000.000 shares each with 1 (one) Kuruş of nominal value. The Company's issued capital is 750.000.000 Turkish liras and each of these amounts was divided into 75.000.000.000 shares, each with 1 kuruş nominal value, to the bearer. The 750.000.000 Turkish liras representing the issued capital was completely paid and fulfilled.

The shares constituting the capital are tracked through recording within the framework of the principles of dematerialization.

The registered capital ceiling permission given by the Capital Market Board is valid for the years of 2017-2021 (5 years). Even if it will have failed to reach the permitted registered capital ceiling at the end of 2021; for the Board of Directors to resolve to increase the capital after 2021; for a previously permitted or a new ceiling amount, authorization must be received from the General Assembly through the consent of the Capital Market Board. In the event that such authorization is not received, the Company cannot increase the capital by the resolution of Board of Directors.

In case of necessity the capital of the Company shall be increased or decreased in accordance with Turkish Commercial Code and Capital Market regulations.

Board of Directors, in case of necessity, has authority to increase the capital by issuing new shares up to the registered capital ceiling in accordance with Capital Market Law, also has authority to decide on issuing shares under the nominal or Premium value and to limit the rights of shareholders to acquire new shares. Authorization to limit the right of acquiring new shares for the shareholders shall not be used in a way to cause inequality among the shareholders.

CAPITAL INCREASE, AMENDMENTS ON THE ARTICLES OF ASSOCIATION, AND PROFIT DISTRIBUTION AND OTHER ISSUES IN THE PERIOD

It has been decided at the Company's 23 March 2016 dated Shareholders Ordinary General Assembly meeting to distribute TRY 240.000.000 worth gross dividend, corresponding to 36,36363% of the current issued capital, in cash; and TRY 90.000.000 worth dividend correspond to 13,63636% in bonus shares, determining of the cash dividend payment date as 29 April 2016 and to distribute bonus shares within the legal period stipulated in the Capital Markets Board regulations. Dividend distribution has been started on 29 April 2016 and completed on 3 May 2016.

At the company's Board of Directors' 25 May 2016 dated meeting, it has been decided to raise the Company's issued capital of TRY 750.000.000 within current TRY 1.000.000.000 registered capital limit to TRY 660.000.000, and to meet TRY 90.000.000 portion of the raise from 2015 dividend, the capital increase permit has been issued at the Capital Markets Boards' 24.06.2016 dated an 20/681 no board meeting and the capital increase transactions and capital increase related Articles of Association amendment has been registered on 14 July 2016, and share distribution has been completed on 18 July 2016.

Due to the capital increase which is made during the period, necessary amendments have been made in the capital article of the Articles of Association.

Other Subjects

The conclusion section of the "Affiliation Report"

All transactions made with the holding company and its subsidiaries have been performed in line with the provisions of the distinguish profit distribution through transfer pricing regulation in 2016 and the abovementioned transactions did not cause any loss compensation issue in 2016.

Legal Basis of Annual Activity Report

Annual Activity Report of the Company for the year 2016, has been issued in line with third sub-article of the Article 516 of the Turkish Commercial Code, provisions of the "Regulations regarding Determination of Minimum Content of Annual Activity Report of Companies" that is prepared by Ministry of Customs and Trade as per the Article 518 of said code and provisions of the "Communique of Principles Regarding Financial Reporting in Capital Market" of the Capital Market Board.

Preparation Principles of Annual Activity Report

Annual Activity Report presents the flow of work and transactions to the year 2016, financial position at all points fairly, right, reliably and the way that observe the company's rights and advantages. Misleading exaggerated and contrary to fact statements is not included.

Annual Activity Report is prepared that shareholders access for all detailed information about operations of the company completely.

Approval of Annual Activity Report

Annual Activity Report of the Company for the year 2016 has been approved by signing by members of the Board of Directors on 6 March 2017.

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH



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

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Soda Sanayii A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2016.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué, whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 6 March 2017 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.

Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of Soda Sanayii A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Group to continue its operations for the foreseeable future.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

GÖKHAN YÜKSEL, SMMM
Partner

Istanbul, 6 March 2017

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