EXECUTION OF EXCELLENCE

SODA SANAYİİ A.Ş. 2017 ANNUAL REPORT

The 4th largest soda producer in Europe and 10th in the world, Şişecam Chemicals is the world's leading chromium chemicals manufacturer.

STRONG PERFORMANCE

While we reinforce our strong position globally, we continue to welcome the opportunities in alternative markets.

We impact a wide range of sectors with our advancements, demonstrate excellence with our continuous improvement approach and create value for our stakeholders with our strong performance. All the while, we make our reputable brand widely known - from America to the Far East - with our product and service quality.

SODA SANAYİİ A.Ş. IN BRIEF

Established in 1969 to produce soda, one of the main raw materials used in the glass industry, Soda Sanayii A.Ş. is the foundation of Şişecam Chemicals which represents one of the four main businesses of Şişecam Group. Chemicals produced at the Soda Plant in Mersin and the Kromsan Chromium Compounds Plant which joined the Group in 1982, are used as the main inputs for various products other than glass, ranging from detergents to chemicals, leather products to pharmaceuticals.

Soda Sanayii A.Ş. became partners with Bulgarian soda manufacturer Sodi, privatized in 1997, through a joint venture with the Belgian company Solvay and the European Bank for Reconstruction and Development (EBRD), which later left the partnership. Soda Sanayii A.Ş increased its shares to 25% in the following years. A 50% partnership with the Italian Cromital in 2005, producing chromium chemicals, was followed by the acquisition of the entire company in 2011. With Şişecam Shanghai Trading, established as a representative office in 2000 and incorporated in 2002, the company increased its effectiveness in the chromium segment of the Far Eastern markets.

Soda Sanayii acquired the Lukavac Soda Plant in Bosnia&Herzegovina in 2006 and increased the plant's capacity to 560 thousand tons after significant capital investments. Oxyvit, a Vitamin K3 and sodium metabisulphite production plant established in 1996 in partnership with the Italian Cheminvest BV, has been fully acquired by Soda Sanayii A.Ş in 2017.

The Company is Europe's 4th and world's 10th largest soda producer with a total production of 2.3 million tons in its Mersin and Bosna plants together with the production joint venture Solvay Sodi in Bulgaria. Producing chromium chemicals at Kromsan Chromium Compounds Plant in Turkey and the Cromital S.p.A in Italy, Soda Sanayii maintains its position as the leader in the industry.

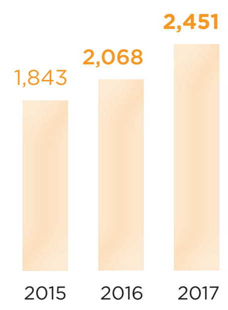
In addition to its core businesses which are soda and chromium chemicals, the Company also produces electricity, Vitamin K3 derivatives, and sodium metabisulphite in four countries. Soda Sanayii operates in compliance with the management systems of environment, health and occupational safety under the voluntary program, "Responsible Care" that is specially developed for the chemical industry. Continuously investing in the area of environmental improvement on the basis of the sustainable development strategy, the Company sold 1.1 billion kWh of electricity in 2017, while meeting its own energy requirements through an in-house energy generation centre.

FINANCIAL INDICATORS

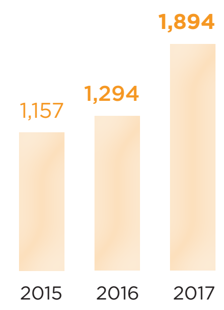
	2016		2017	
Financial Indicators	**(TRY M)**	**(USD M)**	**(TRY M)**	**(USD M)**
Total Assets	3,317	943	3,881	1,029
Equity	2,603	740	3,192	846
Sales	2,068	685	2,451	673
Gross Profit	673	223	854	234
Earnings before Interest and Taxes (EBIT)	531	176	643	177
Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	629	208	779	214
Profit for the Period	577	191	662	182
Net Financial Liabilities	(731)	(208)	(1,039)	(276)

Financial Ratios	**2016**	**2017**
Working Assets/Short-term Liabilities	3.82	4.30
Equity/Total Equity and Liabilities	78%	82%
Net Financial Liabilities, (-) Receivables/Equity	(28%)	(33%)
Net Financial Liabilities, (-) Receivables/Equity and Liabilities	(22%)	(27%)
Gross Profit/Sales Revenue	33%	35%
EBITDA/Sales Revenue	30%	32%
EBIT/Sales Revenue	26%	26%
Net Financial Liabilities/EBITDA	(1.16)	(1.33)

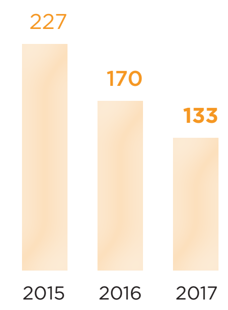
Sales Revenue
(TRY M)



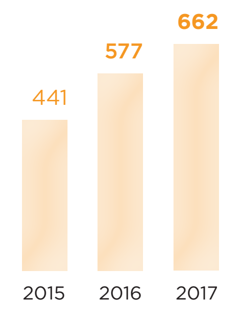
International Sales
(TRY M)



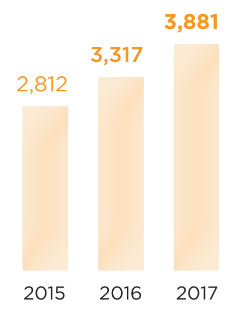
Investments
(TRY M)



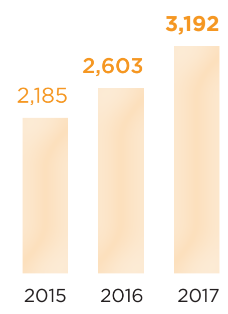
Profit for the Period
(TRY M)



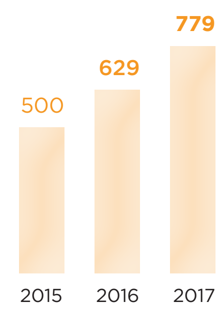
Total Assets
(TRY M)



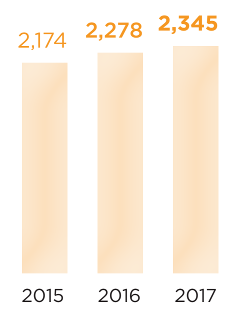
Equity
(TRY M)



EBITDA
(TRY M)



Soda Production
(000 TON)



Number of Employees

PRODUCTION FACILITIES

2.3 Million Tons of Soda Production
128 Thousand Tons of Basic Chromium Sulphate Production Capacity
4 Production Countries (Turkey, Bulgaria, Bosnia&Herzegovina, Italy)


Turkey
Soda Manufacturing Plant - Mersin


Turkey
Kromsan Chromium Compounds Plant - Mersin


Turkey
OxyvitKimya - Mersin


Bulgaria
Solvay Sodi AD


Bosnia&Herzegovina
Şişecam Soda Lukavac d.o.o.


Italy
Cromital S.p.A.

BOARD OF DIRECTORS

PROF. DR. AHMET KIRMAN / *Chairman*
(59) Dr. Ahmet Kırman graduated from Ankara University, Faculty of Law. He went on to obtain his Master's degree in EU Competition Law and Ph.D. in Commercial Law from the same institution, becoming Associate Professor and then Professor of Financial Law. Dr. Kırman 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. Dr. Kırman started his professional career in 1981 as a judge for the Council of State. Subsequently, 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., and Petrol Ofisi A.Ş., and Board Member at several other major companies including Anadolu Sigorta A.Ş. Dr. Kırman has been the Chairman and Managing Director of Türkiye Şişe ve Cam Fabrikaları A.Ş. between the years 2006 and 2011, and Vice Chairman and CEO of Şişecam Group since 2011. Dr. Kırman 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. He has served on the Board of Directors at ICC Turkish National Committee, BTHE and IAV. In addition, Dr. Kırman was a member of TEPAV's Board of Trustees and Board of Directors and the Turkish Shooting and Hunting Federation's Board of Directors and Council of Legal Affairs. Dr. Kırman is author of 12 books along with numerous scholarly articles and invited speaker at numerous scientific as well as business meetings.

TAHSİN BURHAN ERGENE / *President, Chemicals Group*
(52) Tahsin Burhan Ergene graduated with a Bachelor's degree in Mechanical Engineering from İstanbul Technical University, in 1989. He completed the International Management Certificate Program at İstanbul 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 resident of Şişecam Chemicals since January 2014.

UMUT BARIŞ DÖNMEZ / *Member*[1]
(41) 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.

CANAN MUTLU / *Member*[2]
(43) Canan Mutlu graduated with a Bachelor's degree in Mechanical Engineering from İstanbul Technical University in 1999. She obtained a Master's degree in Management from Istanbul Technical University, Social Sciences Institute in 2000. Ms. Mutlu has worked in the Subsidiaries Division of İşbank since 2001, and currently serves as the Subsidiaries Division Unit Manager. Since 2015, she has also served on the Board of Directors at Nemtaş Nemrut Liman İşletmeleri A.Ş., Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş., and Kültür Yayınları İş Türk A.Ş.

PROF. DR. HALİL ERCÜMENT ERDEM / *Independent Member*[3]
(56) Graduated from Dokuz Eylül University, Faculty of Law in 1984, Prof. Dr. H. Ercüment Erdem lectured in trade law and professional French, initially as a research assistant and then as an Associate Professor from 1984 to 1997, at Dokuz Eylül University, serving as lecturer and thesis supervisor in the postgraduate program at the same time. He completed postgraduate studies at Ankara University, Social Sciences Institute, Private Law, and doctorate studies at Fribourg University in Switzerland; in addition, he conducted research in American Law at Yale Law School. Since 1998, Dr. Erdem has provided consultancy services to domestic and foreign clients in various branches of private law, particularly Trade Law, at Erdem & Erdem Law Firm where he is a partner. He became an Associate Professor in Trade Law in 1997 and Professor in Trade Law in 2003. Between 1997 and 2011, he lectured in graduate, postgraduate and doctorate classes at Galatasaray University, Faculty of Law, initially as Associate Professor and then as Trade Law Professor. Prof. Dr. Erdem also took part in the administration of various postgraduate and doctorate theses. He still continues to lecture postgraduate and doctorate classes at Galatasaray University and lectures the master program at Fribourg University (Sweden).He has been a member of the Board of Directors at Yılport Holding A.Ş. since 2013. Prof. Dr. Erdem is the International Chamber of Trade International Trade Practices Commission's Co-Chairman, and Istanbul Bar Association member. He is a member of the International Chamber of Trade Arbitration Board, International Chamber of Trade Institution Council, International Bar Association, Banking and Trade Law Research Institute Supervisory Board and various professional organizations. Prof. Dr. Halil Ercüment Erdem has authored twelve books, 65 articles and four translations published on various dates.

ÜZEYİR BAYSAL / *Independent Member*[4]
(56) 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.*

Board Members were elected for a period of one (1) year at the Ordinary General Shareholders' Meeting on March 28, 2017; this was registered on April 4, 2017, and published on April 10, 2017, in issue number 9302 of the Trade Registry Gazette.

EXECUTIVES

Tahsin Burhan Ergene	Chemicals Group President
Hidayet Özdemir	Vice-President of Production
Cenk Nuri Soyer	Vice-President of Sales & Marketing
Umut Barış Dönmez	Finance Director
İmran Eroğul	Human Resources Director
Selma Akyol	Supply Chain Director
Mehmet Gürbüz(*)	Soda Sanayii A.Ş. General Manager
Sefa Özincegedik(**)	Şişecam Soda Lukavac d.o.o General Manager
Serdar Özer	Cromital SPA General Manager

(*) *Mr. Mehmet Gürbüz retired from the company effective January 02, 2018.*
(**) *As of 01.10.2017, Mr. Sefa Özincegedik has been appointed to replace Mr. Barış Can.*

CHAIRMAN'S MESSAGE

Continuing its powerful performance during the activity year of 2017, Soda Sanayii A.Ş. increased its consolidated sales by %19 and net profit by %15.

THE SUPPLY-DEMAND BALANCE OF SODA PRODUCTS SUSTAINED THEIR GLOBAL STABILITY IN 2017, WHILE VARYING REGIONALLY.

Dear Stakeholders,

As a global brand in soda and chromium chemicals, Soda Sanayii A.Ş continued to generate added value for all its stakeholders by achieving successful financial and operational results in 2017. The Company's success was to its advanced production technology, highly competent human resources, product and service quality, environment and society-oriented management approach. Our Company strengthened its powerful global position after achieving success in the face of challenging market conditions.

Despite the reviving trend in the global economy, the year 2017 has been a period of continuing economic, political, and geopolitical uncertainty for Turkey.

The growth in the global economy has performed moderately beyond expectations in the face of increasing global risks such as the monetary tightening of central banks, commercially protective approaches of countries, China's efforts to ease its debt burden, hot conflicts in the Middle East, governmental crises in the European Union countries, the rough course of Brexit and geopolitical tensions rooted in North Korea.

Soda Sanayii A.Ş showed a powerful performance in 2017 and increased its consolidated sales by 19% and net profit by 15% despite the increasing competition.

The supply and demand balance of soda products sustained their global stability while varying regionally. The increasing pressure of the Chinese Government on local producers regarding environmental regulations has interrupted and ceased production in facilities noncompliant to emission regulations. Despite its fluctuating course within the year, the most intense growth in demand for soda was in China with 7%, while 6% increase was observed in Russia's demand particularly due to the positive effects of the flat glass sector. In two of our company's most important export markets, Middle East and Central Europe, the sectoral growth was 4%.

One of the most important players in the global soda and chromium chemicals market, Soda Sanayii A.Ş. produced a total of 2.3 million tons of soda in its production facilities located in Turkey, Bosnia&Herzegovina and Bulgaria in 2017 through efficient operations at home and abroad in the face of challenging market conditions and an increasingly competitive environment. Our Company recorded a 23%-increase in soda segment sales revenues in TL compared to the previous year as an outcome of its powerful performance in 2017 with quality products and services, strong and sustainable customer relations, increasing market diversification and penetration in target markets. Among the top four largest soda producers in Europe and top ten in the world, the Company has made 78% of its consolidated soda sales in international markets.

For chromium chemicals, the demand-supply rates have become more balanced towards the end of the year compared to the previous periods with the impact of the boom in sectors including leather, wood preservation, pigment and metal plating which use chromium products as an input as well as the withdrawal of an important manufacturer after turning down one of its facilities for optimization. The leading chromium chemicals producer, our Company has increased its power in the sector to a greater extent and demonstrated a successful performance in 2017 with the help of the positive change in the markets and market diversification activities. And thanks to the synergy between our Kromsan Plant in Turkey's Mersin as well as the production plant in Italy and our effective sales structuring in China, our Company obtained 87% of its sales revenues from its chrome business through exports.

PROF. DR. AHMET KIRMAN
Chairman of the Board of Directors

CHAIRMAN'S MESSAGE

In 2017, a strategic decision was taken to invest in the field of glass fiber which is the fundamental input of Turkey's locomotive sectors, primarily being automotive and textile.

IN LINE WITH ITS SUSTAINIBILITY APPROACH, SODA SANAYİİ A.Ş. PRIORITIZES CREATING ADDED VALUE FOR FINANCIAL CONTINUITY, REDUCING ITS ENVIRONMENTAL FOOTPRINT AND CREATING PERMANENT VALUES FOR ITS STAKEHOLDERS.

In 2017 activity year, Soda Sanayii A.Ş. recorded 37 million US dollars in investment expenditures.

With its continuous development strategy, Soda Sanayii A.Ş. invested in strengthening its business performance and infrastructure in every field in 2017, as well.

Within the year, investments in salt fields continued in order to secure production at the Mersin Soda Plant by sustainable raw material procurement together with improvements in the logistical infrastructure in line with the rising competition. Energy and process efficiency studies were conducted in the Şişecam Lukavac Plant in Bosnia&Herzegovina while modernization investments continued with the focus of strengthening infrastructure.

A strategic investment decision was taken in 2017 to invest in the field of glass fiber which is the fundamental input of Turkey's locomotive sectors, primarily being automotive and textile. The Şişecam Glass Fiber Plant to be equipped with modern technology will commence its operations in Balıkesir with a low-cost production process and value-added product range when it is complete. It is considered a Strategic Investment by the Republic of Turkey, Ministry of Finance. This investment which will initially cost up to EUR 100 million is planned to begin within 2018.

In line with its sustainability approach embedded in the corporate strategy and operational processes, Soda Sanayii A.Ş. prioritizes creating added value for financial continuity, reducing its environmental footprint and creating permanent values for its stakeholders. Supporting the United Nations Sustainable Development Goals in line with the sustainability strategy of Şişecam Group, our Company reports its achievements resulting from determined footsteps to its stakeholders with sustainability reports.

While Soda Sanayii A.Ş has maintained its efforts for an effective cost management, energy efficiency, environmental protection and continuous development, it has also accelerated its Industry 4.0 activities predicated on the full integration of the industry and information technologies. Our Company focuses on operational excellence, simplification of processes and boosting energy efficiency; besides strengthening our position in the existing markets. We further intensify the activities to maintain our competitive superiority in the alternative markets my making use of the available opportunities.

On behalf of Soda Sanayii A.Ş., I would like to thank all our stakeholders and shareholders who supported us in accomplishing our goals in 2017; our suppliers and customers with whom we cooperated efficiently; and our employees, being our greatest power, who contributed to our success with their devotion.

PROF. DR. AHMET KIRMAN
Chairman of the Board of Directors

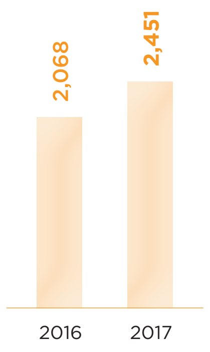
AN OVERVIEW OF 2017

Soda Sanayii A.Ş. maintains its powerful position in the global market with high quality products and services, market diversification, and successful performance in target markets.

THE 4TH LARGEST SODA MANUFACTURER IN EUROPE AND 10TH IN THE WORLD

RICH RAW MATERIAL RESOURCES, EFFICIENT ENERGY MANAGEMENT

Sales Revenue
Million TL



Soda Sanayii has demonstrated a strong performance with its quality products and services, market diversification and penetration in target markets despite the increasing competition rooted in economic and political uncertainties.

Developments in the soda sector
The supply and demand balance of soda products in 2017 sustained their global stability while varying regionally. Despite the fluctuation within the year, the highest growth in demand was in the world's largest soda market China with 7%. Russia is observed to follow this by 6% especially with the positive effects of the flat glass sector. Central Europe and Middle East, our important soda export markets, kept their consistent growth with a rate around 4%.

The increasing pressure of the Chinese Government on local producers due to environmental regulations has leaded the flow of soda trade to change its direction from the second half of the year onwards. After plants noncompliant to emission regulations suspended or ceased production, soda markets dependent on the import from China moved on with spot trades from other countries.

In 2017, overall demand in the glass industry, which constitutes 54% of the global soda demand, grew by 3.5%. In the second largest market for soda, the detergent sector, worldwide demand went up 1% despite certain regional differences.

While the course of the soda demand of the glass industry was already positive in 2017, it also benefited from increasing exports and exchange rates in the textile industry especially in the second part of the year. In the detergent industry, besides the growth in the domestic market, local producers supplied for the detergent needs of nearby countries experiencing production difficulties particularly due to the internal turmoil and this has considerably contributed to the increasing demands for soda and sulphate. The demand for sodium bicarbonate, the main input for the feed and food sectors, also increased in 2017, as border trade grew and Iran, Iraq and Syria directly purchasing from the Turkish market had a positive impact on the demand for the product.

Developments in the chromium chemicals sector
The chromium chemicals sector changed its course in the third quarter of the year after an important player decided to consolidate and optimize its production by shutting down one of its plants. A positive mobility was experienced in the markets after August; supply and demand became more balanced compared to previous periods and market prices moved upwards. While the price of sodium bichromate quickly increased, there had been a major increase in the price of the basic chromium sulphate, one of the most important inputs of the leather industry, as well. Following the consolidation in the market, the sales amount and price of the chromic acid rose especially in the last quarter.

The re-acceleration of leather exports to Russia, one of our main customer sectors, leads the leather production to increase significantly. Domestic basic chromium sulphate market demonstrated an evident growth compared to last year.

The firm rise in the chromite prices, a raw material of chromium chemicals, drew back to its ordinary levels in the mid-year and had a relatively stable course until the end of the year.

ACHIEVEMENTS IN 2017

LEADING MANUFACTURER IN CHROMIUM CHEMICALS

23% growth in soda sales revenue
The year 2017 was a successful year in terms of the soda products group, as the supply and demand was balanced across the world. 2.3 million tons of soda was produced in the Mersin and Bosnia&Herzegovina plants, together with the Solvay Sodi plant in Bulgaria, a joint venture for production. 23% growth in soda sales revenue in TL was achieved in comparison to previous year. Being the 4th largest soda manufacturer in Europe and among the first 10 companies among the world, Soda Sanayii made 78% of its sales in international markets.

Soda production plants of Soda Sanayii A.Ş. stand out when they are compared to their international competitors due to their rich raw material sources, efficient energy management, high quality production, high level operational productivity and logistical advantage originating from their locations close to ports.

Sustainable sales performance in the chromium products group
Sectors including leather, wood preservation, pigment and metal plating which use chromium products as an input, showed a booming tendency towards the end of the years. The sales amounts and market shares increased in the Asian and South American countries as a consequence of efficient marketing activities.

After performing highly in the chromium chemicals products group, Soda Sanayii A.Ş. reached its targeted amount of sales and revenues in all products within the range. Regarding basic chromium sulphate, besides market penetration increasing in South America, noticeable market shares were achieved in Central America, a new market with limited activities up until recently. In chromic acid, sales were improved in Asia and Far East after the Company received positive feedback from its past endeavours of intensifying marketing activities. Major sales growth in Europe for the sodium bichromate product was also achieved through strategic agreements signed in Europe. Strengthening its sales network and client relations in Asia to a greater extent, the Company contributed to the sodium bichromate sales in the region with a 50% growth. Soda Sanayii remains present in the European continent with its Chromium III products and continues to serve steadily to niche markets in which these products are in use.

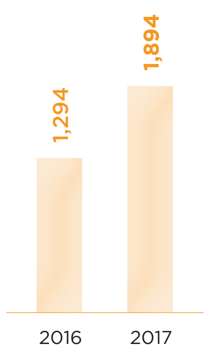
In 2017, Soda Sanayii increased its efficiency in domestic markets and elevated its market share in basic chrome sulphate by 3-4 points. Additionally, the Company, acting according to the targets of the Group in terms of fiscal discipline, gone through major improvements regarding collection periods.

With the Kromsan Plant in Mersin as the primary production base, production and sales structuring in Italy as well as the sales structuring in China, Soda Sanayii A.Ş. procured 87% of its sales revenue from export activities. Kromsan Chromium Compounds Plant with its advanced production technologies, capacity utilization, product development activities, continuous high-quality production, wide sales network and high environmental standards, maintained its leading position in its field during 2017, as well.

Execution of excellence in performance

AN OVERVIEW OF 2017

International Sales
Million TL



With its liquid and powdered basic chromium sulphate production and sales, Soda Sanayii A.Ş. maintains its position as the leader with its leather processing centre in Italy which is the largest in Europe under its corporation, Cromital S.p.A. The company also has a key position in Europe for chromium III chemicals, a product developed for the metal plating industry, as well as liquid chromic acid and liquid sodium bichromate. Being the only plant licensed to collect and recycle chromium filled waste waters of the metal plating sector, Cromital S.p.A contributes to the environment by utilizing the chrome which it recycles.

Highlights from 2017 investments
Soda Sanayii accelerated its efforts to enhance its business performance and infrastructure development with its continuous development strategy. The company shifted the focus of its investments to cost cutting and continued investing in modernization in order to increase its productivity, spending approximately 37 million US dollars for investments.

NEW GLASS FIBER PLANT INVESTMENT

Within the body of Soda Sanayii A.Ş., an investment was made in a new fiber glass plant to be equipped with modern technology, low-cost production process and a value-added product portfolio. The establishment of Şişecam Elyaf Sanayii A.Ş., all the shares of which belong to Soda Sanayii A.Ş., was completed in 2017 and the plant was set to start operating in the second half of 2018 in Balıkesir.

The Company continued investing in the salt fields throughout 2017 in order to maintain continuous raw material supply to its Mersin Soda Plant, and exerted effort to improve its logistical infrastructure in accordance with the competition. Furthermore, investments were also made to ensure efficient use of raw materials and improving capacity utilization; and various initiatives were taken reduce energy consumption.

Carrying out works on energy and process efficiency at the Soda Lukavac Plant in Bosnia&Herzegovina throughout the year, the Company also continued to invest in modernization efforts that are based on infrastructure development.

KEY EVENTS

In 2017, Soda Sanayii A.Ş. continued committing to the "Responsible Care" initiative, a voluntary program developed specially for the world's chemical industry. In addition to the management system practices, the Company leaded important activities with regard to communications and social responsibility.

These commitments included the maintenance/renovation of nearby elementary school buildings, special meals in social facilities and a zoo trip for children with disabilities, the Şişecam Inter-Corporate Backgammon Tournament, Inter-Corporate Volleyball Tournament in Mersin, 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.

Besides all of these, the Company held an event in Mersin in May 2017, within the scope of the project, "Research, Tracking, and Protection of the Mersin Province Kazanlı Beach Sea Turtle Population during the Spawning Season". Employees and their families participated in the event organized to clean up the natural habitat of sea turtles.

Soda Sanayii A.Ş. awarded six students who succeeded in the Project Festival organized at the Private Şişecam Vocational and Technical Anatolian High School built by the Şişecam Group in one of Mersin's Organized Industrial Zone. The Company also sponsored Mersin University's Science Festival in June. 3000 trees were planted in the 12^{th} Traditional Tree Planting Event. The annual environment-themed painting contest was also held this year again in May.

Soda Sanayii accelerated its efforts to enhance its business performance and infrastructure development with its continuous development strategy.

Execution of excellence in productivity

In 2017, 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. In the fair, Soda Sanayii A.Ş. presented its leading leather brands TANKROM® and Ecol-tan® to international participants.

In addition, Soda Sanayii A.Ş. attended the 4^{th} International Poultry Meat Congress and the Ordinary General Assembly of Turkish Feed Manufacturers Association (TFMA) to strengthen its ties with the leading companies of the industry, while creating new sales opportunities with young companies at the early stages of production.

Soda Sanayii A.Ş. gathered with suppliers and consumers at the World Soda Conference in Dubrovnik/Croatia on September 20-21, 2017.

Şişecam Chemicals has been the Chairman of the European Soda Producers Association (ESAPA) since 2016.

REACH

As a significant exporter of both soda and chromium products, Soda Sanayii A.Ş. continued in 2017 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.

As a continuation of the process of acquiring authorization for REACH pertaining to the Company's Chromic Acid product in 2012, a formal application was made in May 2015 to the European Chemicals Agency. Continuing in 2017, this process is expected to be completed in the second quarter of 2018.

Two more companies were included to the Chromium Nitrate product registration file, where Soda Sanayii A.Ş. is the leading registrar. Another company was also included to the registration file for chromium chloride, a product which Soda Sanayii is the leading and only registrar. The REACH registration is complete for Chromium Hydroxy Nitrate, a product which entered the Company's product range in 2017.

Domestically, "LAW ON REGISTRATION, EVALUATION, AUTHORIZATION AND RESTRICTION OF CHEMICALS (Türk REACH)" published in the official gazette on 23.06.2017 with the number 30105 took effect on December 12, 2017. In relation to this regulation, Soda Sanayii A.Ş. attended various seminars and workshops and began to prepare in order to meet every requirement.

IN 2017, TWO MORE COMPANIES WERE INCLUDED IN THE CHROMIUM NITRATE PRODUCT REGISTRATION FILE, WHERE SODA SANAYİİ A.Ş. IS THE LEADING REGISTRAR.

AN OVERVIEW OF 2017

Şişecam Chemicals produces raw materials for a wide range of products including leather, feed, detergents and metal plating.

SODA SANAYİİ CONTINUES ITS R&D ACTIVITIES FOCUSED ON IMPROVING PROCESSES, ENRICHING PRODUCT PORTFOLIOS WITH VALUE-ADDED PRODUCTS AND SUSTAINING EFFICIENCY.

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 2017:

- The Company successfully passed the interim surveillance audits for ISO 14001 Environment Management System implemented as an ''Integrated Management System'', and OHSAS 18001 Occupational Health and Safety.
- Surveillance audits conducted at the Soda and Kromsan plants were: ISO 9001:2008 Quality Management System; ISO 22000 Food Safety and ISO FSCC 22000 Global Food Safety Management System audit in relation to sodium bicarbonate and GMP and ISO 50001 Energy Management System for feed grade sodium bicarbonate. Also, an audit was conducted for ISO 10002 Customer Satisfaction Management System certifications.
- "Product Compatibility Certificates" for soda and chromium products were renewed.
- Audits for Kosher and Halal Certificates given for the sodium bicarbonate product were successfully passed.
- The company carried out activities under the Environmental Impact Assessment Evaluation regulations and fulfilled its obligations under Environmental Authorization and Licensing regulations.
- ISO 9001:2008 Quality Management System and ISO 27001 Information Security Management System surveillance audits were conducted at Soda Sanayii A.Ş. Central Sales Centre.
- Employee trainings were conducted in relation to the standards revised by TSE (Turkish Standards Institution) in Management Systems of ISO 14001 and ISO 9001: 2015.
- In order to improve the efficiency of management systems, the Company adopted a live system by setting a QDMS infrastructure. The documentations of the existing managements systems were included within the QDMS, and all system applications are now operational on the basis of the software.

RESEARCH AND DEVELOPMENT ACTIVITIES

Soda Sanayii A.Ş. conducts R&D activities to improve its manufacturing process for soda and chromium chemicals with low costs and environmentally friendly technologies. This effort is anticipated to enrich the product portfolio with new value-added products, increasing competitive power by cutting costs and boosting efficiency.

In 2017, the Company continued to research new products in soda product range, analyse alternative raw material usage, improve methods of analysis and focus on process modelling activities. For chromium chemicals, research has focused on enhancing process and product quality. Laboratory and small-scale pilot experiments are undertaken to develop new leather chemicals; requests regarding environment, product and raw materials are analysed from a scientific perspective.

EXPECTATIONS AND OBJECTIVES FOR 2018

The global supply and demand balance attained by the soda industry in 2017 is expected to continue for the most part of 2018. A global growth of 2% is projected in 2018 on the basis of the industry forecasts for flat glass and other sectors. The increasing demand in the Indian subcontinent, Asia and Africa is expected to navigate above the world average under the influence of glass and detergent sector's growth speed. Throughout Europe, especially the recovery in the glass sector is expected to positively influence the soda demands in 2018.

In light of these forecasts for the soda sector, projects related to cost management, energy productivity and supply efficiency will be the Company's primary focus in the competitive environment expected for 2018. Through long term agreements with global clients, it is planned to strengthen the sustainability and efficiency of operational productivity in services offered by the Company. As a consequence, the Company's target is to increase its total sales as well as the market shares where it is dominant.

In the chromium chemicals sector, chromite prices demonstrated a more consistent trend in the second half of 2017, which is expected to recur in 2018.

While the global competition in the chromium chemicals market is forecast to continue at the same level, the sector's value in the world markets is expected to be higher than the year before by the effect of maintaining the supply-demand balance this year. Due to the vision of growth in the chromium sector, the market is planned to further expand. Soda Sanayii A.Ş. plans to strengthen its competitive power by maximizing capacity utilization, operational efficiency, and reduction of costs in order to increase its sales volume and revenues. The Company will continue diversifying its export markets and reach all countries using chromium chemicals to maintain and enhance its position in the markets. As a requirement of being a global player in the field of chromium chemicals, Soda Sanayii A.Ş maintains its appetite to pursue new opportunities. Creating new ecologist products using environmentally friendly technologies is one of the Company's priorities.

Execution of excellence in capacity

AN OVERVIEW OF 2017

Şişecam Chemicals encourages the development of employees with both domestic and overseas trainings as well as certificate programs, and by attending conferences, panels, fairs, and summits.

SUCCESS ORIENTED PERFORMANCE CULTURE AND CONTINUOUS DEVELOPMENT APPROACH.

HUMAN RESOURCES

To meet the sustainability expectations of its stakeholders in 2018, Soda Sanayii A.Ş. will continue to form 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.

At the end of 2017, Soda Sanayii A.Ş. and its affiliates had a total of 1,563 employees, of whom 620 were monthly paid and 943 were hourly paid.

All corporate 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 activities are carried out with the aim to mutually benefit the employer and employee, in alliance with the corporate values of Şişecam Group. Recruitment processes are managed without any discrimination or favouritism, 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 improve their knowledge and skills, training programs are conducted both in-house and externally. Employee development is encouraged via both domestic and overseas training and certificate programs, and by attendance at conferences, panels, fairs, and summits. Within the scope of the Recognition, Appreciation, and Awards System, employees are awarded for their successful projects within the given year.

With the Company's globalizing corporate culture, development activities required by the human capital are implemented in line with a success-oriented performance culture 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 Bargaining Agreement between Petrol-İş Labour Union and the Soda and Kromsan plants which covered the 2016-2017 period ended on December 31, 2017. Negotiations on the Collective Bargaining Agreement for the new term began on December 15, 2017.

The term of the 2016-2017 Collective Bargaining Agreement for Şişecam Soda Lukavac Plant expired on December 31, 2017. Negotiations on the Collective Bargaining Agreement for the new term began on January 10, 2018.

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

OCCUPATIONAL HEALTH AND SAFETY

In 2017, field surveys were conducted at the plants and factories of Soda Sanayii A.Ş. and its affiliates with respect to occupational health and safety. In accordance with the Occupational Health and Safety Law, other surveys were made concerning the legal obligations. Trainings were held to install a culture of occupational health and safety through on-the-job "Tool Box" sessions.

Under the Occupational Health and Safety Law, plant managers and associated units were informed on the reporting of workplace accidents as well as the working hours of occupational health specialists, workplace doctors, and other health care professionals.

To secure the compliance of affiliated companies with the occupational health and safety reporting expectations of the Şişecam Group, consultation and support activities were taken under report after cross audits.

A Safety Report prepared by Soda Sanayii A.Ş. with regard to the "Regulations on the Prevention and Reduction of the Impact of Large Scale Industrial Accidents" will be delivered to the Labour Inspection Board of the Ministry of Labour on a date determined by legal regulations. The installation of automatic fire sprinklers to increase fire related safety precautions is completed.

RISK MANAGEMENT AND INTERNAL AUDIT ACTIVITIES

Soda Sanayii A.Ş.'s risk management and internal auditing activities are managed by the "Early Detection of 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. 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 they also provide guidance as required.

Financial crises, inter-state conflicts of interests, security concerns triggered by geopolitical factors, technological improvements such as the Industry 4.0, dramatic consequences of climate change and societal problems have all turned the world into a place full of political, economic, technological and environmental risks.

Global risks have begun to impact the lives of individuals, companies and states in new and uncommon ways. The global perspective towards risks has changed due to the fact that most risks are uninsurable, increasing the importance of risk management as a discipline. As in previous years, in 2017 Soda Sanayii A.Ş. continuously reviewed the effectiveness of its risk management and internal audit processes. These two areas comprise crucial components of corporate management; they are now managed with a wider perspective and greater effectiveness. Within the scope of this structure, current and potential risks are handled proactively, and audits are performed with a risk focused perspective.

RISK MANAGEMENT AND INTERNAL AUDITING ACTIVITIES AT ŞİŞECAM CHEMICALS ARE CONDUCTED METICULOUSLY.

Execution of excellence in R&D

AN OVERVIEW OF 2017

COMMUNICATION AT THE HIGHEST LEVEL IS ENSURED BETWEEN THE UNITS OF RISK MANAGEMENT AND INTERNAL AUDITING TO SUPPORT THE DECISION-MAKING PROCESSES AND INCREASE EFFICIENT MANAGEMENT.

Internal auditing and risk management activities are conducted to establish a strong corporate structure, reassure stakeholders, 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. In order to ensure these targets, communication between the internal auditing and risk management units at the highest level is ensured to reinforce the decision-making processes and to increase efficient management.

Risk Management

At Soda Sanayii A.Ş., risk management is handled with an integrated and proactive approach. Actions are undertaken with due consideration given to corporate risk management applications. All financial and non-financial risks the Company is exposed due to its activities are consistently observed and assessed. By this means, the Company formulates strategies and takes the necessary measures to manage risks.

Internal Auditing

Şişecam Group has engaged in internal auditing activities for many years as a 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 together with the unity and harmony across implementations. Both the ordinary annual auditing program and other audits are influenced by results gathered from risk management activities, leading to a "risk focused auditing".

INFORMATION ON CONSOLIDATED COMPANIES

Şişecam Soda Lukavac d.o.o

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

Solvay Şişecam Holding A.G.

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

Şişecam Bulgaria Ltd.

Şişecam Bulgaria Ltd. trades in soda products and its head office is in Varna, Bulgaria. The indirect shareholding in the company is 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 area of operation is the production and marketing of Vitamin K3, sodium metabisulphite and their derivatives. Being one of the key manufacturers in the sector and one of the few producers of Vitamin K3 in the world, Oxyvit has a prominent place in total global production capacity.
The company exports more than 90% of its production. After purchasing Cheminvest Türkiye Deri Kimyasalları San. ve Tic. A.Ş. – which owned 50% of the shares – entirely from Cheminvest S.p.A in July 2017, and the remaining 5% from Türkiye Şişe ve Cam Fabrikaları A.Ş., Soda Sanayii A.Ş. acquired 100% of the company's shares.

Execution of Excellence in expertise

Cromital S.p.A

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 Italy. Soda Sanayii A.Ş. purchased 50% of the company's shares in 2005. In 2011, the remaining shares were purchased from Cheminvest S.p.A, and now the Company owns 100% of the 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 existing under the Group. 99.47% of the company's shares are owned by Soda Sanayii A.Ş. The company's portfolio holds 99.5% of Cromital S.p.A's, 100% of Şişecam Bulgaria Ltd.'s, 100% of Soda Lukavac d.o.o's., and 25% of Solvay Şişecam Holding AG's shares.

Şişecam Elyaf Sanayii A.Ş.

Established in January 2017 as a 100% Soda Sanayii A.Ş. venture, Şişecam Elyaf Sanayii A.Ş. is set to start production on the second half of 2018 in Balıkesir. The Company will provide services to industrial applications, wind turbine wings, automotive, engineering plastics, maritime, and construction industries with products like felt, single and multi-end rowing and clipping products which are major inputs for the composite industry.

OXYVIT CHEMICALS, A KEY MANUFACTURER IN ITS FIELD, HAVE BEEN FULLY ACQUIRED BY SODA SANAYİİ A.Ş.

SODA SANAYİİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH
OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 1 JANUARY - 31 DECEMBER 2017
TOGETHER WITH INDEPENDENT AUDITOR'S
REPORT (ORIGINALLY ISSUED IN TURKISH)

Güney Bağımsız Denetim ve
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(Convenience translation of the auditors' report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of
Soda Sanayii Anonim Şirketi**

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Soda Sanayii Anonim Şirketi (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How key audit matter addressed in the audit
Auditor's Rotation and Audit of Opening Balance	
Initial audit engagements involve a number of considerations not encountered in recurring audits. Additional planning activities and assessments necessary to establish an appropriate audit strategy and plan shall include: - Gaining an initial understanding of the Group and its core businesses, including its control environment and information systems to determine audit risks, and develop audit plans, - Gathering sufficient audit evidence regarding the opening balances, adequacy and accuracy of accounting policies, and communicating with the previous auditor to perform file review, - Maintaining communication with the previous auditor	Prior to undertaking audit responsibilities for the Group on December 31, 2017, we developed a transition plan that includes the following items starting from May 2017: - Communicating with the previous auditor to perform file review, to discuss significant audit and accounting matters, and to clarify identified audit differences for all subsidiaries of the Group, - Holding meetings with the auditors and management of the subsidiaries, - Arranging periodic meetings with the management to further understand existing risks, internal control mechanisms and audit findings, - Participating in closing meetings with all subsidiary audit teams via conference calls or in person.
Deferred Tax Assets Related to Investment Incentives	
As of December 31, 2017, the Group has corporate tax advantages pertaining to investment expenditures made within the scope of investment incentive certificates. As of 31 December 2017, TL 29,423 thousand deferred tax assets were recognized within the scope of these investment incentive certificates. As detailed in Note 35, based on the regulatory changes of the Council of Ministers decree regarding incentives and due to the assumptions presented in Note 27, a focus on the audit procedures for this area has been granted.	To examine the management's assumptions and the effect of the issued decree of the Council of Ministers, tax experts from an organization associated with our audit firm were included in the process. Assessment of related deferred tax assets is presented for the review and evaluation of the tax experts. In addition, the compliance of disclosures included in the financial statements has been evaluated in accordance with TAS.
Provisions for Employee Benefits	
As of December 31, 2017, the Group's employee benefits related to termination and vacation pay amount to TL 32,578 thousand and TL 224 thousand, respectively. The Group utilizes various assumptions such as discount rate, inflation rate, real salary increase rate, probability of voluntary termination to calculate the provisions for employee benefits. The disclosures on provisions for employee benefits are provided in Note 24.	As part of the audit procedures, in addition to assessing assumptions on discount rate, inflation rate, real salary increase rate, and the probability of voluntary termination, the employee list used in conjunction with the calculations of employee benefits is also evaluated. As part of the performed procedures, a test for the validity of the management's assumptions is performed. An evaluation of the compliance of the disclosures included in the financial statements has also been performed in accordance with TAS.

4) Other Matter

The consolidated financial statements of the Group as of and for the year ended December 31, 2016, were audited by another auditor whose report thereon dated March 6, 2017 expressed an unmodified opinion.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us independent auditors are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Auditors report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 26 February 2018.
2) In accordance with paragraph 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 2017 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
3) In accordance with paragraph 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.

The name of the engagement partner who supervised and concluded this audit is Zeynep Okuyan Özdemir.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM

February 26, 2018
İstanbul, Turkey

SODA SANAYİİ A.Ş.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2017 AND 31 DECEMBER 2016
(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

ASSETS	Note	31 December 2017	31 December 2016
Current Assets			
Cash and cash equivalents	6	783,089	971,426
Financial investments	7	28,477	8,052
Trade receivables	10,37	480,043	412,140
-Due from related parties	*37*	*71,107*	*105,030*
-Other trade receivables	*10*	*408,936*	*307,110*
Other receivables	11,37	26,694	40,044
-Due from related parties	*37*	*24,638*	*35,872*
-Other receivables	*11*	*2,056*	*4,172*
Inventories	13	239,650	203,879
Prepaid expenses	14	16,818	20,806
Current income tax assets	35	405	-
Other current assets	26	55,538	17,269
Total Current Assets		1,630,714	1,673,616
Non-Current Assets			
Financial investments	7	523,693	99,770
Other receivables	11	324	265
Investments accounted under equity method	16	328,447	281,305
Property, plant and equipment	18	1,294,927	1,209,263
Intangible assets	19,20	32,294	16,806
-Goodwill	*20*	*21,500*	*8,741*
-Other intangible assets	*19*	*10,794*	*8,065*
Prepaid expenses	14	62,511	17,420
Deferred tax assets	35	4,512	15,465
Other non-current assets	26	3,267	2,970
Total Non-Current Assets		2,249,975	1,643,264
TOTAL ASSETS		3,880,689	3,316,880

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

SODA SANAYİİ A.Ş.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2017 AND 31 DECEMBER 2016
(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

LIABILITIES	Note	31 December 2017	31 December 2016
Current Liabilities			
Short term borrowings	8	3,420	2,934
Short term portion of long term borrowings	8	45,292	40,014
Trade payables	10,37	275,726	236,216
-Due to related parties	*37*	*101,499*	*75,113*
-Other trade payables	*10*	*174,227*	*161,103*
Employee benefit obligations	24	3,496	3,173
Other payables	11,37	9,384	101,728
-Due to related parties	*37*	*6,705*	*91,096*
-Due to non-related parties	*11*	*2,679*	*10,632*
Deferred income	14	12,962	8,999
Current income tax liabilities	35	8,126	29,917
Short term provisions	22,24	11,439	8,245
Other current liabilities	26	9,226	7,006
Total Current Liabilities		**379,071**	**438,232**
Non-Current Liabilities			
Long term borrowings	8	264,644	250,018
Other payables	11	1,505	1,223
Long term provisions	24	32,578	24,473
Deferred tax liabilities	35	10,444	219
Total Non-Current Liabilities		**309,171**	**275,933**
Total Liabilities		**688,242**	**714,165**
EQUITY			
Total Equity Attributable to Equity Holders of the Parent	**27**	**3,187,925**	**2,598,736**
Capital		900,000	750,000
Other comprehensive income/expenses not to be reclassified to profit or loss		176,944	186,869
- Gain/(loss) on revaluation and remeasurement		*176,944*	*186,869*
- Gains(loss) from revaluation of tangible assets		*179,166*	*186,296*
- Actuarial gain		*(2,222)*	*573*
Other comprehensive income/expenses to be reclassified to profit(loss)		369,248	228,128
- Foreign currency translation reserve		*369,248*	*228,128*
Restricted reserves		164,293	124,634
Retained earnings		916,353	733,300
Net profit for the period		661,087	575,805
Non-controlling Interest	**27**	**4,522**	**3,979**
Total Equity		**3,192,447**	**2,602,715**
TOTAL LIABILITIES AND EQUITY		**3,880,689**	**3,316,880**

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

SODA SANAYİİ A.Ş.

CONSOLIDATED STATEMENT OF INCOME FOR PERIODS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

	Note	1 January- 31 December 2017	1 January- 31 December 2016
Sales	28	2,451,292	2,067,700
Cost of sales	28	(1,597,363)	(1,394,573)
Gross Profit		**853,929**	**673,127**
General administrative expenses	29,30	(79,867)	(70,147)
Marketing expenses	29,30	(290,912)	(178,468)
Research and development expenses	29,30	(2,856)	(8,388)
Other operating income	31	100,377	91,901
Other operating expenses	31	(72,230)	(62,615)
OPERATING PROFIT		**508,441**	**445,410**
Income from investing activities	32	76,403	13,701
Expense from investing activities	32	(33,666)	(16)
Shares from gains / (losses) of investments accounted under equity method	16	92,083	72,183
OPERATING PROFIT BEFORE FINANCIAL INCOME / (LOSS)		**643,261**	**531,278**
Financial income	33	269,745	254,093
Financial expenses	33	(182,066)	(140,610)
PROFIT BEFORE TAX FROM CONTIUNING OPERATIONS		**730,940**	**644,761**
Tax income/ (expense) from continuing operations		**(68,966)**	**(68,137)**
-Tax (charge) income for the period	35	(56,876)	(80,006)
-Deferred tax income/ (expense)	35	(12,090)	11,869
Profit/ (loss) for the period		**661,974**	**576,624**
Attributable to:			
Non-controlling interest	27	887	819
Equity holders of the parent	**27**	**661,087**	**575,805**
Earnings Per Share	**36**	**0.735**	**0.640**

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

SODA SANAYİİ A.Ş.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR PERIODS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

	Note	1 January- 31 December 2017	1 January- 31 December 2016
Profit (loss) for the period	**27**	**661,974**	**576,624**
Other Comprehensive Income			
Items not to be reclassified to profit or loss	**27**	**(11,937)**	**658**
- Revaluation gain on tangible assets		476	283
- Defined benefit plans remeasurement gains / (loss)		(3,542)	490
- Taxes relating to other comprehensive income not to be reclassified to profit or loss		(8,871)	(129)
- Shares of other comprehensive income of associates valued by equity method		-	14
Items to be reclassified to profit or loss	**27**	**141,897**	**90,137**
- Currency translation differences		141,897	90,137
Other Comprehensive Income/(Loss)		**129,960**	**90,795**
Total Comprehensive Income/(Loss)		**791,934**	**667,419**
Attributable to:			
Non-controlling interest		1,667	3,845
Equity holders of the parent		**790,267**	**663,574**
Earnings Per Share	**36**	**0.878**	**0.737**

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

SODA SANAYİİ A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF 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 Equity Holders of the Parent	Non-controlling interest	Equity
Balance at 1 January 2016	**660,000**	**186,001**	**141,017**	**84,832**	**650,031**	**434,415**	**2,156,296**	**28,466**	**2,184,762**
Transfers	-	-	-	39,802	394,613	(434,415)	-	-	-
Total comprehensive income(expense)	-	658	87,111	-	-	575,805	663,574	3,845	667,419
Capital increase	90,000	-	-	-	(90,000)	-	-	-	-
Dividends	-	-	-	-	(240,000)	-	(240,000)	(488)	(240,488)
Changes related with changes of ownership interest in subsidiaries without loss of control	-	210	-	-	6,331	-	6,541	(6,541)	-
Transactions with non- controlling shareholders	-	-	-	-	12,325	-	12,325	(21,303)	(8,978)
Balance at 31 December 2016	**750,000**	**186,869**	**228,128**	**124,634**	**733,300**	**575,805**	**2,598,736**	**3,979**	**2,602,715**

	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 Equity Holders of the Parent	Non-controlling interest	Equity
Balance at 1 January 2017	**750,000**	**186,869**	**228,128**	**124,634**	**733,300**	**575,805**	**2,598,736**	**3,979**	**2,602,715**
Transfers	-	-	-	39,964	535,841	(575,805)	-	-	-
Total comprehensive income(expense)	-	(11,940)	141,120	-	-	661,087	790,267	1,667	791,934
Capital increase	150,000	-	-	(305)	(149,695)	-	-	-	-
Combination impact	-	2,015	-	-	(2,015)	-	-	1,393	1,393
Dividends	-	-	-	-	(200,000)	-	(200,000)	(1,124)	(201,124)
Transactions with non- controlling shareholders	-	-	-	-	(1,078)	-	(1,078)	(1,393)	(2,471)
Balance at 31 December 2017	**900,000**	**176,944**	**369,248**	**164,293**	**916,353**	**661,087**	**3,187,925**	**4,522**	**3,192,447**

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

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

SODA SANAYİİ A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

	Note	1 January- 31 December 2017	1 January- 31 December 2016
A,CASH FLOWS FROM OPERATING ACTIVITIES		**404,193**	**438,048**
Net profit for the period		**661,974**	**576,624**
Adjustments to reconcile net profit/(loss)to net cash provided by operating activities		**(26,873)**	**(55,579)**
-Depreciation and amortization	18,19	135,621	97,883
-Adjustments for impairments/reversals	7,10,11,13,18	(470)	1,096
-Changes in provisions	22,24	8,880	4,747
-Dividend received in cash	32	(6)	(4)
-Interest income and expenses	31,33	(13,162)	(6,520)
-Unrealized exchange loss/ (gain) on cash and cash equivalents	31,33	(91,888)	(135,054)
-Adjustments for fair value through profit / loss	7	(42,712)	(13,506)
-Adjustments for retained earnings from investments accounted under equity method	16	(92,083)	(72,183)
-Adjustments for tax income(losses)	35	68,966	68,137
-Gain/ losses from sales of tangible assets	32	(19)	(175)
Changes in net working capital		**(135,055)**	**(11,946)**
-Increases/decreases in trade receivables	10,37	(39,691)	(63,421)
-Increases/decreases in other receivables	11,37	29,688	4,096
-Increases/decreases in inventories	3,13	(31,286)	(24,586)
-Increases/decreases in trade payables	10,37	30,941	11,482
-Increases/decreases in other payables	11,14,24,37	(96,959)	63,547
-Increases/decreases in net working capital	7,14,15,26,35	(27,748)	(3,064)
Cash flows from operating activities		**500,046**	**509,099**
-Interest paid	8,31,33,37	(19,669)	(20,608)
-Interest received	31,33,37	8,455	10,313
-Employment termination benefits paid	24	(3,583)	(3,201)
-Tax returns (payments)	35	(81,056)	(57,555)
B,CASH FLOWS FROM INVESTING ACTIVITIES		**(479,983)**	**(157,757)**
-Cash outflows related to acquisitions of subsidiaries' control	3	(16,055)	-
-Proceeds from sale of other business/firms or fund shares or debt instruments	7	1,528	-
-Cash outflows for purchase of shares or debt instruments of other enterprises or funds	7	(426,450)	(92,743)
-Proceeds from sales of tangible and intangible assets	18,19,32	33	178
-Purchases of tangible and intangible assets	18,19	(132,868)	(169,978)
-Advances given and changes in liabilities	14	(37,653)	(3,823)
-Repayment from advances given and change in liabilities	14	(6,291)	15,638
-Dividends received	16,32	91,321	75,467
-Interest received	6,32,33	46,527	17,410
-Other cash inflow (outflow)	10,11,26	(75)	94

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

SODA SANAYİİ A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016
(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

	Note	1 January- 31 December 2017	1 January- 31 December 2016
C.CASH FLOWS FROM FINANCING ACTIVITIES		**(222,706)**	**(315,170)**
-Cash outflows resulting from changes in ownership interest in subsidiaries resulting in no loss of control	27	-	(8,978)
-Proceeds from changes of ownership interest in subsidiaries without loss of control	27	(2,471)	-
-Proceeds from borrowings	8	31,576	15,942
-Repayment of borrowings	8	(50,687)	(81,646)
-Repayment of dividends	27	(201,124)	(240,488)
Net increase/decrease in cash and cash equivalents before currency translation differences (A+B+C)		**(298,496)**	**(34,879)**
D, EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		**110,854**	**147,428**
Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)		**(187,642)**	**112,549**
E,CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**6**	**969,867**	**857,318**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**6**	**782,225**	**969,867**

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

SODA SANAYİİ A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017
(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

1. Group's Organization 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 (6 subsidiaries, 1 associate).

The Group's operations comprise establishing and acquiring manufacturing facilities to manufacture light soda ash, dense soda ash, sodium bicarbonate, sodium bichromate, sodium sulphur, basic chromium sulphate, chromic acid and derivatives of soda and other products derived from soda, and importing and exporting the production of these products, generating electricity, selling the generated electricity, and manufacturing and selling fiberglass and production of vitamin K and sodium metabisulphite derivatives.

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 / Istanbul / Turkey

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Electronic notification address : infosoda@sisecam.com
Registered e-mail : soda.krom@hs03.kep.tr
Internet adress : http://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 2017	31 December 2016
Personnel paid by monthly	620	637
Personnel paid by hourly	943	939
Total	**1,563**	**1,576**

The total number of employees of the Group does not exist in the Joint Venture that is valued by equity method. (31 December 2016: 48 Employees)

1. Group's Organization 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 and selling	Bosnia Herzegovina
Şişecam Bulgaria EOOD	Trading of Soda products	Bulgaria
Cromital S.p.A.	Manufacturing and trading of chrome derivates	Italy
Şişecam Chem Investment B.V.	Financing and Investing	Holland
Şişecam Elyaf Sanayii A.Ş. (1)	Fiberglass manufacturing and seelling	Turkey
Oxyvit Kimya Sanayii ve Tic. A.Ş.(2)	Vitamin K-3 derivatives manufacturing	Turkey

Associates	Nature of Business	Registered Country
Solvay Şişecam Holding AG	Financing and Investing	Austria

(1) The Company has founded in 2017.
(2) 100% shares of Cheminvest Deri Kimyasalları Sanayi ve Ticaret A.Ş. that owns 50% shares of our joint venture, Oxyvit Kimya Sanayii ve Ticaret A.Ş., whose 45% of shares are owned by our company, are purchased for 7 million USD from Cheminvest S.P.A. located in Italy and other shareholders. In accordance with the resolution of the Board of Directors dated July 25, 2017, the Share Transfer Agreement was signed and the transfer of the shares took place accordingly. On 31 July 2017, 5% shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. owned by Türkiye Şişe ve Cam Fabrikaları A.Ş. was purchased for 699,958.21 USD. Thereby, The Group holds 100% of shares of the respective companies

On December 12, 2017, Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. that owns 50% shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. has been dissolved through reverse merger. On 19 December, 2017 the registration was also declared.

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

	31 December 2017		31 December 2016	
Company Name	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	100.00	99.47
Şişecam Bulgaria EOOD	100.00	99.47	100.00	99.47
Cromital S.p.A.	99.50	98.97	99.50	98.97
Şişecam Chem Investment B.V.	99.47	99.47	99.47	99.47
Şişecam Elyaf Sanayii A.Ş.	100.00	100.00	-	-
Oxyvit Kimya Sanayii ve Tic. A.Ş.	100.00	100.00	45.00	45.00
Associates				
Solvay Şişecam Holding AG	25.00	24.87	25.00	24.87

SODA SANAYİİ A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017
(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

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.

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 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/TFRS.

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 thousands of 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 Turkish 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.

The presentation has been prepared in thousands of Turkish Lira due to the fact that financial assets have reached a significant dimension and previous period information has been rounded to thousands of Turkish Lira in terms of being comparable with the previous period.

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Comparatives and restatement of prior periods' financial statements

The Group has accounted in the "Marketing Expenses" account directly in the operating expenses without netting the revenue, as the freight and similar expenses related to the sales contracts can not be invoiced in accordance with the maturity date and amount of the sales contract due to the increasing competition conditions. For this reason, the Company has made the necessary classifications in accordance with the changes in presentation in the current period in the consolidated financial statements of the previous periods.

Income Statement

	Previously Reported 1 January-31 December 2016	Classification	Revised 1 January-31 December 2016
Sales	1,982,947	84,753	2,067,700
Cost of sales	(1,394,573)	-	(1,394,573)
Gross Profit	**588,374**	**84,753**	**673,127**
General administrative expenses	(70,147)	-	(70,147)
Marketing expenses	(93,715)	(84,753)	(178,468)
Research and development expenses	(8,388)	-	(8,388)
Other operating incomes	91,901	-	91,901
Other operating expenses	(62,615)	-	(62,615)
Operating Profit	**445,410**	**-**	**445,410**

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.

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

	31 December 2017		31 December 2016	
Currency	**Period End**	**Period Average**	**Period End**	**Period Average**
USD	3.77190	3.64446	3.51920	3.01809
EUR	4.51550	4.11588	3.70990	3.33755
Bulgarian Leva	2.30874	2.10442	1.89684	1.70646
Bosnian Mark	2.30874	2.10442	1.89684	1.70646

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 Turkish Accounting 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.

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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 2017 and 31 December 2016.

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 profit or loss and other compherensive income for the period, respectively.

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 2017, 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. As of 31 December 2017 and 31 December 2016, details of the Group's jointly controlled entities are disclosed in Note 1. 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.

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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 interim financial statements for the period ended 30 December 2017 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.

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 2017 are consistent with those used in the preparation of financial statements for the year ended 31 December 2016.

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 2017 are consistent with those used in the preparation of financial statements for the year ended 31 December 2016.

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

SODA SANAYİİ A.Ş.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017
(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

2. Basis of Presentation of 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 2017 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 2017 and in period ends to 31 December 2017.

a) Standards issued but not yet effective and not early adopted as of 31 December 2017:

The new standards, interpretations and amendments published in the interim consolidated financial statements as of the approval date of the financial statements but not yet effective for the current reporting period and not early adopted by the Group are as follows. Unless otherwise stated, the Group will make necessary changes in the Consolidated Financial Statements and footnotes after the new standards and interpretations have been enacted.

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles).

TFRS 15 effective date is January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods,butadditional disclosures are required.

The Group does not expect that the standard will have significant impact on the financial position or performance of the Group because contracts with customers in which the sale of goods is generally expected to be the only performance obligation thus are not expected to have any impact on the performance of the Group. Besides, currently trade discounts and volume rebates can be reliably measured on a quarterly basis accordingly they are recognised at annual and interim financial statements. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, TFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. TFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted by applying all requirements of the standard. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard.

2. Basis of Presentation of Consolidated Financial Statements

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

a) Standards issued but not yet effective and not early adopted as of 31 December 2017 (continued):

The Group has performed a high-level impact assessment of TFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of TFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

a. 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 TFRS 9 Financial instruments is applied before the new insurance contracts Standard is issued; and
b. give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 Financial instruments until 2021. The entities that defer the application of TFRS 9 Financial instruments will continue to apply the existing financial instruments Standard—TAS 39.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on December 19, 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:
a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
b. share-based payment transactions with a net settlement feature for withholding tax obligations; and
c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

2. Basis of Presentation of Consolidated Financial Statements

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

a) Standards issued but not yet effective and not early adopted as of 31 December 2017:

Amendments to TAS 28 Investments in Associates and Joint Ventures (Amendments)
In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

In December 2017, POA issued amendments to TAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendment are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some TFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2. Basis of Presentation of Consolidated Financial Statements

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

b) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of 31 December 2017:

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements – 2010–2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

IFRS 16 Leases

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "IAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses:

(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

2. Basis of Presentation of Consolidated Financial Statements

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

b) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) as of 31 December 2017:

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Plan Amendment, Curtailment or Settlement" (Amendments to IAS 19)

On February 2018, the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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).

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Revenue recognition

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 and 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.

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.

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Property, plant and equipment

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. Since 2015, the Group has classified salt from soil to other intangible assets.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	5-50 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 transfered 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 15 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 (3-15 years).

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 15 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.

Financial 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.

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).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017
(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Borrowing Costs

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 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).

Avaliable 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 data (Note 7).

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Investments

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 analyzed 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.

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 and Note 31).

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).

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial liabilities

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).

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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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).

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 incentives and grants

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

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 Turkish Accounting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Accounting 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.

2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumption

As of 31 December 2017, there are no deferred tax assets calculated based on temporary differences arising from tax deductions over the taxable income in the loss from previos year for the period that can be utilized in the taxable period (31 December 2016: None). The Group is entitled with corporate tax allowances in accordance with Corporate Tax Law No. 5520, article 32/A. The amount of corporate tax allowances related to temporary differences and that can be utilized during the period of corporate tax allowance right is TRY 29.423 thousands (31 December 2016: TRY 44,575 thousands) (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 of 31 December 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.

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 at 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. In other case, cost approach method were used.

In the market reference comparison method, current market information was utilized, based on the comparable property in the market in nearby 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 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.

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3. Business Combinations

Within the scope of TFRS-3 "Business Combinations" , The Group acquired company named Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. locates in Turkey and its business partnership for USD 7 million as of 25 July 2017. 6 million USD was paid on 25 July 2017, the remaining amount USD 1 million paid on 29 December 2017.

Following the acquisition, the group holds full shares of Oxyvit which produces and sells vitamin K.

The fair value of identifiable net assets on the date of the acquisition is as follows:

	Book value	Fair value of net assets
Current Assets		
Cash and cash equivalents	-	-
Other current assets	21	21
Total current assets	**21**	**21**
Non –Current Assets (*)		
Financial investments/(Investments valued by equity method)	15,551	13,928
Total non-current assets	**15,551**	**13,928**
Total Assets	**15,572**	**13,949**
Liabilities	**-**	**-**
Total Liabilities	**-**	**-**
Net Assets	**15,572**	**13,949**

(*) Non-current assets attributable to the Group Shares are amounting to 50% shares of Oxyvit Kimya Sanayii ve Tic. A.Ş..

Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. did not record revenues during 1 January - 12 December 2017 period. On December 12, 2017, the Company that owns 50% shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. has been dissolved through reverse merger.

From January 1, 2017 to July 25, 2017; Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. received TRY 1,740K dividend income and TRY 45K general administrative expenses are incurred, as a result net profit is TRY 1,695K

The Group raised before its stake at Oxyvit Kimya Sanayii ve Tic. A.Ş to 100% from 45%, through acquiring Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş. (which had 50% stake at Kimya Sanayii ve Tic. A.Ş) on 25 July 2017 and %5 stake from Türkiye Şişe ve Cam Fabrikaları A.Ş on 31 July 2017. From the date of purchase, the Group accounted Oxyvit Kimya Sanayii ve Tic. A.Ş. based on the full consolidation method.

The fair value of the identifible assets and liabilities dated June 30, 2017 which is closest to purchase date and the profit or loss stattement for 1 Jan- 30 Jun period are as follows. Since there is not any significant transaction affecting financial statement items during 25-days until the purchase date of 25 July 2017, the identifiable assets and liabilities for the interim period June 30, 2017 were included in full consolidation according to the financial position.

3. Business Combinations

The statement of financial position of the identifiable assets and liabilities of Oxyvit Kimya Sanayii ve Ticaret AS dated June 30, 2017 is as follows.

	30 June 2017
Assets	
Current Assets	
Cash and cash equivalents	9,022
Trade receivables	2,407
- Trade receivables	*2,505*
- Receivable rediscount	*(36)*
- Doubtful receivables	*(62)*
Other receivables	16,339
- Due from related parties	*16,292*
- Other receivables	*47*
Inventory	4,490
- Raw materials	*2,570*
- Work-in-progress	*118*
- Finished goods	*1,801*
- Trade goods	*1*
Prepaid expenses	484
Other current assets	1,178
Total current assets	**33,920**
Non-Current Assets	
Tangible assets	13,275
Intangible assets	11
Total non-current assets	**13,286**
Total Assets	**47,206**

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3. Business Combinations

	30 June 2017
Liabilities	
Current Liabilities	
Short-term borrowings	92
Trade payables	2,352
- Trade payables	*2,384*
- Payable rediscount	*(32)*
Liabilities for employee benefits	10
Other payables	8,334
- Due to related parties	*8,294*
- Other payables	*40*
Deferred income	557
Current income tax liabilities	1,741
Short-term provisions	1,081
Other current liabilities	215
Total current liabilities	**14,382**
Non-Current Liabilities	
Long-term borrowings	4,003
Long-term provisions	738
Deferred tax liabilities	227
Total non-current liabilities	**4,968**
Total Liabilities	**19,350**
Equity	
Shared capital	335
Adjustment to share capital	841
Other comprehensive income/expense not to be reclassified to profit or loss	3,664
- Revaluation gain/loss on tangible assets	*3,593*
- Funds for actuarial gain/loss on employee termination benefits	*71*
Retained earnings	10,809
Net profit for the period	12,207
Total equity	**27,856**
Total liabilities and equity	**47,206**
Dividend payment for the period	**3,480**
Number of employees	**47**

3. Business Combinations

Profit or loss statement of Oxyvit Kimya Sanayii ve Ticaret AŞ for the period of 1 January - 30 June 2017 is as follows.

	1 January-30 June 2017
Revenue	**36,180**
Cost of sales	(17,594)
Gross profit of business operations	**18,586**
General administrative expenses	(1,359)
Marketing expenses	(1,158)
Other operating income	452
Other operating expenses	(403)
Operating profit	**16,118**
Financial income	1,280
Financial expenses	(2,165)
Profit/loss before tax from continued operations	**15,233**
Tax income/expense from continued operations	(3,026)
- Tax on (expense)income	*(3,321)*
- Deferred tax (expense) income	*295*
Profit for the period	**12,207**
Depreciation expense for the period	724
Ebitda (*)	**16,842**
Transfer price	24,811
Non-controling shares	-
The fair value of the net assets and liabilities before purchase	13,928
a	**38,739**
Net identifiable assets of Cheminvest Deri Kimyasalları Sanayii ve Tic. AŞ (%100)	13,949
Net identifiable assets of Oxyvit Kimya Sanayii ve Tic. AŞ'nin (%100)	13,928
b	**27,877**
Goodwill (a-b)	**10,862**
Total cash paid ($7 million for US Dollars)	25,077
Cash and cash equivalents received	(9,022)
- Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş.	*(1)*
- Oxyvit Kimya Sanayii ve Tic. A.Ş.	*(9,021)*
Net cash outflow as of 31 December 2017	**16,055**

(*) Ebitda; It is not defined by TAS. The Group has defined Ebitda as interest, depreciation and profit before tax.

4. Interests in Other Entities

The disclosed information in Note 1 include the titles, fields of activities, ownership shares and the registered countries of the Group's subsidiaries, joint ventures and associates.

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5. Segment Reporting

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

1 January-31 December 2017	Chrome Derivatives	Soda Derivatives Energy and Other	Total	Consolidation eliminations	Consolidated
Revenue	672,606	1,779,153	2,451,759	(467)	2,451,292
Cost of sales (-)	(401,272)	(1,196,558)	(1,597,830)	467	(1,597,363)
Gross profit	271,334	582,595	853,929	-	853,929
Purchases of property, plant and equipment and intangibles	13,464	119,404	132,868	-	132,868
Depreciation and amortisation	(16,017)	(120,656)	(136,673)	1,052	(135,621)

1 January-31 December 2016	Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated Consolidation
Revenue	495,205	1,572,801	2,068,006	(306)	2,067,700
Cost of sales (-)	(295,401)	(1,110,936)	(1,406,337)	11,764	(1,394,573)
Gross profit	199,804	461,865	661,669	11,458	673,127
Purchases of property, plant and equipment and intangibles	12,364	157,614	169,978	-	169,978
Depreciation and amortisation	(15,150)	(95,044)	(110,194)	12,311	(97,883)

- Assets are not reported by operating segments..

5. Segment Reporting

1 January-31 December 2017	Turkey	Europe	Total	Consolidation eliminations	Consolidated
Revenue (*)	1,798,023	709,980	2,508,003	(56,711)	2,451,292
Purchases of property, plant and equipment and intangibles	111,505	21,363	132,868	-	132,868
Depreciation and amortisation	(84,590)	(52,083)	(136,673)	1,052	(135,621)
Total Assets (31 December 2017)	**3,379,678**	**1,012,095**	**4,391,773**	**(511,084)**	**3,880,689**

1 January-31 December 2016	Turkey	Europe	Total	Consolidation eliminations	Consolidated
Revenue (*)	1,596,590	520,677	2,117,267	(49,567)	2,067,700
Purchases of property, plant and equipment and intangibles	154,575	15,403	169,978	-	169,978
Depreciation and amortisation	(71,913)	(38,281)	(110,194)	12,311	(97,883)
Total Assets (31 December 2016)	**2,987,735**	**849,713**	**3,837,448**	**(520,568)**	**3,316,880**

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

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6. Cash and Cash Equivalents

	31 December 2017	31 December 2016
Cash on hand	22	32
Cash in banks	783,012	971,394
- Demand deposits	45,999	50,681
- Time deposits (with maturities of three months or less)	737,013	920,713
Other cash equivalents	55	-
	783,089	**971,426**

Time Deposits

Currency	Interest Rate (%)	Maturity	31 December 2017	31 December 2016
USD	1.50-4.10	Overnight-Feb-2018	397,904	515,758
EUR	1.00-2.00	Overnight-Jan-2018	324,272	307,743
TRY	10.50-14.20	Overnight	2,550	90,898
GBP	0.10	Overnight	12,287	6,314
			737,013	**920,713**

Cash and cash equivalents in the consolidated cash flows as of 31 December 2017 and 31 December 2016 are as follows:

	31 December 2017	31 December 2016
Cash and cash equivalents	783,089	971,426
Less: Interest accruals	(864)	(1,559)
	782,225	**969,867**

7. Financial Investments

a) Current financial investments

Current financial investments	31 December 2017	31 December 2016
Bank deposits with maturities more than 3 months	-	2,845
Marketable securities to be held until maturity (*)	28,477	5,207
	28,477	**8,052**

(*) Long-term, semi-annual fixed-rate USD represents the short-term portion of the securities in the currency.

7. Financial Investments

b) Non-current financial investments

Available for sale financial assets	31 December 2017	31 December 2016
Financial Investments with no active market	-	43
Non-consolidated subsidiaries	655	-
	655	**43**
Financial Investments held to maturity	**523,038**	**99,727**
Total non-current financial investments	**523,693**	**99,770**

Available for sale financial assets current movements are as follows:

	31 December 2017	31 December 2016
Opening balance: 1 January	43	43
Disposals (net)	(43)	-
Reversal of impairment	655	-
	655	**43**

Financial investments with no active market	Shares %	31 December 2017	Shares %	31 December 2016
Camiş Elektrik Üretim A.Ş. (*)	-	-	<1	43

Unconsolidated subsidiaries	Shares %	31 December 2017	Shares %	31 December 2016
Şişecam Shanghai Trade Co. Ltd.	100.00	655	100.00	655
Provision for Impairment (-)	-	-	-	(655)
		655		**-**

(*) The Group sold its shares which are available for sales amounting to TRY 51K to the Türkiye Şişe ve Cam Fabrikaları A.Ş. on 28 April, 2017.

Held to maturity financial investments

Marketable security issuer	31 December 2017	31 December 2016
Türkiye İş Bankası A.Ş.	121,053	25,875
Türkiye Vakıflar Bankası T.A.O.	111,425	6,111
Yapı ve Kredi Bankası A.Ş.	99,724	2,582
Türkiye Sınai Kalkınma Bankası A.Ş.	61.665	10.867
Ziraat Bankası A.Ş.	37,281	-
Türk Eximbank	32,158	-
Turkcell İletişim Hizmetleri A.Ş.	26,177	14,114
Türkiye Halk Bankası A.Ş.	21,571	19,991
Türkiye Garanti Bankası A.Ş.	18,383	10,184
Arçelik A.Ş.	16,668	10,134
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	3,900	3,594
Finansbank A.Ş.	1,510	-
Türk Telekomünikasyon A.Ş.	-	1,482
	551,515	**104,934**

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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;

Marketable security issuer	31 December 2017	31 December 2016
Türkiye İş Bankası A.Ş.	123,813	25,087
Türkiye Vakıflar Bankası T.A.O.	112,414	6,133
Yapı ve Kredi Bankası A.Ş.	100,905	2,600
Türkiye Sınai Kalkınma Bankası A.Ş.	62,507	10,399
Ziraat Bankası A.Ş.	37,284	-
Türk Eximbank	34,098	-
Turkcell İletişim Hizmetleri A.Ş.	28,324	13,530
Türkiye Halk Bankası A.Ş.	21,145	19,281
Türkiye Garanti Bankası A.Ş.	18,990	9,859
Arçelik A.Ş.	17,321	9,804
Anadolu Efes Biracılık Ve Malt Sanayii A.Ş.	4,084	3,472
Finansbank A.Ş.	1,493	-
Türk Telekomünikasyon A.Ş.	-	1,388
	562,378	**101,553**

Collection terms	31 December 2017	31 December 2016
Less than 3 months	3,097	758
Within 3 - 12 months	25,380	4,449
Within 1 - 5 years	458,588	65,354
5 years and above	64,450	34,373
	551,515	**104,934**

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

	31 December 2017	31 December 2016
Opening balance: 1 January	104,934	-
Additions	426,450	92,743
Interest collection during the year	(21,104)	(1,315)
Revaluation differences	42,712	13,506
Disposals	(1,477)	-
	551,515	**104,934**

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7. Financial Investments

Held to maturity financial investments

Coupon interest rates and the redemption dates for held to maturity financial investments are as follows:

Marketable security issuer	ISIN Code	Coupon Interest Rate (%)	Redemption Date
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.	XS1117601796	5.375	30.10.2019
Türkiye İş Bankası A.Ş.	XS1508390090	5.500	21.04.2022
Türkiye İş Bankası A.Ş.	XS1578203462	6.125	25.04.2024
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
Turkcell 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
Türkiye Vakıflar Bankası T.A.O.	XS1622626379	5.625	30.05.2022
Yapı ve Kredi Bankası A.Ş.	XS0874840688	4.000	22.01.2020
Yapı ve Kredi Bankası A.Ş.	XS1028938915	5.125	22.10.2019
Yapı ve Kredi Bankası A.Ş.	XS1571399754	5.750	24.02.2022
Yapı ve Kredi Bankası A.Ş.	XS1634372954	5.850	21.06.2024
Türk Eximbank	XS1028943089	5.000	23.09.2021
Türk Eximbank	XS1345632811	5.375	08.02.2021
Türk Eximbank	XS1496463297	5.375	24.10.2023
Finansbank A.Ş.	XS1613091500	4.875	19.05.2022
Ziraat Bankası A.Ş.	XS1605397394	5.125	03.05.2022
Ziraat Bankası A.Ş.	XS1223394914	4.750	29.04.2021

Marketable securities' average effective interest rate is 5.684 % (31 December 2016: 5.484 %). Held to maturity securities, are kept by İş Portföy Yönetimi A.Ş.

8. Borrowings

Short-term bank borrowings	31 December 2017	31 December 2016
Short-term bank borrowings	3,420	2,934

Short term portion of long term bank borrowings	31 December 2017	31 December 2016
Short term portion of long term bank borrowings' installments and interests on principal	44,558	39,416
Due to related parties (Note 37)	880	741
Issuance differences and commissions of financial liabilities due to related parties	(146)	(143)
Total short term portion of long term bank borrowings	**45,292**	**40,014**
Total current financial liabilities	**48,712**	**42,948**

8. Borrowings

Non-current financial liabilities	31 December 2017	31 December 2016
Long term portion of long term bank borrowings	76,250	74,399
Due to related parties (Note 37)[(*)]	188,595	175,960
Issuance differences and commissions of financial liabilities due to related parties	(201)	(341)
Total non-current financial liabilities	**264,644**	**250,018**
Total financial liabilities	**313,356**	**292,966**

[(*)] 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.

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 2017	31 December 2016
Less than 3 months	3,420	2,934
Within 3 - 12 months	44,558	39,416
Within 1 - 5 years	76,250	72,915
5 years and above	-	1,484
	124,228	**116,749**

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 2017 is as follows:

Bank Borrowings	Principal	Interest	Commission	Total
Opening balance, 1 January	116,776	362	(389)	116,749
Impact of Business Combination	4,095	-	-	4,095
Currency translation differences	21,492	59	(65)	21,486
Foreign exchange gain/(loss)	1,010	-	-	1,010
Liability reserve within period	31,576	3,985	-	35,561
Reversal of provision within period	(50,687)	(4,181)	195	(54,673)
Balance at 31 December 2017	**124,262**	**225**	**(259)**	**124,228**

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
Opening balance, 1 January	175,960	741	(345)	(140)	176,216
Currency translation differences	12,635	-	-	-	12,635
Liability reserve within period	-	8,015	-	-	8,015
Reversal of provision within period	-	(7,876)	97	41	(7,738)
Balance at 31 December 2017	**188,595**	**880**	**(248)**	**(99)**	**189,128**

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8. Borrowings

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	857	(542)	162,200
Currency translation differences	17,646	79	(66)	17,659
Foreign exchange gain/(loss)	2,948	-	-	2,948
Liability reserve within period	15,942	4,407	-	20,349
Reversal of provision within period	(81,646)	(4,981)	220	(86,407)
Balance at 31 December 2016	**116,776**	**362**	**(389)**	**116,749**

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
Opening balance, 1 January	145,380	533	(438)	(180)	145,295
Foreign exchange gain/(loss)	30,580	-	-	-	30,580
Liability reserve within period	-	6,661	-	-	6,661
Reversal of provision within period	-	(6,453)	93	41	(6,319)
Balance at 31 December 2016	**175,960**	**741**	**(345)**	**(139)**	**176,217**

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

31 December 2017

Currency	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	2018-2020	Libor + 4.50	7,083	190,612	197,695
EUR	2018-2022	Euribor + 2.20-6.00	41,616	74,032	115,648
TRY	2018	-	13	-	13
			48,712	**264,644**	**313,356**

(*) The weighted average interest rate for EUR is Euribor + 3.02% for USD is Libor + 4.50% (Average effective annual interest rate for EUR is 3.02%, for USD is 4.27%).

31 December 2016

Curreny	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	2017-2020	Libor + 4.50	6,522	183,609	190,131
EUR	2017-2022	Euribor + 2.20-6.00	36,407	66,409	102,816
TRY	2017	-	19	-	19
			42,948	**250,018**	**292,966**

(*) 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% and for USD is 4.27%).

8. Borrowings

The repayment schedule of the financial liabilities is as follows:

	31 December 2017	31 December 2016
Within 1 year	48,712	42,948
Within 1-2 years	32,463	31,024
Within 2-3 years	218,841	21,215
Within 3-4 years	8,893	194,811
Within 4-5 years	4,447	1,484
More than 5 years	-	1,484
	313,356	**292,966**

9. Other Financial Liabilities

None (31 December 2016: None).

10. Trade Receivables and Payables

Trade Receivables

Current Trade Receivables	31 December 2017	31 December 2016
Trade receivables	400,297	301,888
Notes receivable	11,895	7,661
Other trade receivables	2	5
Rediscount of notes receivable (-)	(981)	(508)
Trade receivables due from related parties (Note 37)	71,107	105,030
Allowances for doubtful trade receivables (-)	(2,277)	(1,936)
	480,043	**412,140**

Intra-group sales of soda product payment term is 60 days (31 December 2016: 60 days) and for other sales average term is 60 days (31 December 2016: 55 days). For overdue payments; interest rate of 2% is charged to customers on a monthly basis (31 December 2016: 2%). Average sale term for domestic sales of chrome products is 4 days on a foreign currency basis (31 December 2016: 20 days). Interest of 1% is charged for overdue payments on a monthly basis (31 December 2016: 1%). For export sales, the average term is 67 days (31 December 2016: 66 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 2017	31 December 2016
Opening balance, 1 January	(1,936)	(778)
Impact on Business Combination	(62)	-
Foreign currency translation differences	(94)	(62)
Charge for the period	(185)	(1,096)
	(2,277)	**(1,936)**

10. Trade Receivables and Payables

The Group holds the following collaterals for trade receivables:

	31 December 2017	31 December 2016
Eximbank export insurance	195,856	142,455
Guarantee letters	43,186	31,000
Commercial letter of credit	2,004	3,145
Factoring	293	751
Mortgages	93	229
Other	10,506	5,365
	251,938	**182,945**

As of 31 December 2017, TRY 51,554K (31 December 2016: TRY 44,496K) 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 2017	31 December 2016
Overdue up to one month	30,378	22,881
Overdue for 1-3 months	5,571	15,767
Overdue for 3-12 months	13,101	5,505
Overdue for 1-5 years	2,504	343
Total overdue receivables	**51,554**	**44,496**
The part under guarantee with collateral etc.	**(28,797)**	**(32,698)**

There are no non-current receivables (31 December 2016: None).

Trade Payables

Current Trade Payables	31 December 2017	31 December 2016
Trade payables	173,449	161,346
Due to related parties (Note 37)	101,499	75,113
Other trade payables	1,917	502
Rediscount of notes payable	(1,139)	(745)
	275,726	**236,216**

Chromite purchases are made with a maturity of 15 days in the fisrt quarter, in the second quarter and in the third quarter cash basis and in the last quarter with a maturity 30 days (31 December 2016: first 9 months cash basis, last quarter 15 days). Anthracite purchases were made between 30-60 days (31 December 2016 between 30 - 45 days). Average payment period for other trade payables is 45-60 days (31 December 2016: 45 - 60 days). Corporate risk management policies are in place to ensure that all of the payables are paid within payment terms..

There are no non-current payables (31 December 2016: None).

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11. Other Receivables and Payables

Other current receivables	31 December 2017	31 December 2016
Other receivables from related parties (Note 37)	24,638	35,872
Receivables from personnel	67	52
Deposits and guarantees given	547	2,876
Other current receivables	1,476	1,278
Allowance for other receivables	(34)	(34)
	26,694	**40,044**

Movements in respect of other doubtful receivables are as follows:

	31 December 2017	31 December 2016
Opening balance, 1 January	(34)	(34)
Allowance within the period	-	-
	(34)	**(34)**

Other non- current receivables	31 December 2017	31 December 2016
Deposits and guarantees given	324	265
	324	**265**

Other current payables	31 December 2017	31 December 2016
Due to related parties (Note 37)	6,705	91,096
Deposits and guarantees received	2,602	10,535
Other current payables	77	97
	9,384	**101,728**

Other non-current payables	31 December 2017	31 December 2016
Other non-current payables	1,505	1,223
	1,505	**1,223**

12. Derivative Financial Instruments

There are no derivative financial instruments (31 December 2016: None).

13. Inventories

	31 December 2017	31 December 2016
Raw materials	127,129	88,820
Work in process	5,060	5,614
Finished goods	99,203	76,258
Trade goods	3,843	5,514
Goods in transit	3,179	26,891
Other inventories	1,262	803
Provision for inventory write-down (-)	(26)	(21)
	239,650	**203,879**

13. Inventories

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

The movements of provision for inventory write-down	31 December 2017	31 December 2016
Opening balance, 1 January	(21)	(18)
Foreign currency translation differences	(5)	(3)
	(26)	**(21)**

14. Prepaid Expenses and Deferred Revenue

Current prepaid expenses	31 December 2017	31 December 2016
Advances given for inventories	12,478	18,133
Prepaid expense	4,340	2,673
	16,818	**20,806**

Non-current prepaid expenses	31 December 2017	31 December 2016
Advances given for tangible and intangible assets	42,408	5,858
Prepaid expense	20,103	11,562
	62,511	**17,420**

Current deferred revenue	31 December 2017	31 December 2016
Advances received	12,951	8,999
Deferred income	11	-
	12,962	**8,999**

There are no non-current deferred revenues (31 December 2016: None).

15. Construction Contracts

None (31 December 2016: 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 2017	31 December 2016
Solvay Şişecam Holding AG	328,447	272,697
Oxyvit Kimya San. ve Tic. A.Ş.	-	8,608
	328,447	**281,305**

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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 2017	31 December 2016
Current assets	451,873	331,392
Non-current assets	1,074,834	929,906
Total assets	**1,526,707**	**1,261,298**
Current liabilities	131,037	97,360
Non- current liabilities	55,294	50,962
Total liabilities	**186,331**	**148,322**
Non- controlling interests	26,589	22,189
Net assets	**1,313,787**	**1,090,787**
Share of the Group (%)		
- Direct and indirect ownership ratio (%)	25.00	25.00
- Effective ownership ratio (%)	24.87	24.87
The Group's share in net assets	**328,447**	**272,697**

	1 January-31 December 2017	1 January-31 December 2016
Revenue	991,172	774,096
Profit from continuing operations	262,189	187,155
Advance dividend payments	84,170	95,107
Profit from continuing operations	**346,359**	**282,262**
Other compherensive income / (loss)	235,636	157,058
Total compherensive income	**581,995**	**439,320**
The Group's share in profit /(loss) from continuing operations	**86,590**	**70,566**
Dividends distributed from retained earnings	**274,825**	**198,647**
Group share of distributed dividends	**89,749**	**73,438**

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.

The Group has consolidated the Associate since 23 July 1997.

16. Joint Ventures and Associates under Equity Method

Oxyvit Kimya Sanayii ve Tic. A.Ş.	30 June 2017	31 December 2016
Current assets	33,920	22,021
Non-current assets	13,286	13,365
Total assets	**47,206**	**35,386**
Current liabilities	14,382	11,347
Non-current liabilities	4,968	4,910
Total Liabilities	**19,350**	**16,257**
Net Assets	**27,856**	**19,129**
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	**12,535**	**8,608**

	1 January-30 June 2017	1 January-31 December 2016
Revenue	36,180	36,125
Profit/(Loss) from continuing operations	**12,207**	**3,594**
Other comprehensive income	-	31
Total comprehensive income	**12,207**	**3,625**
The Group's share in profit /(loss) from continuing operations	**5,493**	**1,617**
Dividends distributed from retained earnings	**3,480**	**4,500**
Group share of distributed dividends	**1,566**	**2,025**

Shares of the joint venture outside the Group, Cheminvest Türkiye Deri Kimyasalları Sanayii ve Tic. A.Ş. on July 25, 2017, 100% of Cheminvest Deri Kimyasalları Sanayii ve Tic. A.Ş. was acquired and accounted for using full consolidation method from that date.

Movements of the associates during the period are as below:

	31 December 2017	31 December 2016
Opening balance, 1 January	281,305	245,307
Transfers to subsidiaries after business combination	(12,535)	-
Income from associates and joint ventures	92,083	72,183
Dividend income	(91,315)	(75,463)
Defined benefit plans remeasurement gains / losses	-	14
Foreign currency translation differences	58,909	39,264
	328,447	**281,305**

17. Investment Properties

None (31 December 2016: None).

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18. Property, Plant and Equipments

	Land	Land improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Other tangible assets	Construction in progress	Total
Cost									
Opening balance, 1 January	246,188	195,005	145,996	1,825,799	6,060	28,992	7,630	25,115	2,480,785
Rearrangements (*)	(4,273)	-	-	-	-	-	-	-	(4,273)
Impact on Business Combination (Note 3)	3,829	1,228	1,579	22,188	32	488	-	725	30,069
Currency translation differences	6,379	4,454	18,165	101,777	910	403	72	3,178	135,338
Additions	-	-	213	672	-	12	3	131,571	132,471
Disposals	-	-	-	(24)	(199)	(86)	(301)	-	(610)
Transfers from construction in progress	20,468	14,611	3,754	22,081	309	690	-	(61,913)	-
Closing balance, 31 December 2017	**272,591**	**215,298**	**169,707**	**1,972,493**	**7,112**	**30,499**	**7,404**	**98,676**	**2,773.780**
Accumulated depreciation									
Opening balance, 1 January	(2,112)	(110,036)	(11,980)	(1,113,671)	(4,329)	(24,273)	(5,121)	-	(1,271,522)
Impact on Business Combination (Note 3	-	(359)	(76)	(15,961)	(32)	(366)	-	-	(16,794)
Currency translation differences	(10)	(1,151)	(2,481)	(52,786)	(672)	(328)	(43)	-	(57,471)
Charge for the period (**)	-	(15,710)	(7,147)	(108,586)	(621)	(1,107)	(483)	-	(133,654)
Disposals	-	-	-	17	184	86	301	-	588
Closing balance, 31 December 2017	**(2,122)**	**(127,256)**	**(21,684)**	**(1,290,987)**	**(5,470)**	**(25,988)**	**(5,346)**	**-**	**(1,478,853)**
Net book value as of 31 December 2017	**270,469**	**88,042**	**148,023**	**681,506**	**1,642**	**4,511**	**2,058**	**98,676**	**1,294,927**
Net book value as of 31 December 2016	**244,076**	**84,969**	**134,016**	**712,128**	**1,731**	**4,719**	**2,509**	**25,115**	**1,209,263**

(*) The Group has re-reviewed its tangible assets and has made classification to related accounts and netting including the expiration of economic life. The assets have no effect on profit / (loss).
(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

There are no mortgages on land and buildings due to bank credits. (1 January-31 December 2016 : None).

18. Property, Plant and Equipments

	Land	Land improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Other tangible assets	Construction in progress	Total
Cost									
Opening balance, 1 January	241,042	179,538	101,988	1,476,427	5,528	26,951	5,251	168,908	2,205,633
Rearrangements (*)	(4,102)	-	-	22,925	-	-	-	-	18,823
Currency translation differences	4,166	2,936	11,788	63,792	613	262	48	3,729	87,334
Additions	-	-	-	2,059	-	255	2,331	165,331	169,976
Disposals	-	-	-	(794)	(182)	(5)	-	-	(981)
Transfers from construction in progress	5,082	12,531	32,220	261,390	101	1,529	-	(312,853)	-
Closing balance, 31 December 2016	**246,188**	**195,005**	**145,996**	**1,825,799**	**6,060**	**28,992**	**7,630**	**25,115**	**2,480,785**
Accumulated depreciation									
Opening balance, 1 January	(2,105)	(95,501)	(5,417)	(985,406)	(3,515)	(22,944)	(4,983)	-	(1,119,871)
Rearrangements (*)	-	-	-	(22,925)	-	-	-	-	(22,925)
Currency translation differences	(7)	(662)	(1,141)	(30,481)	(411)	(200)	(26)	-	(32,928)
Charge for the period (**)	-	(13,873)	(5,422)	(75,653)	(585)	(1,131)	(112)	-	(96,776)
Disposals	-	-	-	794	182	2	-	-	978
Closing balance, 31 December 2016	**(2,112)**	**(110,036)**	**(11,980)**	**(1,113,671)**	**(4,329)**	**(24,273)**	**(5,121)**	**-**	**(1,271,522)**
Net book value as of 31 December 2016	**244,076**	**84,969**	**134,016**	**712,128**	**1,731**	**4,719**	**2,509**	**25,115**	**1,209,263**
Net book value as of 31 December 2015	**238,937**	**84,037**	**96,571**	**491,021**	**2,013**	**4,007**	**268**	**168,908**	**1,085,762**

(*) The Group has re-reviewed its tangible assets and has made classification to related accounts and netting including the expiration of economic life. The assets have no effect on profit / (loss)
(**) Allocation of depreciation expense is disclosed in Note 28 and Note 30.

There are no mortgages on land and buildings due to bank credits. (1 January-31 December 2015 : None).

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19. Intangible Assets

Cost	Rights	Development Expenses	Other	Total
Opening balance, 1 January	10,491	1,113	9,265	20,869
Rearrangements	-	-	4,273	4,273
Impact on business combination (Note 3)	208	-	5	213
Currency translation differences	368	242	125	735
Additions	397	-	-	397
Closing balance, 31 December 2017	**11,464**	**1,355**	**13,668**	**26,487**
Accumulated amortization				
Opening balance, 1 January	(10,034)	(1,113)	(1,657)	(12,804)
Impact on business combination (Note 3)	(197)	-	(5)	(202)
Currency translation differences	(352)	(242)	(126)	(720)
Charge for the period (*)	(156)	-	(1,811)	(1,967)
Closing balance, 31 December 2017	**(10,739)**	**(1,355)**	**(3,599)**	**(15,693)**
Net book value as of 31 December 2017	**725**	**-**	**10,069**	**10,794**
Net book value as of 31 December 2016	**457**	**-**	**7,608**	**8,065**

Cost	Rights	Development Expenses	Other	Total
Opening balance, 1 January	10,247	953	5,080	16,280
Rearrangements	-	-	4,102	4,102
Currency translation differences	242	160	83	485
Additions	2	-	-	2
Closing balance, 31 December 2016	**10,491**	**1,113**	**9,265**	**20,869**
Accumulated amortization				
Opening balance, 1 January	(9,686)	(953)	(587)	(11,226)
Currency translation differences	(228)	(160)	(83)	(471)
Charge for the period (*)	(120)	-	(987)	(1,107)
Closing balance, 31 December 2016	**(10,034)**	**(1,113)**	**(1,657)**	**(12,804)**
Net book value as of 31 December 2016	**457**	**-**	**7,608**	**8,065**
Net book value as of 31 December 2015	**561**	**-**	**4,493**	**5,054**

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

Other intangible assets include lands that are used to benefit from the salt.

20. Goodwill

Movements of the goodwill during the period are as below:

	31 December 2017	31 December 2016
Opening balance, 1 January	8,741	7,487
Paid within period (Note 3)	10,862	-
Currency translation differences	1,897	1,254
	21,500	**8,741**

20. Goodwill

The details of goodwill amount based on subsidiaries are as below:

	31 December 2017	31 December 2016
Oxyvit Kimya Sanayii ve Ticaret A.Ş.	10,862	-
Cromital S.p.A.	10,638	8,741
	21,500	**8,741**

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 2017	31 December 2016
Provision for cost expenses	3,873	4,234
Provision for employee benefits	224	423
Provision for litigation	4,376	3,041
Provision for other expenses	2,966	547
	11,439	**8,245**

As of 31 December 2017, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 4,376K (31 December 2016: TRY 3,041K) and provided for this amount. The provision amount was recognised under general management expenses.

Contingent liabilities as of 31 December 2017 and 31 December 2016 are as follows:

		31 December 2017		
Collaterals, pledge and mortgages given by the Company	**Total (TRY)**	**USD**	**EUR**	**TRY**
A. Given Under the Group's Own Corporate Identity	22,107	3,405	275	8,022
B. Given In Favour of Fully Consolidated Subsidiaries	138,695	7,000	24,868	-
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	None	None	None	None
i. Given in Favour of Main Shareholder (*)	None	None	None	None
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
	160,802	**10,405**	**25,143**	**8,022**

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22. Provisions, Contingent Assets and Liabilities

		31 December 2016		
Collaterals, pledge and mortgages given by the Company	**Total (TRY)**	**USD**	**EUR**	**TRY**
A. Given Under the Group's Own Corporate Identity	22,789	3,660	437	8,287
B. Given In Favour of Fully Consolidated Subsidiaries	99,987	-	26,951	-
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	None	None	None	None
i. Given in Favour of Main Shareholder	None	None	None	None
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
	122,776	**3,660**	**27,388**	**8,287**

Ratio of CPM's given by the Company to the Company's equities is 0% as of 31 December 2017 (0 % as of 31 December 2016).

23. Commitments

The Group has committed to puchases natual gas of 406,536,700 sm3 to Boru Hatları ve Petrol Taşıma A.Ş. (BOTAŞ) between January 1, 2018 and December 31, 2018.(31 December 2016: None)

24. Employee Benefits

Short-term employee benefits

	31 December 2017	31 December 2016
Payables to personnel	3,496	3,173

Short- term provisions for employee benefits	31 December 2017	31 December 2016
Unused vacation provision for the period	224	423

Long term provisions for employee benefits

	31 December 2017	31 December 2016
Domestic	28,791	21,690
Foreign	3,787	2,783
	32,578	**24,473**

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 4,732.48 for each period of service as of 31 December 2017 (31 December 2016: TRY 4,297.21). The Group is taken into consideration in the calculation of provision for employment termination benefits TRY 5,001.75 as of 1 January 2017 (31 December 2016: TRY 4,426.16 effective from 1 January 2017). 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 2017 and 31 December 2016 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 6.40% (31 December 2016: 6.00%) and a discount rate of 11.39% (31 December 2016: 11.50%), the real discount rate is approximately 4.69% (31 December 2016: 5.19 %). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2017 the possibility of employment to retirement of employees is 98.41% (31 December 2016: 98.76%).

The movement of the employment termination benefits is as follows:

	31 December 2017	31 December 2016
Opening balance, 1 January	24,473	23,016
Impact on business combinations	738	-
Currency translation differences	640	390
Service costs	4,231	3,762
Interest costs	2,537	996
Actuarial gain / (loss)	3,542	(490)
Paid during period	(3,583)	(3,201)
	32,578	**24,473**

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25. Impairment of Assets

Impairment of assets	31 December 2017	31 December 2016
Allowances for doubtful trade receivables	2,277	1,936
Allowance for other receivables	34	34
Allowance for impairment of inventories	26	21
Impairment of available for sale financial asset	-	655
	2,337	**2,646**

The detail of impairment losses on available for sale financial assets	31 December 2017	31 December 2016
Şişecam Shanghai Trade Co. Ltd.	-	655
	-	**655**

26. Other Assets and Liabilities

Other current assets	31 December 2017	31 December 2016
Deductible VAT	11,683	3,511
Deferred VAT	840	-
Recoverable VAT on exports	41,239	13,713
Other	1,776	45
	55,538	**17,269**

Other non-current assets	31 December 2017	31 December 2016
Spare parts to be used in the following years	3,222	2,933
Other non-current assets	45	37
	3,267	**2,970**

Other current liabilities	31 December 2017	31 December 2016
Taxes and dues payable	4,066	2,855
Social security premiums payable	3,229	2,677
Expense accruals	245	201
Other	1,686	1,273
	9,226	**7,006**

There are no non-current liabilities (2016: 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 Turkish Accounting 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.

27. Equity, Reserves and Other Equity Components

a) Paid Capital/ Capital Adjustment Differences

The approved and paid-in share capital of the Company consists of 90,000,000,000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each (Kr represents 1/100 of TRY).

	31 December 2017	31 December 2016
Registered Capital upper limit (*)	2,500,000	1,000,000
Paid-in-capital (**)	900,000	750,000

(*) The amendment of Article 6 in Articles of Association related with capital which contains the increase of registered capital ceiling from TRY 1,000,000K to TRY 2,500,000K has been approved by the Capital Market Board with the letter dated 2 March 2017 and numbered 2789. Additionally, following to the approval obtained from Energy Market Regulatory Authority and Turkish Republic Custom and Trade Ministry, the increase of the ceiling has been accepted by the shareholders in the Ordinary General Assembly Meeting held on 28 March 2017 and published on the Trade Registry Gazette dated 10 April 2017 and numbered 9302. The registered capital ceiling permission given by the Capital Market Board is valid for the years of 2017-2021 (5 years).
(**)The Company increased paid-in capital in Board of Directors meeting held on 26 May 2017, within the upper limit of the company's registered capital (TRY 2,500,000K) from TRY 750,000K to TRY 900,000,000. TRY 150,000K which is increased amount; the amount of TRY 77,000K is to be met by 2016 profit share in accordance with the decision taken by the Ordinary General Meeting of the Shareholders, which convened on March 28, 2017, in accordance with article 5/1-e of Corporate Tax Law, TRY 305K to be met by the profit from both the sales of real estate and participation shares, TRY 72,695K is to be met by the extraordinary reserve funds. The capital increase was approved by the resolution of the Capital Markets Board dated 22 June 2017 numbered 25/842 and the capital amount change of the Articles of Association regarding capital increase transactions and capital increase was registered on 12 July 2017 and the distribution of bonus shares was completed on 17 July 2017.

	31 December 2017		31 December 2016	
Shareholder	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
Türkiye Şişe ve Cam Fabrikaları A.Ş.	546,045	60.67	454,840	60.64
Camiş Madencilik A.Ş.	-	-	197	0.03
Other (*)	353,955	39.33	294,963	39.33
Nominal capital	**900,000**	**100.00**	**750,000**	**100.00**

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

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

	31 December 2017		31 December 2016	
Shareholder	**Amount TRY**	**Share (%)**	**Amount TRY**	**Share (%)**
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	187,802	20.87	158,341	21.11
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	100,484	11.16	84,611	11.28
Other (*)	611,714	67.97	507,048	67.61
Nominal capital	**900,000**	**100.00**	**750,000**	**100.00**

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

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27. Equity, Reserves and Other Equity Components

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

	31 December 2017	31 December 2016
Gains(loss) from revaluation of tangible assets	179,166	186,296
Revaluation increase fund of lands and buildings	*179,166*	*186,296*
Actuarial gain /loss fund for employee termination provision	(2,222)	573
	176,944	**186,869**

Revaluation funds of land and buildings on revaluation

The Group revalued its land, and buildings at the end of 2004 in accordance with the "Financial Reporting in Hyperinflationary Economies" standard and after this date the purchases has been revalued on a cost basis.

As of 31 December 2015, The Group decided to revaluate 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 2017	31 December 2016
Opening- 1 January	186,296	185,834
Impact on business combinations	1,976	-
Effects of non-controlling shares	(3)	210
Currency translation differences	476	283
Deferred tax effect	(9,579)	(31)
	179,166	**186,296**

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.

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

	31 December 2017	31 December 2016
Opening- 1 January	573	167
Impact on business combinations	39	-
Charged for the period	(3,542)	504
Impact on deferred tax	708	(98)
	(2,222)	**573**

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

Revaluation funds	**31 December 2017**	**31 December 2016**
Currency translation differences	369,248	228,128
	369,248	**228,128**

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

27. Equity, Reserves and Other Equity Components

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

Currency translation differences

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.

d) Restricted Reserves

Restricted reserves attributable to equity holder of the parent company	31 December 2017	31 December 2016
Primary legal reserves	164,293	124,329
Gain from real estate sales to be added to capital	-	305
	164,293	**124,634**

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

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal res erve 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 916,353K (31 December 2016: TRY 733,300K) is TRY 888,943K (31 December 2016: TRY 804,320K).

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 boks.

27. Equity, Reserves and Other Equity Components

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 2017	31 December 2016
Net profit for the period	707,924	474,282
Legal reserves	(15,707)	(23,714)
Special Fund in accordance with article 5/1-e of Corporate Tax Law	(6)	-
Net distributable profit for the period	**692,211**	**450,568**
Extraordinary reserve	888,943	804,320
	1,581,154	**1,254,888**

It has been decided in Ordinary General Assembly Meeting held on 28 March 2017 , was resolved that the gross dividend amounts of 200,000K Turkish lira and 77,000K Turkish lira, which correspond to 26.66666% and 10.26666% of the outstanding issued capital, will be distributed in cash and in bonus shares, respectively, and that the cash dividend payment date will be set as May 30, 2017, and the bonus shares will be distributed within the stipulated statutory deadlines.

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 2017:

None.

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.

The transactions that were held with purpose of re-structuring of Group companies between 1 January and 31 December 2017 are as follows:

Cheminvest Deri Kimyasalları Sanayi ve Ticaret A.Ş. who owns %50 of shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. whose %45 of shares is owned by Soda San. A.Ş., our subsidiary, and remaining %5 of shares is owned by our Company is purchased from Cheminvest S.P.A. located in Italy and other shareholders with 7 million USD(TRY 24,811K). In accordance with the resolution of the Board of Directors dated July 25, 2017, the Share Transfer Agreement was signed and the transfer of the shares took place accordingly. Then, Cheminvest Deri Kimyasalları Sanayii ve Ticaret A.Ş. that owns 50% shares of Oxyvit Kimya Sanayii ve Ticaret A.Ş. has been dissolved through reverse merger. On 19 December, 2017 the registration was also declared.

On 31 July 2017, Oxyvit Kimya Sanayii ve Ticaret A.Ş. shares which is holded by Türkiye Şişe ve Cam Fabrikaları A.Ş. has been purchased amounting to USD 700 K (TRY 2,471K)

27. Equity, Reserves and Other Equity Components

f) Non-controlling Interest

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

Issued capital of the Sisecam Chem Investment B.V. -which is a subsidiary of the company- has been increased as cash in February 2016. 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 13,050K by paying EUR 2,812K (BAM 5,500K) at the date of 14 March 2016.

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

	31 December 2017	31 December 2016
Equity holders of the parent	(1,078)	18,866
Non-controlling interest	(1,393)	(27,844)
	(2,471)	**(8,978)**

g) Sale of Subsidiaries

None. (31 December 2016: None).

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28. Sales and Cost of Sales

Sales	1 January-31 December 2017	1 January-31 December 2016
Sales	2,309,594	1,806,449
Electricity sales (*)	153,181	270,726
Other income	829	906
Sales return	(1,485)	(2,257)
Sales discount	(10,827)	(8,110)
Other deductions from sales	-	(14)
	2,451,292	**2,067,700**

(*) 1,096,546,598 kWh electricity has sold between 1 January-31 December 2017 (1 January – 31 December 2016: 857,529,400 kWh).

Cost of sales	1 January-31 December 2017	1 January-31 December 2016
Direct materials	(722,788)	(508,790)
Direct labor	(48,008)	(39,630)
Production overheads	(414,616)	(504,973)
Depreciation	(131,058)	(94,330)
Change in work in process	(672)	2,181
Change in finished goods	21,144	1,364
Cost of goods sold	**(1,295,998)**	**(1,144,178)**
Cost of merchandise sold	(301,365)	(250,395)
	(1,597,363)	**(1,394,573)**

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

Cost of sales	1 January-31 December 2017	1 January-31 December 2016
General administrative expenses	(79,867)	(70,147)
Marketing expenses	(290,912)	(178,468)
Research and development expenses	(2,856)	(8,388)
	(373,635)	**(257,003)**

30. Operating Expenses by Nature

	1 January-31 December 2017	1 January-31 December 2016
Direct materials	(4,083)	(3,547)
Personnel expenses	(54,315)	(45,961)
Services rendered by third parties	(210,548)	(137,311)
Miscellaneous expenses	(89,646)	(62,485)
Taxes and funds	(10,480)	(4,146)
Depreciation and amortisation	(4,563)	(3,553)
	(373,635)	**(257,003)**

31. Other Operating Income/ (Expenses)

Other operating income	1 January-31 December 2017	1 January-31 December 2016
Foreign Exchange gains from other operating activities	61,702	61,872
Interest income from other operations	226	3
Rediscount on interest gain	527	387
Service income	7,857	5,870
Rental income	60	89
Gain on sales of scrap items	2,969	2,944
Gain on sales of raw materials	8,668	9,753
Insurance claims	186	80
Other	18,182	10,903
	100,377	**91,901**

Other operating expenses	1 January-31 December 2017	1 January-31 December 2016
Foreign exchange loss from other operating activities	(44,252)	(33,468)
Interest loss from other operations	(230)	(255)
Rediscount on interest loss	(602)	(448)
Commission expenses	(265)	(146)
Loss from sales of raw materials	(8,253)	(9,414)
Lawsuit loss	(1,098)	(1,326)
Provision expenses	(189)	(1,095)
Other	(17,341)	(16,463)
	(72,230)	**(62,615)**

32. Income and Expense from Investing Activities

Income from Investing Activities	1 January-31 December 2017	1 January-31 December 2016
Dividend income	6	4
Revaluation differences of financial assets (*)	76,283	13,506
Gain on sale of available-for-sale financial assets	8	-
Gain on sale of property,plant and equipment	106	191
	76,403	**13,701**

Expenses from Investing Activities	1 January-31 December 2017	1 January-31 December 2016
Loss from sale of property,plant and equipment	(95)	(16)
Revaluation differences of financial assets (*)	(33,571)	-
	(33,666)	**(16)**

Income / (Expenses) from Investing Activities, Net	1 January-31 December 2017	1 January-31 December 2016
Dividend income	6	4
Revaluation differences of financial assets (*)	42,712	13,506
Gain on sale of available-for-sale financial assets	8	-
Gain or Loss from sale of property,plant and equipment	11	175
	42,737	**13,685**

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

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32. Income and Expense from Investing Activities

Interest has been collected from the securities that is fixed income financial assets held to maturity during the period are as follows.

Marketable security issuer	1 January-31 December 2017	1 January-31 December 2016
Türkiye İş Bankası A.Ş.	4,841	456
Türkiye Vakıflar Bankası T.A.O.	4,044	-
Yapı ve Kredi Bankası A.Ş.	2,859	-
Türkiye Sınai Kalkınma Bankası A.Ş.	2,231	233
Türk Eximbank	1,716	-
Turkcell İletişim Hizmetleri A.Ş.	1,449	239
Ziraat Bankası A.Ş.	1,092	-
Türkiye Halk Bankası A.Ş.	977	-
Türkiye Garanti Bankası A.Ş.	913	125
Arçelik A.Ş.	808	169
Anadolu Efes Biracılık ve Malt San. A.Ş.	136	57
Finansbank A.Ş.	38	-
Türk Telekomünikasyon A.Ş.	-	36
	21,104	**1,315**

The interest income from marketable securities during the period are as follows:

Marketable security issuer	1 January-31 December 2017	1 January-31 December 2016
Türkiye İş Bankası A.Ş.	9,730	3,248
Türkiye Vakıflar Bankası T.A.O.	8,684	110
Yapı ve Kredi Bankası A.Ş.	7,192	13
Türkiye Sınai Kalkınma Bankası A.Ş.	4,729	1,768
Türkiye Halk Bankası A.Ş.	2,557	2,998
Turkcell İletişim Hizmetleri A.Ş.	2,363	1,714
Ziraat Bankası A.Ş.	2,335	-
Türkiye Garanti Bankası A.Ş.	1,776	1,370
Arçelik A.Ş.	1,457	1,399
Türk Eximbank	1,322	-
Anadolu Efes Biracılık ve Malt San. A.Ş.	442	621
Finansbank A.Ş.	130	-
Türk Telekomünikasyon A.Ş.	(5)	265
	42,712	**13,506**

33. Financial Income and Expenses

Financial Income	1 January-31 December 2017	1 January-31 December 2016
Foreign exchange income	236,788	226,919
-Cash and cash equivalents	*194,874*	*203,122*
-Borrowings	*2,336*	*1,512*
-Bond issued	*32,815*	*13,995*
- Other	*6,763*	*8,290*
Interest Income	32,957	27,174
-Time deposits	*24,728*	*16,864*
- Other	*8,229*	*10,310*
	269,745	**254,093**

Financial Expenses	1 January-31 December 2017	1 January-31 December 2016
Foreign exchange expense	(162,350)	(120,269)
-Cash and cash equivalents	*(109,283)*	*(68,785)*
-Borrowings	*(3,346)*	*(4,460)*
-Bond issued	*(45,450)*	*(44,575)*
- Other	*(4,271)*	*(2,449)*
Interest Expenses	(19,716)	(20,341)
-Borrowings	*(3,985)*	*(4,407)*
-Bond issued	*(8,015)*	*(6,661)*
- Other	*(7,716)*	*(9,273)*
	(182,066)	**(140,610)**

Financial Income/Expense (Net)	1 January-31 December 2017	1 January-31 December 2016
Foreign exchange income/expense	74,438	106,650
-Cash and cash equivalents	*85,591*	*134,337*
-Borrowings	*(1,010)*	*(2,948)*
-Bond issued	*(12,635)*	*(30,580)*
- Other	*2,492*	*5,841*
Interest income/expense	13,241	6,833
- Time deposits and borrowings	*20,743*	*12,457*
-Bond issued	*(8,015)*	*(6,661)*
- Other	*513*	*1,037*
	87,679	**113,483**

34. Assets Held for Sale

None (31 December 2016: None).

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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 2017	31 December 2016
Deferred tax assets	4,512	15,465
Deferred tax liabilities (-)	(10,444)	(219)
Deferred tax assets/liabilities (net)	**(5,932)**	**15,246**

Temporary differences constitute a basis for Deferred Tax	31 December 2017	31 December 2016
Useful life and valuation differences on tangible and intangible assets	225,762	191,562
Provision for employment termination benefits	(29,960)	(24,473)
Revaluation of inventories	(84)	431
Deferred revenue	(17,378)	(20,225)
Reduced corporate tax	(133,740)	(222,874)
Other	(16,125)	532
	28,475	**(75,047)**

Deferred tax (assets) / liabilities	31 December 2017	31 December 2016
Useful life and valuation differences on tangible and intangible assets	(49,348)	(38,093)
Provision for employment termination benefits	6,588	4,996
Revaluation of inventories	18	(86)
Deferred revenue	3,823	4,045
Reduced corporate tax	29,423	44,575
Other	3,564	(191)
	(5,932)	**15,246**

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

Total loss of which deferred tax assets have not been calculated is TRY 80K. (31 December 2016: None).

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

Deferred Tax Assets and Liabilities

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

	31 December 2017	31 December 2016
Opening balance, 1 January	15,246	3,499
Exchange differences	10	7
Impact on business combinations	(227)	-
Charged to the equity	(8,871)	(129)
Charged to statement of income	(12,090)	11,869
	(5,932)	**15,246**

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 2016: 20%).

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

Country	31 December 2017	31 December 2016
Bosnia and Herzegovina	10.0	10.0
Bulgaria	10.0	10.0
Italy	27.9	31.4
Holland(*)	20.0-25.0	20.0-250

(*) 20% of tax rate for the profit up to EUR 200,000 and 25% of tax rate for the exceeding portion are applied in Holland.

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income (2016: 20 %).

In accordance with the regulation numbered 7061, published in Official Gazette on November 27, 2017, "Bazı Vergi Kanunlar ile Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun" and tax rate of 20% that stated in the first paragraph of Article 32 of the Law on Corporations Tax No 5520 has been added temporarily as 22 % for corporate income related to 2018, 2019 and 2020 taxation periods. Also with the same regulation and stated in 5520 numbered Law No. 5.75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%.

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

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

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.

Reduced Corporate Tax Allowance

Corporate tax allowances can be taken for regional implementation of investments and large scale investments in accordance with Decision No: 2012/3305 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 2017 and 31 December 2016 are as:

Current period tax liability:	31 December 2017	31 December 2016
Current corporate tax liability	60,441	80,230
Prepaid taxes and funds	(52,315)	(50,313)
Tax provision in the balance sheet	**8,126**	**29,917**

	1 January-31 December 2017	1 January-31 December 2016
Current corporate tax liability	(60,441)	(80,230)
Impact on business combinations	3,321	-
Foreign exchange differences	244	224
Deferred tax expense	(12,090)	11,869
Tax provision in the statement of income	**(68,966)**	**(68,137)**

Reconciliation of provision for tax	1 January-31 December 2017	1 January-31 December 2016
Profit before taxation and minority interest	730,940	644,762
Effective tax rate	%20	%20
Calculated tax	**(146,188)**	**(128,952)**
Tax reconciliation		
- Non-deductible expenses	(3,139)	(2,599)
- Dividends and other non-taxable income	50,725	25,959
- Previous period's losses exempt from tax	(15)	-
- Effects of foreign subsidiaries subject to different tax rates	7,113	6,934
- Reduced corporate tax	45,896	32,878
- Other	(23,358)	(2,357)
Tax expense in the statement of income	**(68,966)**	**(68,137)**

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

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

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

Current tax assets	31 December 2017	31 December 2016
Prepaid taxes and funds	405	-

36. Earnings per Share

Earnings per share	1 January- 31 December 2017	1 January- 31 December 2016
Average number of shares in circulation during the period (full value)	900,000	900,000
Net profit for the period attributable to shareholders of the parent company	661,087	575,805
Earning per share	**0.735**	**0.640**
Total comprehensive income attributable to shareholders of the parent company	790,267	663,574
Earnings per share from total comprehensive income	**0.878**	**0.737**

On July 12, 2017, the Company increased its share capital from TRY 750,000K to TRY 900,000K by giving its shareholders an internal share(Bonus Share) of TRY 150,000K. Increasing of number of shares resulting from giving bonus share adjusts in current year and presented other all periods, weighted average number of ordinary shares in accordance with IAS 33 "Earning Per Share". Therefore, weighted average of number of shares used in calculating earnings per share for the period 1 January - 31 December 2016 is calculated by taking into consideration the bonus shares issued.

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 2017	31 December 2016
T.İş Bankası A.Ş.		
- Demand deposit	5,302	4,920
- Time deposit	636,057	914,796
	641,359	**919,716**
İşbank AG		
- Demand deposit	2,769	342
- Time deposit	-	-
	2,769	**342**

Loans received from related parties	31 December 2017	31 December 2016
T.İş Bankası A.Ş.	14	19
T.Sınai Kalkınma Bankası A.Ş.	8,566	13,915
IFC	123,754	99,900
Financial borrowings through T. Şişe ve Cam Fabr. A.Ş. (*)	189,128	176,216
	321,462	**290,050**

37. Related Party Transactions

(*) 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% 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.

Financial assets held to maturity	31 December 2017	31 December 2016
T.İş Bankası A.Ş.	121,053	25,875
T.Sınai Kalkınma Bankası A.Ş.	61,665	10,867
	182,718	**36,742**

Nominal value and coupon interest rate detail of financial assets held to maturity is as follow:

Marketable security issuer	ISIN Code	Coupon Interest Rate (%)	31 December 2017 Nominal Amount (USD)	31 December 2016 Nominal Amount (USD)
T.İş Bankası A.Ş.	XS1390320981	5.375	4,696	3,696
T.İş Bankası A.Ş.	XS1079527211	5.000	8,990	2,190
T.İş Bankası A.Ş.	XS1117601796	5.375	2,656	-
T.İş Bankası A.Ş.	XS1578203462	6.125	210	-
T.İş Bankası A.Ş.	XS1508390090	5.500	15,700	1,500
			32,252	**7,386**
T.Sınai Kalkınma Bankası A.Ş.	XS1219733752	5.125	5,050	600
T.Sınai Kalkınma Bankası A.Ş.	XS1412393172	4.875	11,425	2,503
			16,475	**3,103**
			48,727	**10,489**

Trade receivables from related parties	31 December 2017	31 December 2016
Şişecam Enerji A.Ş.	14,769	28,726
Trakya Glass Bulgaria EAD	11,392	10,538
Trakya Cam Sanayii A.Ş.	10,986	17,664
Anadolu Cam Sanayii A.Ş.	7,687	4,229
Türkiye Şişe ve Cam Fabrikaları A.Ş.	5,992	-
Hindusthan National Glass and Industries Limited	4,172	-
HNG Float Glass Limited	4,149	1,584
Solvay Şişecam Holding AG	3,597	3,132
Paşabahçe Bulgaria EAD	3,351	2,763
Şişecam Flat Glass İtaly S.R.L	3,158	-
Paşabahçe Cam San. ve Tic. A.Ş.	1,133	4,869
Şişecam Dış Ticaret A.Ş.	233	-
Trakya Yenişehir Cam Sanayii A.Ş.	180	11,588
Trakya Polatlı Cam Sanayii A.Ş.	135	5,955
Cam Elyaf Sanayii A.Ş.	80	162
Fabrika Cementa Lukavac D.D.(FCL)	75	30
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	12	-
JSC Mina	4	-
Denizli Cam Sanayii ve Tic. A.Ş.	2	115
Oxyvit Kimya San. ve Tic. A.Ş. (*)	-	1,211
Anadolu Cam Yenişehir Sanayi A.Ş.	-	7,648
Anadolu Cam Eskişehir Sanayi A.Ş.	-	4,697
İş Merkezleri Yönetim ve İşletim A.Ş.	-	119
	71,107	**105,030**

37. Related Party Transactions

Other receivables from related parties	31 December 2017	31 December 2016
T.Şişe ve Cam Fabrikaları A.Ş.	14,040	-
Trakya Cam Sanayii A.Ş.	5,961	9,466
Anadolu Cam Sanayii A.Ş.	3,783	2,158
Paşabahçe Cam San. ve Tic. A.Ş.	477	3,223
Cam Elyaf Sanayii A.Ş.	121	109
Trakya Yenişehir Cam Sanayii A.Ş.	95	5,563
Camiş Madencilik A.Ş.	86	-
Trakya Polatlı Cam Sanayi A.Ş.	75	3,621
Oxyvit Kimya San. ve Tic. A.Ş. (*)	-	5,022
Anadolu Cam Yenişehir Sanayi A.Ş.	-	3,786
Anadolu Cam Eskişehir Sanayi A.Ş.	-	2,697
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	15
Madencilik San.Tic.A.Ş.	-	161
Denizli Cam Sanayii ve Tic. A.Ş.	-	51
	24,638	**35,872**

Trade payables to related parties	31 December 2017	31 December 2016
Solvay Şişecam Holding AG	49,736	35,830
Şişecam Enerji A.Ş.	34,169	27,148
Şişecam Dış Ticaret A.Ş.	11,725	8,462
T. Şişe ve Cam Fabrikaları A.Ş.	3,046	2,362
Rudnik Krecnjaka Vijenac D.O.O.	2,303	1,093
Camiş Madencilik A.Ş.	344	-
Paşabahçe Cam San. ve Tic. A.Ş.	96	-
İş Merkezleri Yönetim ve İşletim A.Ş.	57	-
Anadolu Anonim Türk Sigorta A.Ş.	10	17
Trakya Cam Sanayii A.Ş.	7	-
Cam Elyaf Sanayii A.Ş.	6	-
Oxyvit Kimya San. ve Tic. A.Ş. (*)	-	157
İş Portföy Yönetimi A.Ş.	-	33
Camiş Ambalaj Sanayii A.Ş.	-	11
	101,499	**75,113**

Trade payables to related parties	31 December 2017	31 December 2016
Şişecam Dış Ticaret A.Ş.	6,542	34,431
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	156	171
Şişecam Enerji A.Ş.	5	928
Paşabahçe Mağazaları A.Ş.	2	3
T.Şişe ve Cam Fabrikaları A.Ş.	-	55,366
Çayırova Cam Sanayii A.Ş.	-	2
Oxyvit Kimya San. ve Tic. A.Ş. (*)	-	169
Camiş Madencilik A.Ş.	-	26
	6,705	**91,096**

(*) Oxyvit Kimya Sanayii ve Tic. Inc. has been accounted with full consolidation method as a subsidiary with the new shares issued since July 25, 2017 and the receivable-payable amounts have been eliminated.

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37. Related Party Transactions

Sales to related parties	1 January-31 December 2017	1 January-31 December 2016
Şişecam Enerji A.Ş.	144,138	256,979
Trakya Cam Sanayii A.Ş.	99,751	76,417
Trakya Glass Bulgaria EAD	58,325	51,013
Anadolu Cam Sanayii A.Ş	31,015	20,666
Şişecam Flat Glass İtaly S.R.L.	30,968	-
Paşabahçe Bulgaria EAD	14,837	12,437
Hindusthan National Glass and Industries Limited	13,583	-
HNG Float Glass Limited	11,979	1,898
Paşabahçe Cam San. ve Tic. A.Ş.	11,240	27,496
JSC Mina	7,940	6,513
Oxyvit Kimya San. ve Tic. A.Ş.	3,374	5,125
Saint Gobain Glass Egypt S.A.E.	2,939	3,882
Trakya Yenişehir Cam Sanayii A.Ş.	979	53,866
Trakya Polatlı Cam Sanayii A.Ş.	711	35,191
Cam Elyaf Sanayii A.Ş.	421	356
Fabrika Cementa Lukavac D.D.(FCL)	92	73
Denizli Cam Sanayii ve Tic. A.Ş.	7	509
Anadolu Cam Yenişehir Sanayi A.Ş.	-	35,238
Anadolu Cam Eskişehir Sanayi A.Ş.	-	26,552
	432,299	**614,211**

TRY 1,127,076K of the Group's exports during the period 1 January - 31 December 2017 were made through Şişecam Dış Ticaret A.Ş., who acts as an agent for these transactions (1 January – 31 December 2016: TRY 771,465K).

Purchases from related parties	1 January-31 December 2017	1 January-31 December 2016
Şişecam Enerji A.Ş.	318,549	221,190
Solvay Şişecam Holding AG	239,415	184,915
Rudnik Krecnjaka Vijenac D.O.O.	12,213	9,843
Oxyvit Kimya San. ve Tic. A.Ş.	466	713
Çayırova Cam Sanayii A.Ş.	-	362
Camiş Ambalaj Sanayii A.Ş.	-	72
	570,643	**417,095**

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37. Related Party Transactions

Interest income from related parties	1 January-31 December 2017	1 January-31 December 2016
T.İş Bankası A.Ş.	23,453	15,489
T.Şişe ve Cam Fabrikaları A.Ş.	5,504	1,405
Trakya Cam Sanayii A.Ş.	1,317	711
Anadolu Cam Sanayii A. Ş.	593	399
Şişecam Enerji A.Ş.	287	2,860
Oxyvit Kimya San. ve Tic. A.Ş.	200	296
Trakya Yenişehir Cam Sanayii A.Ş.	182	873
Paşabahçe Cam San. ve Tic. A.Ş.	139	497
Trakya Polatlı Cam Sanayii A.Ş.	102	576
Cam Elyaf Sanayii A.Ş.	53	3
Camiş Madencilik A.Ş.	38	1,481
Şişecam Dış Ticaret A.Ş.	11	-
Denizli Cam Sanayii ve Tic. A.Ş.	2	17
Anadolu Cam Yenişehir Sanayi A.Ş.	-	552
Anadolu Cam Eskişehir Sanayi A.Ş.	-	625
Camiş Elektrik Üretim A.Ş.	-	15
	31,881	**25,799**

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 2017 was 1.28% (31 December 2016: 0.983%).

Other income from related parties	1 January-31 December 2017	1 January-31 December 2016
Solvay Şişecam Holding AG [(1)]	3,896	3,077
Camiş Madencilik A.Ş. [(2)]	2,145	1,936
Cam Elyaf Sanayii A.Ş.	1,072	695
Rudnik Krecnjaka Vijenac D.O.O.	418	329
Trakya Cam Sanayii A.Ş.	394	2,903
T.Şişe ve Cam Fabrikaları A.Ş.	242	299
Oxyvit Kimya Sanayii ve Tic. A.Ş.	128	187
Paşabahçe Cam San. ve Tic. A.Ş.	105	927
Şişecam Dış Ticaret A.Ş.	4	-
	8,404	**10,353**

(1) Other technical assistance and consulting services income provided to Solvay Sodi.
(2) Anthracite dust sales revenue.

Service expense to related parties	1 January-31 December 2017	1 January-31 December 2016
T.Şişe ve Cam Fabrikaları A.Ş.	14,417	18,864
	14,417	**18,864**

37. Related Party Transactions

Interest expense to related parties	1 January-31 December 2017	1 January-31 December 2016
Şişecam Dış Ticaret A.Ş.	5,421	2,666
IFC	3,278	3,345
T.Şişe ve Cam Fabrikaları A.Ş.	1,949	4,631
T.Sınai Kalkınma Bankası A.Ş.	658	798
T.İş Bankası A.Ş.	192	354
Cam Elyaf Sanayii A.Ş.	10	1,159
Şişecam Enerji A.Ş.	2	175
Paşabahçe Mağazaları A.Ş.	-	9
Trakya Cam Sanayii A.Ş.	-	144
Anadolu Cam Sanayii A.Ş.	-	72
Çayırova Cam Sanayii A.Ş.	-	36
Camiş Ambalaj Sanayii A.Ş.	-	26
	11,510	**13,415**

Other expense to related parties	1 January-31 December 2017	1 January-31 December 2016
Türkiye Şişe ve Cam Fabrikaları A.Ş.	19,734	769
Şişecam Dış Ticaret A.Ş.	6,031	4,175
Şişecam Enerji A.Ş.	2,295	4,140
Rudnik Krecnjaka Vijenac D.O.O.	1,290	1,038
İş Gayrimenkul Yatırım Ort. A.Ş. [(1)]	969	1,538
Anadolu Anonim Türk Sigorta A.Ş.	854	569
T.İş Bankası A.Ş.	742	610
İş Merkezleri Yönetim ve İşletim A.Ş. [(2)]	494	540
İş Portföy Yönetimi A.Ş.	420	116
Solvay Şişecam Holding AG	51	40
Camiş Madencilik A.Ş.	29	23
Paşabahçe Mağazaları A.Ş.	7	3
Fabrika Cementa Lukavac D.D.(FCL)	2	-
Paşabahçe Cam San. ve Tic. A.Ş.	82	-
Cam Elyaf Sanayii A.Ş.	0	12
Şişecam Shanghai Trading Co. Ltd.	0	2,356
Çayırova Cam Sanayii A.Ş.	0	81
Camiş Ambalaj Sanayii A.Ş.	0	4
	33,000	**16,014**

(1) TRY 945K consists of rent expenses of Şişecam Headquarter (31 December 2016: TRY 1,511K)
(2) It consists of management and operation expenses of Şişecam Headquarter.

Compensation to key management	1 January-31 December 2017	1 January-31 December 2016
Equity holders of the parent	4,418	4,502
Other companies subject to consolidation	2,212	1,714
	6,630	**6,216**

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 during 1 January 2017-31 December 2017 and 1 January 2016 -31 December 2016.

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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 the 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 2017 and 31 December 2016 the Group’s net debt / total equity ratios are as follows:

	31 December 2017	31 December 2016
Borrowings and trade payables	589,082	529,182
Less: Cash and cash equivalents	(783,089)	(971,426)
Less: Financial Investments	(551,515)	(107,779)
Net debt	**(745,522)**	**(550,023)**
Total equity	3,192,447	2,602,715
Net debt / total equity ratio	**(23%)**	**(21%)**

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.

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.

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.1) Credit Risk Management

Credit risks exposed by types of financial instruments

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2017	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents	Financial Investments and Derivative Instruments
Maximum credit risk exposure as of balance sheet date (*)	71,107	408,936	24,638	2,380	783,012	551,515
- Under maximum guarantee with collaterals, etc.	-	(251,938)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	71,107	357,382	24,638	2,380	783,012	551,515
- Under guarantee with collaterals, etc.	-	(223,141)	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	51,554	-	-	-	-
- Under guarantee with collaterals, etc.	-	(28,797)	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	2,277	-	34	-	-
- Impairment (-)	-	(2,277)	-	(34)	-	-
- 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	-	-	-	-	-	-

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

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					
	Trade Receivables		Other Receivables			
31 December 2016	Related Parties	Third Parties	Related Parties	Third Parties	Cash and Cash Equivalents	Financial Investments and Derivative Instruments
Maximum credit risk exposure as of balance sheet date (*)	105,030	307,110	35,872	4,437	971,394	107,779
- Under maximum guarantee with collaterals, etc.	-	(182,945)	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	105,030	262,614	35,872	4,437	971,394	107,779
- Under guarantee with collaterals, etc.	-	(150,247)	-	-	-	
B. Carrying value of financial assets that are past due but not impaired	-	44,496	-	-	-	-
- Under guarantee with collaterals, etc.	-	(32,698)	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	1,936	-	34	-	-
- Impairment (-)	-	(1,936)	-	(34)	-	-
- 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	-	-	-	-	-	-

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

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(AMOUNTS ARE EXPRESSED IN THOUSANDS OF 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

Guarentees that are obtained from customers are as stated below:

	31 December 2017	31 December 2016
Eximbank export insurance	195,856	142,455
Guarantee letters	43,186	31,000
Commercial letter of credit	2,004	3,145
Factoring	293	751
Mortgages	93	229
Other	10,506	5,365
	251,938	**182,945**

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

	31 December 2017	31 December 2016
Overdue up to one month	30,378	22,881
Overdue for 1-3 months	5,571	15,767
Overdue for 3-12 months	13,101	5,505
Overdue for 1-5 years	2,504	343
Total overdue receivables	**51,554**	**44,496**
The part under guarantee with collateral etc.	**(28,797)**	**(32,698)**

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

	31 December 2017	31 December 2016
Guarantee letter	2,409	1,249
Commercial letter of credit	710	61
Eximbank export insurance	22,798	29,498
Other	2,880	1,890
	28,797	**32,698**

(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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38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.2) Liquidity risk management

			31 December 2017			
Non derivative financial liabilities	**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)**
Bank borrowings	124,228	130,534	3,420	47,543	79,571	-
Financial liabilities to related parties	189,128	208,633	-	8,015	200,618	-
Trade payables	174,227	175,366	175,185	181	-	-
Due to related parties	108,204	108,204	107,173	1,031	-	-
Other payables	4,184	4,184	2,557	122	1,505	-
Total liabilities	**599,971**	**626,921**	**288,335**	**56,892**	**281,694**	**-**

			31 December 2016			
Non derivative financial liabilities	**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)**
Bank borrowings	116,749	123,974	2,934	42,577	76,951	1,512
Financial liabilities to related parties	176,217	202,134	-	7,478	194,656	-
Trade payables	161,103	161,849	161,051	798	-	-
Due to related parties	166,209	166,209	165,565	644	-	-
Other payables	11,855	11,855	10,632	-	1,223	-
Total liabilities	**632,133**	**666,021**	**340,182**	**51,497**	**272,830**	**1,512**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(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:

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF 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 2017			
	TRY Equivalent	**US Dollar**	**Euro**	**TRY Equivalent of Other Currencies**
1. Trade receivables	231,970	44,779	13,811	707
2a. Monetary financial assets (cash and banks included)	815,490	122,374	75,652	12,302
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	10,004	2,427	188	-
4. CURRENT ASSETS	**1,057,464**	**169,580**	**89,651**	**13,009**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	523,037	138,667	-	-
6b. Non monetary financial assets	-	-	-	-
7. Other receivables	24,907	711	4,190	3,305
8. NON CURRENT ASSETS	**547,944**	**139,378**	**4,190**	**3,305**
9. TOTAL ASSETS	**1,605,408**	**308,958**	**93,841**	**16,314**
10. Trade payables	50,309	8,443	3,356	3,310
11. Financial liabilities	6,348	1,683	-	-
12a. Other monetary liabilities	55,262	11,466	2,660	-
12b. Other non monetary liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	**111,919**	**21,592**	**6,016**	**3,310**
14. Trade payables	-	-	-	-
15. Financial liabilities	190,813	50,588	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. LONG TERM LIABILITIES	**190,813**	**50,588**	**-**	**-**
18. TOTAL LIABILITIES	**302,732**	**72,180**	**6,016**	**3,310**
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)	**1,302,676**	**236,778**	**87,825**	**13,004**
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**1,267,765**	**233,640**	**83,447**	**9,699**
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	1,142,579	223,875	78,087	5,276
24. Import	298,942	75,889	5,036	1,642

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**	**TRY Equivalent of Other Currencies**
1. Trade receivables	174,750	37,552	11,351	486
2a.Monetary financial assets (cash and banks included)	853,019	150,974	85,009	6,337
2b. Non monetary financial assets	-	-	-	-
3. Other receivables	942	95	106	215
4. CURRENT ASSETS	**1,028,711**	**188,621**	**96,466**	**7,038**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	99,727	28,338	-	-
6b.- Non monetary financial assets	-	-	-	-
7.- Other receivables	836	6	137	307
8.- NON CURRENT ASSETS	**100,563**	**28,344**	**137**	**307**
9.- TOTAL ASSETS	**1,129,274**	**216,965**	**96,603**	**7,345**
10.- Trade payables	85,765	18,737	5,170	644
11.- Financial liabilities	6,666	1,894	-	-
12a. Other monetary liabilities	3,887	1,013	87	-
12b. Other non monetary liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	**96,318**	**21,644**	**5,257**	**644**
14. Trade payables	-	-	-	-
15. Financial liabilities	183,950	52,270	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non monetary liabilities	-	-	-	-
17. LONG TERM LIABILITIES	**183,950**	**52,270**	**-**	**-**
18. TOTAL LIABILITIES	**280,268**	**73,914**	**5,257**	**644**
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**	**143,051**	**91,346**	**6,701**
21. Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	**847,228**	**142,950**	**91,103**	**6,179**
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Export	772,134	193,775	54,787	4,449
24. Import	156,925	44,529	6,233	1,730

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 2017			
	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	88,126	(88,126)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	**88,126**	**(88,126)**	**-**	**-**
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	37,680	(37,680)	156,722	(156,722)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**37,680**	**(37,680)**	**156,722**	**(156,722)**
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	970	(970)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**970**	**(970)**	**-**	**-**
Total (3 + 6 + 9)	**126,776**	**(126,776)**	**156,722**	**(156,722)**

(*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY .

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38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.3.1) Foreign currency risk management

	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	50,307	(50,307)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	**50,307**	**(50,307)**	**-**	**-**
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	33,798	(33,798)	133,022	(133,022)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	**33,798**	**(33,798)**	**133,022**	**(133,022)**
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	618	(618)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	**618**	**(618)**	**-**	**-**
Total (3 + 6 + 9)	**84,723**	**(84,723)**	**133,022**	**(133,022)**

(*) It represents change in total equity balance arises from 10% deviation on exchange rate arising from the translation of financial statements of foreign subsidiaries, joint ventures and associates to reporting currency of TRY.

(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 306K as of 31 December 2017 (31 December 2016: TRY 285K).

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 2017	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets	**-**	**1,795,589**	**46,731**	**1,842,320**
Cash and cash equivalents	-	737,013	46,076	783,089
Financial investments	-	551,515	-	551,515
Available for sale financial assets	-	-	655	655
Trade receivables	-	408,936	-	408,936
Receivables from related parties	-	95,745	-	95,745
Other receivables	-	2,380	-	2,380
Financial Liabilities	**118,988**	**480,969**	**14**	**599,971**
Bank borrowings	118,988	5,226	14	124,228
Financial liabilities to related parties	-	189,128	-	189,128
Trade payables	-	174,227	-	174,227
Payables due to related parties	-	108,204	-	108,204
Other payables	-	4,184	-	4,184

31 December 2016	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets	**-**	**1,480,941**	**50,756**	**1,531,697**
Cash and cash equivalents	-	920,713	50,713	971,426
Financial investments	-	107,779	-	107,779
Available for sale financial assets	-	-	43	43
Trade receivables	-	307,110	-	307,110
Receivables from related parties	-	140,902	-	140,902
Other receivables	-	4,437	-	4,437
Financial Liabilities	**113,901**	**518,213**	**19**	**632,133**
Bank borrowings	113,901	2,829	19	116,749
Financial liabilities to related parties	-	176,217	-	176,217
Trade payables	-	161,103	-	161,103
Payables due to related parties	-	166,209	-	166,209
Other payables	-	11,855	-	11,855

SODA SANAYİİ A.Ş.
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(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

38. Nature and Level of Risks Derived from Financial Instruments

(b) Financial Risk Factors

(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 of 31 December 2017, if equity investments classified as available for sale assets would not be disposed of or as long as not impaired, net profit/loss would not be affected.

39. Fair Value of Financial Instruments and Hedge Accounting

Categories of Financial Instruments

31 December 2017	Financial assets and liabilites 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	**1,334,604**	**504,681**	**655**	**-**	**1,839,940**	
Cash and cash equivalents	783,089	-	-	-	783,089	6
Trade receivables	-	408,936	-	-	408,936	10
Receivables from related parties	-	95,745	-	-	95,745	37
Financial investments	551,515	-	655	-	552,170	7
Financial liabilities	**595,787**	**-**	**-**	**-**	**595,787**	
Bank borrowings	313,356	-	-	-	313,356	8
Trade payables	174,227	-	-	-	174,227	10
Payables due to related parties	108,204	-	-	-	108,204	37

31 December 2016	Financial assets and liabilites 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**	**448,012**	**43**	**-**	**1,527,260**	
Cash and cash equivalents	971,426	-	-	-	971,426	6
Trade receivables	-	307,110	-	-	307,110	10
Receivables from related parties	-	140,902	-	-	140,902	37
Financial investments	107,779	-	43	-	107,822	7
Financial liabilities	**620,278**	**-**	**-**	**-**	**620,278**	
Bank borrowings	292,966	-	-	-	292,966	8
Trade payables	161,103	-	-	-	161,103	10
Payables due to related parties	166,209	-	-	-	166,209	37

(AMOUNTS ARE EXPRESSED IN THOUSANDS OF TURKISH LIRA ("TRY") UNLESS OTHERWISE INDICATED.)

39. Fair Value of Financial Instruments and Hedge Accounting

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 at fair value as of reporting date		
Financial assets	**31 December 2017**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	655	-	-	655
Total	**655**	**-**	**-**	**655**

		Financial assets at fair value as of reporting date		
Financial assets	**31 December 2016**	**Category 1**	**Category 2**	**Category 3**
Financial assets available for sale	43	-	-	43
Total	**43**	**-**	**-**	**43**

40. Events after the Balance Sheet Date

At the meeting of the Board of Directors of the Company on 23 February 2018, it has been decided that the Company will be the guarantor of the loan of TRY 175M to be used by Şişecam Elyaf Sanayi A.Ş.

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 audited consolidated financial statements as of 31 December 2017 is 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 Finance Manager,Ahmet Bayraktaroğlu and approved for the public announcement by the Board of Directors on 26 February 2018.

SODA SANAYİİ A.Ş.
DISTRIBUTION OF CONSOLIDATED PROFIT OF 2017

Dear Shareholders;

Our company closed 2017 fiscal year with 661,087,000.-TRY net profit.

We kindly submit for your consideration and approval of matters that our net profit amount 661,087,000-TRY, which takes place in our consolidated balance sheet of 2017, which was prepared in accordance with communique of the Capital Markets Board (CMB) with serial number II-14.1 "communique concerned with financial reporting in capital markets" to be distributed as follows in accordance with regulations of CMB concerned with profit distribution and article 28 of Articles of Association of our Company and principles stipulated in "Profit Distribution Policies" of our company, which was made public;

1.	**Net Profit of Period**	**661,087,000**
2.	Primary Reserves	(15,707,000)
3.	Amount allocated to the Special Fund pursuant to Article 5/1-e of Corporate Tax Law	(6,000)
4.	**Net Distributable Profit for the Period**	**645,374,000**
5.	Donations Granted Within the Year	20,000
6.	**Net Distributable Profit for the Period, including donations, on which the calculation of primary dividend is based**	**645,394,000**
7.	**First Dividend to Shareholders**	
-	Cash	225,000,000
-	Bonus Share	98,000,000
	Total Dividend	**323,000,000**
8.	Secondary Legal Reserves	18,000,000
9.	**Extraordinary Reserves**	**304,374,000**

and gross dividend amount of 225,000,000 TRY that corresponds 25% of current issued capital to be paid in cash and dividend amount of 98,000,000 TRY that corresponds 10.88889% to be distributed as bonus shares, and to pay dividends to our shareholders those who are subject to tax withholding after making deducting income tax withholding calculated over cash dividend amount, to determine cash dividend payment date as 30th May 2018 and to distribute bonus shares within its legal period.

With my best regards,

PROF. DR. AHMET KIRMAN
Chairman of the Board of Directors

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CHAPTER I – CORPORATE GOVERNANCE COMPLIANCE STATEMENT

This statement is based on the "Corporate Governance Principles" determined by the "Corporate Governance Communiqué" Serial: II-17.1, which was entered into force by promulgation in the Official Gazette dated 03.01.2014 and numbered 28871 of the Capital Markets Board (CMB); and expresses the following responsibilities of Soda Sanayii Anonim Sirketi (the Company) in terms of determination of the duties, powers and responsibilities of the Board of Directors and the committees and administrators working under it, shareholders, public disclosure and transparency, relations with stakeholders.

As a member of Şişecam Group and a Türkiye İş Bankası subsidiary, Soda Sanayi A.Ş. was founded in 1969 and engages in activities in soda products and chromium chemicals sector. The Company offers soda chemicals that are produced in Soda Plant in Mersin and purchased from Solvay Sodi, its subsidiary in Bulgaria, for domestic and foreign use of numerous industries including glass, textile, detergent, chemical, food and feed industries.

Şişecam Bulgaria Ltd., our sales company established in Bulgaria, offers soda chemicals procured from Solvay Sodi for the use of various customers both inside and outside Bulgaria.

Soda chemicals produced in Şişecam Soda Lukavac d.o.o, our subsidiary in Bosnia&Herzegovina, are mainly exported.

Soda Sanayii, which is also a leading manufacturer of chrome chemicals, puts basic chrome sulphate, chromic acid, sodium sulphur and sodium sulfhydrate products produced at the Kromsan Plant in Mersin and Cromital S.p.A. in Italy, which was participated in 2005 and totally acquired at the end of 2011, into use of important industrial sectors such as leather, wood preservation, chemistry and paper in land and abroad.

While the Company is among the top 10 companies in the world and the top 4 companies in Europe in the soda sector, it continues to be the leading manufacturer in the field of chrome chemicals. As required by its ranking stated above, it has established its management understanding on equality, transparency, accountability and responsibility principles. The Company's being among the elite producers of Europe and the World with its scale that it achieved today, and expertise and its highly competitive activities are the most obvious proof of this management approach that it has undertaken today.

The Company gives great importance on continuity in productivity increase and cost reduction and realizes these targets by supporting with modernization and R & D investments.

Having a high level of sensitivity to the environment and employee health, the Company carries out its activities in the scope of the Tripartite Responsibility System, which is implemented in volunteerism basis in developed countries' chemical sectors.

Issues such as modern management and industrialization principles, a high degree of institutionalization, a focus on market and R&D, growth, productivity increase, product and service quality, that has carried the Company to its current position, are forming the basic pillars of the future's stronger Soda Sanayii. The Company aims to further strengthen this position by adopting corporate governance principles. Our company demonstrates utmost care in compliance with the regulations of the Capital Markets Board (CMB) in corporate governance practices. The principles included in the Corporate Governance Communiqué annexed to the activity period ended on December 31, 2017 and not yet fully compliant did not cause any conflict of interest between stakeholders to date.

In the activity period ending on December 31, 2017, the related sections of the Corporate Governance Principles, which are not mandatory for the Company, are included in the relevant sections of the Corporate Governance Principles, and the studies that are carried out in compliance with the Corporate Governance Principles are summarized below.

1) The Company has publicly announced the date of payment of the dividends and capital increase history of the last 5 years through its website in Turkish and English.
2) Türkiye İş Bankası A.Ş., has had insurance policies within scope of "Manager's Financial Liability Insurance" for omissions of members of the Board of Directors of the Company and losses that they may cause in the Company from Anadolu Anonim Türk Sigorta Şirketi.
3) Works have been performed to expand extent and contents of corporate web site of the Company in order to ensure that shareholders and stakeholders receive information more effectively, and within this scope, investor presentations, investor calendars, frequently asked questions and similar information and explanations that may affect the use of shareholder rights have been updated within the period throughout the web page of the company.
4) In 2017, all related party transactions and transaction bases are presented collectively to the Board of Directors. No related party transaction or significant transaction that should be presented to the approval of the General Assembly as the independent members did not approve in 2017.

In this context, the Company's 2017 Corporate Governance Principles Compliance Report has been prepared in accordance with the form set out in the CMB's Decision No. 2/35 published in the Weekly Bulletin dated January 27, 2014 and numbered 2014/2 and presented in the following sections.

CHAPTER II – SHAREHOLDERS

2.1. Investor Relations Department

A centralized understanding has been adopted in order to fulfil the obligations arising from the Capital Markets Legislation in accordance with the rules set forth by the legislation and to carry out our activities more effectively, and an appropriate structuring has been adopted within the Parent Company.

The Investor Relations Department plays an active role in facilitating the protection and use of shareholder rights, in particular the right to receive and review information, and fulfils the following functions:

a. Records related with correspondences between investors and the company and other information and documents are kept in a healthy, safe and up-to-date manner.
b. Company shareholders' written information requests about the Company are replied.
c. It is ensured that the General Assembly meeting is held in accordance with the current legislation, the Charters of the Company and other Company regulations.
d. At the general assembly meeting, documents that shareholders can use are prepared.
e. It supervises the fulfilment of the obligations arising from the Capital Markets Legislation, including all matters related to corporate governance and public disclosure.

Accordingly, all liabilities of our Company arising from the Turkish Commercial Legislation and the Capital Markets Legislation have been carried out under the supervision, direction and coordination of the "Investor Relations Department" under presidency of Chief Financial Officer of the Parent Company, Mustafa Görkem Elverici, in line with the CMB Corporate Governance Principles, and within this scope and in accordance with Article 11 of Capital Markets Board Corporate Governance Communiqué No: II-17.1, Asuman Durak, who has the Capital Market Operations Advanced Level License and Corporate Governance Rating License has been assigned as Department Head, Umut Barış Dönmez, Division Manager of Financial Affairs, has been assigned as Department Officer, and the appointment was announced to the public on March 23, 2016 via Public Disclosure Platform (PDP).

The Unit periodically presents to the Board of Directors the report on activities that it conducts during the period and the opinions and proposals of the investors and the comments and evaluations made by the brokerage houses about the company that may be deemed significant.

Face to face interviews and teleconferences are held at the Company headquarters with analysts and fund managers of domestic and foreign brokerage houses and portfolio management companies, and information requests arriving at the department are responded. Shareholders can request information either by communicating directly with the Investor Relations Department staff or through the contact form on the website, as well as by the Department's e-mail address. The Investor Relations Department regularly maintains records related with written and verbal information requests and responses.

Information and disclosures that may affect the exercise of shareholder rights are currently available to shareholders on the Company's corporate website.

The studies carried out in order to provide detailed information about the Company's activities to the investors in 2017 are summarized below.

- In 2017, 10 conferences and 3 road shows were attended for share and bond investors, and face to face meetings were held with nearly 300 current and potential investors, including investor meetings held in our Company headquarters. Conferences attended: JP Morgan (Miami), BofAML (Miami), HSBC (London), BGC (London), JP Morgan (London), İş Yatırım (London), Woods & Co. (Praha), Raiffeisen (Frankfurt), Goldman Sachs (Istanbul), İş Yatırım (Istanbul), İş Yatırım (NDR-Warsaw, Stockholm), İş Yatırım (NDR-New York, Boston), Goldman Sachs (NDR-Abu Dhabi & Dubai),
- An "Analyst Day" was held on April 27, 2017 with the participation of 35 analysts and investors in Şişecam Headquarters. The total number of calls made by investors via telephone, individual meetings, road shows and conferences is close to 400. Nearly 150 analyst reports have been published as a result of interviews conducted effectively with analysts reporting on publicly traded companies. Furthermore, in 2017, two webcasts were scheduled to share results of the 2016 fiscal year and first half of 2017.

In addition to Investor Relations Department Officials, İlyas Safa Urgancı, Budget and Financial Control Manager, and Ahmet Bayraktaroğlu, Accounting Manager, who are affiliated with the Financial Affairs Directorate, can be appointed in the Investor Relations Department in the matters that deemed necessary and needed.

2.2 Use of Right to Information of Shareholders

No distinction is made between shareholders in the exercise of shareholders' right to obtain and review information. Every shareholder has the right to receive and review information. There is no regulation restricting the right to receive information on the Charters of the Company.

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In 2017, written and oral information requests of investors and shareholders were responded to in accordance with Capital Markets Legislation, CMB regulations and decisions, and related information and documents were shared with investors and shareholders, taking into account the principle of equality, except those that are confidential or trade secret.

In the framework of the applicable legislation, the corporate web site of the Company is actively used in order to expand the rights of shareholders' rights to information and exercise their rights in a sound manner. In this context, information and documents stipulated by the Corporate Governance Principles and regulatory authorities are made available in the Company's website www.sisecamchemicals.com Turkish and English for shareholders' use.

The request for the appointment of a special auditor under the Charters of the Company has not yet been issued as an individual right. There has been no demand during the period regarding the appointment of a special auditor.

<u>2.3 The General Assembly Meetings</u>

The General Assembly meeting announcement, to ensure reach the maximum number of shareholders possible, are scheduled through the Public Disclosure Platform (PDP), Electronic General Assembly System (EGAS), the Company's corporate website, and Turkey Trade Registry Gazette in advance at least three weeks from the date of the General Assembly. In addition, prior to the General Assembly meeting, an "information document" is prepared regarding the agenda items and announced to the public. All announcements and declarations comply with the Turkish Commercial Code (TTC), Capital Markets Legislation, CMB regulations and decisions and the Articles of Association.

In made notifications; the date and time of the meeting, the meeting place, the agenda, the organ who made the invitation, and the address where the activity report and the financial statements, the other general meeting documents and the document can be examined have been clearly stated in a manner not to cause any uncertainty. Within this scope, the annual activity report, financial reports, other documents that constitute the basis of the agenda items and profit distribution proposal have been kept open for review of shareholders from the date of announcement of General Assembly meeting at places where shareholders can reach in the most convenient way including the company's headquarters and electronic environment.

In addition to these, yearly information regarding the "Ordinary General Assembly",, the "Extraordinary General Assembly" and the "Independent Company and Holding Auditor" which are held under the header of "General Assembly Announcements and Documents" within the section titled "Corporate Identity and Management" under the "Investor Relations " section is presented in the corporate website of the Company at www.sisecamchemicals.com.

While preparing the agenda of the General Assembly, care is taken to that each proposal has been given under a separate heading, and the headings of the agenda are expressed in a clear way that does not lead to different interpretations. Attention is paid to not include phrases such as "other", "various" in the agenda.

While the agenda is being prepared, the Board of Directors considers issues that shareholders have communicated in writing to the Investor Relations Department of the Company and that they want to be on the agenda. However, there has been no demand in this regard during the period.

The utmost care is taken to ensure that the General Assembly meetings do not lead to inequality between shareholders and that shareholders can participate with the least possible cost. Within this scope, the hours of the General Assembly are determined by taking into consideration the environmental factors such as traffic, transportation and so on. The implementation of the Electronic General Assembly is also considered as an application to increase the participation of the shareholders at the meeting.

At the general assembly meeting, the chairman takes care of conveying the issues on the agenda in an objective and detailed manner in a clear and understandable way and gives the shareholders the opportunity to explain their opinions and ask questions under equal conditions. Every question, which does not fall within the scope of trade secret, asked by the shareholders during the General Assembly meeting is answered directly. If the question is not relevant to the agenda or is too comprehensive to be answered immediately, the Investor Relations Department answers the question in writing as soon as possible. However, no questions were asked to be answered at the ordinary general assembly meeting held in 2017.

In case shareholders those who hold the management control, members of the Board of Directors, managers with administrative responsibilities, and their spouses and second degree blood and marriage relatives make an important transaction that may cause conflict of interest with partnership or subsidiaries and / or in case they engage in an operation of a commercial business, which is the same type of business of partnership or subsidiaries in the form of an unrestricted partner, to on its own or another entity's account; aforesaid transactions are added as a separate item of the agenda for the purpose of giving detailed information about the issue in the general assembly and are recorded in the general assembly meeting minutes.

The transactions made by the members of the Board of Directors within the scope of Articles 395 and 396 of the Turkish Commercial Code are presented to consideration of the general assembly.

Members of the Board of Directors, other related persons, the authorities responsible for the preparation of the financial statements and the auditors are present at the General Assembly meeting in order to provide necessary information about the issues that are of special importance on the agenda and to answer questions.

In case there is a significant change in the management and activity organization of the company, public disclosure is made within the legislation.

Within scope of the important transactions described in the CMB regulations and the related party transactions, regulations have been stipulated in the Company's Charters that the Corporate Governance Principles will be followed in the transactions related to providing guarantees, pledges and mortgages in favour of third parties.

Within this scope, in the period;
At the meeting of our Company's Board of Directors dated January 17, 2017; it has been resolved to participate in Şişecam Elyaf Sanayii A.Ş., which will be newly established for glass fibre production with the capital of TL 5 Million Turkish Liras with 100% share.

At the meeting of our Company's Board of Directors dated 12 September 2017; It has been resolved to participate in the capital increase of TL 45 Million to finance the expenditures related to the new investment of Şişecam Elyaf Sanayii A.Ş., which is our 100% partnership, in Balikesir, and the capital to be increased will be covered until the end of the year.

At the meeting of our Company's Board of Directors dated 29 September 2017; it has been resolved to issue a guarantee in favour of Tükiye İş Bankası A.Ş. the scope of allocation of credit limit for a maximum of 7 million USD in non-cash credit in order our subsidiary Şişecam Elyaf Sanayii A.Ş. to use in their payment to be made to its suppliers.

The Board of Directors has unanimously resolved on above matters.

At the Company's Ordinary General Assembly, stakeholders are informed about the donations made during the period and approval is sought for the grant limit to be applied in the new period. At the Ordinary General Assembly, which was held on March 28, 2017, the donation limit for the year 2017 was set at 1,975,000 Turkish Liras, and within this scope, donations and contributions were realized in the amount of 8,050 Turkish Liras in 2017.

General Assembly meetings are held open to the public including the media. Our General Assembly meetings are held under the supervision of the Ministry Representative appointed by the Ministry of Customs and Trade. Minutes of the General Meetings, which take place on the Company's corporate website, are also open to the shareholders' review at the Company's headquarters.

During the period, the General Assembly is informed by a separate agenda item regarding the related party transactions and guarantees, pledges and mortgages given in favour of the third parties.

During the period; The Ordinary General Assembly meeting for the year 2016, which was held on March 28, 2017 was held with a quorum percentage of 76.82%.

In resolutions for which majority of votes in favour of the independent members of the Board of Directors are sought in accordance with the regulations of CMB, there are not any transactions that was left for approval of the General Assembly due to negative votes in 2017.

Followings are stated in announcements and promulgations related with the General Assembly meetings;

a) Agenda of the General Assembly meeting, place, date and time of meeting, and form of power of attorney for those who have themselves represented by an attorney in physical environment and principles for drawing up such power of attorney,
b) The General Assembly meetings to be held in the physical and electronic environment, and in the General Assembly meetings to be held in electronic environment, transactions regarding to appointment of attorneys, to make proposals, to make comments and to vote shall be carried out via the Electronic General Assembly System (EGAS) provided by the Central Registry Agency (CRA), and right holders who desires to participate the General Assembly in person or through their representatives in electronic environment, will make these preferences in accordance with the principles of the EGAS,
c) Shareholders who want to attend the General Assembly in the physical environment are required to submit their identity or power of attorney in case they desire to use their rights associated with their shares that are registered in "List of Shareholders" maintained in the Central Registry Agency (CRA) system in person or through their attorneys,
d) The financial statements including the annual report, the Independent External Audit Reports, the profit distribution proposal of the Board of Directors, old and new form of amendments text in case an amendment to the Articles of Association will be made, will be made available for inspection of shareholders at least

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three weeks prior to the date of the General Assembly meeting at company headquarters and in corporate web page of the Company.

2.4 Voting Rights and Minority Rights

There is no privilege for the use of voting rights in the Company's Articles of Association. According to the Company's Articles of Association, each share grants one vote right. If the reciprocal shareholding relationship also brings a dominance relationship, the companies in the mutual shareholding shall not exercise their voting rights at the General Meetings of the Company in which they are in a reciprocal shareholding relationship, unless such very essential circumstances arise, such as forming a quorum.

Soda Sanayii AS does not have a reciprocal shareholding relationship.

The Company avoids any processes that cause difficulties in exercising voting rights and provides the opportunity to exercise voting rights in the easiest and most appropriate manner, including those who residing abroad.

The utmost care is taken for utilization of exercising of the minority rights. However, the minority rights were not recognized by those who hold less than one-twentieth of the capital by the articles of association, and the Company has adopted the rates stipulated for the public traded companies in the legislation. There is no evidence that the interests of the block shareholders have conflicted with the interests of the Company.

2.5. Right to Receive Dividend

The Company has a specific and consistent dividend distribution policy, which is determined in accordance with the provisions of the Turkish Commercial Code, the Capital Markets Law, the Tax Laws and other applicable legislation and the provisions of the Articles of Association of the Company. This policy was presented to the shareholders' approval at the Ordinary General Assembly Meeting held on May 24, 2012, took place in the annual activity report and was disclosed to the public on the Company's website.

The company's profit distribution policy includes minimum information to allow investors to foresee the principles and procedures for the distribution of future profits of the Company. In the full text of the profit distribution policy below, a balanced policy between shareholders' interests and company interests is observed.

Profit Distribution Policy;

Profit distribution policy of our company has been determined in accordance with Turkish Trade Code, Capital Markets Law, Tax Laws and other legislation that the Company is subject to.

Accordingly;

a) The Company adopts to distribute at least 50% of the distributable net period profit calculated as dividend in the form of cash and / or bonus shares at the end of the year in the framework of the Capital Market Legislation and other relevant legislation. Considering factors such as economic conditions, investment plans and cash position, the Ordinary General Assembly of Shareholders may decide to make a different distribution from the target rate.
b) Profit distribution proposals of the Board of Directors, including details set forth in Capital Markets Board regulations and Corporate Governance Principles; are announced to public through the Public Disclosure Platform, our company's website and activity report within legal periods.
c) The dividends in cash to be distributed in accordance with the decision to be taken at the General Assembly shall be paid on the date determined in the General Assembly. The transactions related to the dividends to be distributed as bonus shares shall be completed within the legal period stipulated in the regulations of the Capital Markets Board.
d) Profit shares within the framework of the profit distribution policy are distributed equally to all of the existing shares as of the date of distribution, irrespective of their issuance and acquisition dates.
e) In the event that the Board of Directors proposes not to distribute the profit to the General Assembly, information on justification of not to distribute the profit and form of usage of undistributed profit not distributed will be presented to the shareholders at the General Assembly meeting.
f) In the profit distribution policy, a balanced policy is observed between the interests of shareholders and the interests of the company.
g) There are no privileged shares with regards to receive dividends.
h) There is no application for giving dividend to our Board members and our employees with founder usufruct share certificates in our company's Article of Association.
i) According to the Company's Articles of Association; The Board of Directors may distribute dividend advances on condition to be authorized by the General Assembly and to comply with the Capital Market Law and the related regulations of the Capital Markets Board. The authority to distribute the profit share advance granted to the Board of Directors by the General Assembly is limited to the year in which such authority is granted.

In 2017, a total of (200 + 77 =) 277 Million Turkish Liras was distributed as profit share as being 200 million Turkish Liras in cash and 77 million Turkish Liras as bonus shares.

2.6. Transfer of Shares

There are no provisions or practices that make transfer of shares difficult, either in the Articles of Association or in the resolutions of the General Assembly.

CHAPTER III – PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Corporate Website and Its Content

The corporate website of the Company at www.sisecamchemicals.com address is actively used as required by the CMB Corporate Governance Principles in order to enable the Company to maintain its relations with shareholders more effectively and quickly and to maintain constant communication with its shareholders, and information provided therein is continuously updated. The information contained in the Company's corporate website is the same as the statements made under the relevant legislative provisions and does not contain conflicting or incomplete information.

In the Company's website www.sisecamchemicals.com, which is prepared in Turkish and English; besides the compulsory information to be disclosed in accordance with the legislation; Field of activities, of the Company, products, interim and annual activity reports, financial statements, corporate governance compliance report, the Company's Articles of Association, trade registry information, partnership structure, agendas of general assembly meetings, minutes of general assembly meetings, list of attendees at the general meetings, form for vote by proxy, public offering circulars and prospectuses, code of conduct, public disclosure policies, announcements concerned with acquisitions and mergers, announcements of special circumstances, members of the Board of Directors, establishment and working principles of board committees, interim period audit periods, donation policies, anti-bribery and corruption policies, senior executive remuneration policy, up-to-date announcements, investor presentations, profit distribution policy, and answers to frequently asked questions take place. Within this context, at least the last 5 years of information is included in the Company's corporate website.

The partnership structure of the company; is updated and published on the corporate web site in the end of three-month period in order to show the names, share amounts and ratios of the real person shareholders who have 5% of shares by eliminating indirect and reciprocate and indirect affiliation relationships.

60,67% of the Company's issued share capital in the amount of 900,000,000 TRY as of December 31, 2017 is owned by Türkiye Şişe ve Cam Fabrikaları A.Ş.

Partner, which holds with a company's management control is Türkiye Şişe ve Cam Fabrikaları A.Ş., and there is no any real person shareholder that owns 5% of shares in share structure of partner that holds management control of the company as of the date of this report.

3.2. Annual Report

The Annual Report is prepared in detail to enable the public to reach full and accurate information about the activities of the Company. The annual activity report concerned with the fiscal year 2017 has been prepared in accordance with the provision of the "Regulation on Determining the Minimum Content of the Annual Activity Reports of the Companies" prepared by the Ministry of Customs and Trade based on Article 518 and third paragraph of article 516 of the Turkish Commercial Code, and with the minimum content stated in Article 8 of the Communiqué on Principles of Financial Reporting in Capital Market and has been audited.

Within this scope, following maters have been included in annual activity report;

a. Period of report, title, trade registry number and contact details of partnership,
b. Names of chairman and members those who have held office in the Board and committees within the period,
c. Information on industries that affiliate companies engages in activities within and their positions of them in such industries,
d. General explanations about qualifications of units of the Company and their activities and performances, and developments experienced within the period,
e. Developments experienced in investments, and information on utilization of incentives,
f. Amendments made in Articles of Association of the Company within the period and their respective grounds,
g. Corporate Governance Compliance Report,
h. Related party transactions,
i. Other matter that are not covered by financial statements, but that may be useful for user,
j. Organization, capital and partnership structure of the Company,
k. Interests that have been granted to personnel and workers of the Company and information on number of personnel,

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l. Information on duties undertaken by members of the Board of Directors by making distinction as in/out group in line with permission granted by the General Assembly,
m. The Profit distribution policy,
n. Fundamental ratios related with financial position, profitability, and obligation fulfilment ability,
o. Financial resources and risk management policies of the Company,

In addition to matters stipulated in legislation, followings have been included in relevant sections of annual report;

a) Information on duties carried out by members of the Board of Directors and company executives out of the Company and independence statements of members of the Board of Directors,
b) Information on members, meeting frequency and activities carried out of committees formed within the Board of Directors, and their principles of working,
c) Number of meetings of the Board of Directors, and participation of members of the Board of Directors to such meetings,
d) Information on legislations amendments that may significantly affect activities of the Company,
e) Information on important litigations filed against the Company and their potential consequences,
f) Information on corporate social responsibility activities related with company activities that affect social rights, professional trainings of employees and lead other social and environmental consequences.

CHAPTER IV – STAKEHOLDERS

4.1. Informing Stakeholders

The Company guarantees the rights of stakeholders, which are regulated by legislation and mutual agreements. In other cases, interests of stakeholders are protected by goodwill rules and to the extent of the Company's possibilities. In case of violation of rights, effective and speedy compensation has been provided.

Stakeholders are adequately informed about the Company's policies and procedures regarding the protection of their rights by using the corporate website.

The company's corporate governance practices are designed to enable all stakeholders, primarily employees, to communicate their concerns about legally and ethically inappropriate operations.

Employees may communicate ethically undue and in violation of the legislation transactions to the Audit Committee and the Internal Audit Unit. An ethical telephone hotline has been created to enable stakeholders to communicate the actions that stakeholders deemed not to be legal or ethical, to the Audit Committee, which consists of independent board members. Complaints can also be sent via e-mail address "etik@sisecam.com".

The company, although not in detail, has framed a written compensation policy for employees and has disclosed it to the public from the company's website.

Parent company; publishes two periodical magazines under the name of "Şişecam Community Magazine " and "Technical Bulletin" as well as "Corporate TV" publication which includes the issues followed by the public in order to increase communication with employees. In addition, the user guides and announcements related to policies, procedures, instructions, systems being implemented are presented to information of employees through the portal that has been provided for the use of internal employees.

4.2. Participation of Stakeholders to Management

It is essential to keep all kinds of communication channels open and to remove all obstacles that may arise from the employees' participation in the management. For this purpose; "General Manager's Message", "Ethical Communication Line and E-mail Address" and "Idea Factory" applications are being used.

By constantly communicating with employees, the Company takes into consideration the needs of its employees and establishes platforms and mechanisms that employees communicate their opinions and suggestions.

Meetings are held within the company, where necessary, where employees are involved, and these meetings play an important role in the decision-making process of the senior management of the Company. Expectations and wishes of all stakeholders with whom the company is affiliated are evaluated within the framework of the rules and the problems are solved by mutual communication.

On the other hand, these models and mechanisms are not included in the Articles of Association of the Company, but they are included in the "Constitution of Şişecam Members" which was formed by the management of the Company.

4.3. Human Resources Policy

The Company aims to implement a human resources policy that targets a globally sustainable success, generalises an innovative and co-operative learning corporate culture, fosters the best human resource practices in its business areas and adds value to all stakeholders. It shapes the human resources approach within the framework of legislation, corporate values and ethical rules, based on inclusiveness and equal opportunity in all its applications. It strives to carry the global human resource and the diversity of its stakeholders and cultural heritage by strengthening them for future generations.

The company has a written Human Resources Policy. All internal legislation documents prepared for Human Resources applications are presented to information of employees through corporate communication portal, which is are open to employees' access.

While recruitment and career planning are carried out, equality has been taken as basis and transparency has been ensured. Activities are carried out on the basis of the "Human Resources Regulation of Şişecam Group" established within the institution.

It supports this aim with employer brand studies in universities and similar organizations in order to gain university students, new graduates and other professionals by effectively utilizing all existing recruitment methods and medias.

The "Performance Management System" works in conjunction with the Vision, Mission and Strategies of the Group. Basis of Performance Management System; to create employee value and to ensure that the employee creates value for the company's development and sustainability goals.

The Talent Management System has been designed and implemented in order to support sustainability, increase the value to be created by employees, enable employees to bring out their potentials, and keep talented people in hand and to educate future leaders by doing these. The expectations of employees and the requirements of the organization are reviewed annually, and talent pools, career maps and backup plans are created accordingly. In addition, competence analysis is done, development plans are presented in Assessment and Development Centre applications, where white and blue-collar employees can participate.

While the company aims to integrate the human resources needed, it aims to establish a positive, fair and competitive working environment by keeping the existing employees' commitment high. Considering the balance between work and private life of the employees, the human resources programs to support this balance are realized, the communication platforms where the suggestions and expectations of the employees are taken into consideration are presented, objective and independent researchers are followed, and employee commitment and satisfaction are monitored. Based on employee loyalty and satisfaction researches, we continuously improve the positive business climate development approaches and provide a healthy, safe and environment in which corporate values are kept alive.

The remuneration management system of the group consists of variables such as wage market, current wage structure and ability to pay, individual performance and business level. Competitive wage and ancillary rights strategies that complies with market conditions and that reward high performance constitutes the basis of the system. Wage and ancillary benefits management is performed by taking into account the knowledge, skills and experience criteria required for the job without discrimination on gender, religion, language, race and so on.

The Company offers its employees;
- A competitive wage package that rewards actual success,
- A flexible and sustainable ancillary benefit package according to needs and expectations,
- Social opportunities that fosters balance between private and business life,
- A working environment that is developed together, effective, and open for communication,
- Essential and innovative development and career opportunities that aims global leadership.

Projects that have a positive impact on employees' business processes and results and that make a difference are rewarded and their ideas that create added value for the Community are evaluated with the Suggestion Development System. within the scope of recognition and appraisal practices, employees are remembered on their special occasions and their exemplary behaviour and achievements they demonstrate within the company are appreciated.

The Şişecam Academy, which was established at the end of 2015 in order to contribute to the corporate goals of the Group and to improve human resource competencies and increase employee loyalty, is working with the Central Units and Groups as a business partner; and it has continued to enrich their education and development opportunities by business families, titles and schools in 2017.

In addition to the available schools, in 2017, 2.0 Program, which is enriched by Marketing School, Supply Chain School, Financial Affairs School, Foreign Trade Certificate Program and Leadership School, with cooperation of Turkey's prestigious universities by different applications was realized by hybrid education model. Orientation training has been restructured to facilitate the adaptation of our new employees to our organization and business.

43.7 hours per person training per month for salaried employees in 2017; hours per week for staff with 14.1 hours per week have been provided.

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Coordination meetings are being held with Petrol-İş Trade Union, which is organized in our company's offices, on the issues of implementation of collective bargaining agreements, industrial relations and increasing productivity. Similarly, coordination studies are being conducted with trade unions organized abroad.

The work on the adoption of Occupational Health and Safety (OSH) culture continues with projects aiming at behavioural changes carried out in plants. Every year, for the continuity of OHS culture, the painting contest, which includes the families of blue-collar workers, is held in a traditional way.

With work accidents follow-up system; data is collected in the system, which will make root cause analysis of all accidents that occur in plants. With the data collected in the system, "Şişecam Work Accidents Report" is prepared annually. In addition, a system where Corrective Preventative Activities (CPA) may be recorded in a way that includes financial aspects, after every work accident in order to eliminate negativities occurred due to OHSAS 18001, internal and external audit, administrative etc.

In 2017, cross-OHS inspections in different production groups have begun to be conducted by OSH Specialists in our plants. By this way, It is aimed at sustained improvement and spread of good practices.

Efforts of corrective and preventive activities have begun to increase with the work of OSH ambassadors selected from voluntary blue-collar workers in our plants. Particularly with the use of effective communication channels, it has seen that quick actions are started to be taken.

OHS Leadership Trainings which was initiated in 2017 and will continue, is aimed to sensitively increase the work of OHS Culture at all levels.

4.4 Code of Ethics and Social Responsibility

The Code of Ethics of the Şişecam Group, which was held within the framework of general principles of honesty, transparency, confidentiality, impartiality and compliance with the Law, has been carried into effect by the resolution of the Board of Directors of the Parent Company dated 28.07.2010 and numbered 49, and regulations in quality of guidelines that will direct relations of all Group employees with, customers, suppliers, shareholders and other stakeholders, and aforementioned rules were revised according to the needs of the period with the decisions of the Board of Directors of the Parent Company, dated March 28, 2013, numbered 33 and dated 28 June 2016, numbered 59. The Company's Board of Directors has also accepted issues related with updating by the decision no. 28 dated 14.07.2016. The code of ethics has been disclosed to the public through the parent company's corporate website. The Internal Audit Department periodically conducts ethical audits and reviews the level of compliance with the Code of Ethics throughout the Community.

Soda Sanayii A.Ş. provides education and incentive scholar to its employees and their children who are receiving education. Within this context, a scholarship amount of 424.675 TL was granted in 2017.

The Kazanlı beach in Mersin stands out as one of the most important spawning grounds in the world of endangered sea turtles. Within the scope of "Investigation, Examination and Protection Project of Population of Mersin Province, Kazanlı Beach Turtle Populations", which has been continuing since 2007 with the cooperation of our company and Mersin University, spawning areas of endangered Caretta Caretta and Chelonia Mydas covered turtles have been protected. In addition, awareness-raising activities have been carried out to keep the people of the region informed about the subject and to protect the endangered sea turtles.

In addition, our company has social responsibility activities in afforestation and in various sports, including and sailing/rowing.

CHAPTER V – THE BOARD OF DIRECTORS

5.1. Structure and Constitution of the Board of Directors

Board of Directors primarily pays regard for the Company's long-term interests, with rational and cautious risk management approach by keeping the risk, growth and return balance of the Company at the optimum level with the strategic decisions it makes and manages and represents the Company by these principles.

The board of directors has defined the Company's strategic objectives, identified the human and financial resources that it needs, and monitors the management performance of the Company. It also observes the compliance of the company's activities with the legislation, the Articles of Association, the internal directives and policies created.

Board of Directors is constituted to enable them to make efficient and constructive work, to make quick and rational decisions, and to organize their committees and organize their work effectively.

There are members in the board of directors who are both in charge for executions and non-executive members. A non-executive member of the Board of Directors is a person who does not have any other administrative duties in the Company other than a duty of member of the Board of Directors and does not interfere with the daily work flow and ordinary activities of the Company. The majority of the members of the Board of Directors consist of non-executive members. Chemicals Group Chairman Tahsin Burhan Ergene and Financial Affairs Director Umut Barış Dönmez is executive members of the Board of Directors. The Chairman of the Board and the General Manager are not the same person. There are two independent members in the Board of Directors that meet the independence criteria stipulated in the Corporate Governance Principles of the Capital Markets Board.

Independent members have been determined in accordance with the procedures stipulated in the corporate governance principles and presented to the Board of Directors. Regarding the election of independent members who are also found suitable at the meeting of our Board of Directors dated 16.01.2017, negative comments were not reported with the letters of Capital Markets Board dated 30.01.2017 numbered 29833736-110.99-E.1171.

The independent members determined within this context and the non-independent members of the Board of Directors were elected for 1 year at the Ordinary General Assembly held on March 28, 2017 regarding the year 2017. As the 1-year term of office of the members of the Board of Directors shall be due at the Ordinary General Assembly meeting to be held on March 20, 2018, the election shall be made for the members of the board of directors at the said ordinary general assembly meeting. The CVs of the members of the Board of Directors are disclosed to the public in the relevant section of our activity report and on the corporate website of the Company, and in this period, no situation has emerged that has abolished the independence of independent members. Declarations of independent members on this issue are presented below.

Declaration of Independence
To Chair of the Board of Soda Sanayii A.Ş.

As a member of the Board of Directors of Soda Sanayii A.Ş. I currently meet the terms and conditions of the "Independent Board of Directors" as determined by the Capital Markets Law, the Capital Markets Board Communiqué, the Resolution of the Principle and other regulations and the Company's Articles of Association; in case any situation emerges that abolishes the independence of the member of the Board of Directors, I hereby declare that I shall communicate this circumstance in writing with its grounds to the Chair of the Board of Directors and synchronously to the Capital Markets Board immediately to be announced in the Public Disclosure Platform, and I shall act in accordance with the decision of the Board of Directors, and I shall comply with the particulars laid down in Article 4.3.8. of Corporate Governance Principles.

With my best regards,

ÜZEYİR BAYSAL
26.02.2018

Declaration of Independence
To Chair of the Board of Soda Sanayii A.Ş.

As a member of the Board of Directors of Soda Sanayii A.Ş. I currently meet the terms and conditions of the "Independent Board of Directors" as determined by the Capital Markets Law, the Capital Markets Board Communiqué, the Resolution of the Principle and other regulations and the Company's Articles of Association; in case any situation emerges that abolishes the independence of the member of the Board of Directors, I hereby declare that I shall communicate this circumstance in writing with its grounds to the Chair of the Board of Directors and synchronously to the Capital Markets Board immediately to be announced in the Public Disclosure Platform, and I shall act in accordance with the decision of the Board of Directors, and I shall comply with the particulars laid down in Article 4.3.8. of Corporate Governance Principles.

With my best regards,

PROF. DR. HALİL ERCÜMENT ERDEM
26.02.2018

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The Chairman of the Board of Directors and the Vice Chairman of the Board of Directors are appointed after taking decisions regarding the distribution of duties following the General Assembly meetings in which the members of the Board of Directors are elected. The current Board of Directors of the Company has 2 executive and 4 non-executive members, whose names are indicated in the following table.

The approval of the General Assembly is sought within the scope of articles 395 and 396 of the Turkish Commercial Code for the Chairman and members of the Board of Directors as to whether they should engage in business that fall within company's activities personally or on behalf of others and to become partners with such companies.

The members of the Board of Directors are free to express their views freely and express themselves in all kinds of ways. According to the Corporate Governance Principles, Canan Mutlu has been elected as a female member of the Board of Directors of the Company and a target rate and target time for the rate of female members of the Board of Directors is not less than 25% has not been determined and any policy in this respect has not been set yet. The company's policy in this direction is evaluated periodically and in line with needs.

The Company has subsidiaries and affiliates. It is not restricted members of the Board of Directors to take these duties outside the Company in consideration of the fact that the members of the Board of Directors of the Company take part in the management of these companies will be favourable, and the duties of the members of the board outside the company are stated below.

Name	Position	Duties undertaken out of partnership as of the date
Prof. Dr. Ahmet Kırman	Chairman of the Board	Chairman of the Board in 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 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., Vice Chairman of the Board and General Manager in Türkiye Şişe ve Cam Fabrikaları A.Ş.
Tahsin Burhan Ergene	Vice Chairman of the Board	Vice Chairman of the Board in Oxyvit Kimya Sanayii ve Ticaret A.Ş., Cromital S.p.A., Şişecam Soda Lukavac D.o.o., Şişecam Shanghai Trading CO. Ltd., Şişecam Elyaf Sanayii A.Ş., Vice Chairman of the Board in Solvay Şişecam Holding A.G., member of the Board in Solvay Sodi A.D., Şişecam Chem Investment B.V.
Umut Barış Dönmez	Member of the Board	Member of the Board in Cam Elyaf Sanayii A.Ş., Camiş Madencilik A.Ş., Madencilik Sanayii ve Ticaret A.Ş., Şisecam Shanghai Trading CO. Ltd., Şisecam Soda Lucavac D.o.o., Rudnik Krecnjaka Vijenac D.o.o., Şişecam Elyaf Sanayii A.Ş., Oxyvit Kimya Sanayii ve Ticaret A.Ş. Member of the Executive Board in Şişecam Chem Investment B.V., Company Official in Şişecam Bulgaria Ltd.
Canan Mutlu	Member of the Board	Unit Manager of Subsidiary Affairs in T.İş Bankası, Member of the Board Trakya Yatırım Holding A.Ş., Topkapı Yatırım Holding A.Ş., Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş., İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş. ve Kültür Yayınları İş Türk A.Ş.
Prof. Dr. Halil Ercüment Erdem	Member of the Board	Independent Member of the Board in CMA-CGM SA, Yılport Holding A.Ş. and Anadolu Cam Sanayii A.Ş. Head of Audit Committee, Corporate Governance Committee, and Early Detection of Risks Committee in Anadolu Cam Sanayii A.Ş. Founder Partner in Erdem-Erdem Law Office and Erdem-Erdem Danışmanlık A.Ş.', Co-Chairman of International Commercial Applications Commission of International Chamber of Commerce
Üzeyir Baysal	Member of the Board	Member of the Board in Şekerbank T.A.Ş. and Selçuk Ecza Deposu A.Ş., Independent member of the Board in Denizli Cam Sanayii ve Ticaret A.Ş., Head of Audit Committee, Corporate Governance Committee, and Early Detection of Risks Committee in Denizli Cam Sanayii ve Ticaret A.Ş.

5.2. Operating Principles of the Board of Directors

The Board of Directors elects a Chairman and a Vice Chairman subsequent to each General Assembly Meeting. However, in case the Chairman and / or the Vice Chairman quits the office for any reason, the Board of Directors will re-elect for vacant positions. In the absence of the Chairman, the Vice Chairman leads the Board of Directors. If the Vice Chairman is not present, then a temporary chairman shall be appointed by the Board of Directors to preside the meeting. The date and agenda of the meeting of the Board of Directors are determined by the Chairman. The Deputy Chairman fulfils these responsibilities in the absence of the Chairman. However, the date of the meeting can also be determined by Resolution of the Board of Directors. The Board of Directors convenes as the Company business and operations require. However, it is compulsory to meet at least once a month.

During the period, the number of decisions taken by the Board of Directors was 53, and decisions were taken unanimous votes of attendants. There was no board member who opposed the decisions. When taking decisions of the Board of Directors, the meetings and decision quorums stipulated in the Turkish Commercial Code, the Capital Markets Law and related regulations are taken into consideration.

The information and documents related to the topics included in the meeting agenda of the Board of Directors are presented to the members of the Board of Directors for sufficient time before the meeting by providing equal information flow. Members of the Board of Directors may propose amendments to the agenda before the meeting. The opinions of the members who are unable to attend the meeting but whose opinions are reported in writing to the Board of Directors are presented to the information of the other members. Each member of the board has a voting right in the Board of Directors.

At the meetings of the Board of Directors, the topics on the agenda are discussed clearly and in all aspects. The rate of participation of the members of the Board of Directors in the Board of Directors meetings held in 2017 was 91.3%. Independent members of the Board of Directors have not voted in their elections. The Chairman of the Board of Directors makes the best efforts to ensure the active participation of non-executive members in the meetings of the Board of Directors. Reason for reasonable and detailed opposite votes on the issues that the members of the Board of Directors are held in meetings are recorded to the minutes of the decision. The detailed reasons for the opposing members are disclosed to the public. However, since no such oppositions or counterview was not declared in the Board of Directors meetings held in 2017, no public announcement was made.

Meetings of the Board of Directors are usually held at the headquarters of the Company. Important decisions of the Board of Directors are announced to the public through PDP and the text of the announcement to the public is also published on the Company's corporate website.

The powers and responsibilities of the members of the Board of Directors are clearly stated in the Articles of Association. Authorities are used in accordance with principles set out in the "Internal Directive", which was prepared by the decision of the Board of Directors dated 21.11.2014 and numbered 59 and registered on 28.11.2014 and announced on 04.12.2014 in accordance with Articles 367 and 371 of the Turkish Commercial Code. The Board of Directors works closely with the Investor Relations Department to maintain effective communication between the Company and its shareholders and to resolve disputes that may arise and plays a leading role in resolving these disputes.

The Company has caused issuance an "Manager Liability Insurance" policy for the members of the Board of Directors and senior executives from the Anadolu Anonim Türk Sigorta Şirketi due to their faults and damages that they may cause to the Company during their duties.

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

The Corporate Governance Committee, Audit Committee and Early Risk Determination Committee have been established within the Board of Directors in order to ensure fulfilment of the duties and responsibilities of the Board of Directors in a healthy manner. The duties of the committees, working principles and by which members it will be formed are determined by the Board of Directors and disclosed to the public through the company's website.

All members of the Audit Committee have been elected from among independent members of the Board of Directors. The Chairman of the Corporate Governance and Early Risk Determination Committees are also independent members of the Board of Directors. The Corporate Governance Committee consists of five members, the Early Risk Determination Committee consist of three members, and the Audit Committee is consists of two members.

The Chairman of the Board of Directors and the General Manager are not involved in the committees. Except for the "Investor Relations Department Officer" holds office in the Corporate Governance Committee in accordance with corporate governance principles, executive members do not serve in the committees. A member of the Board of Directors who does not have the independence characteristics has duties in committees.

Resources and support required for the fulfilment of the duties of the committees are provided by The Board of Directors. The committees can invite managers to their meetings and take their views that they deem necessary.

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The frequency of meetings of the committees is sufficient and all the work they have done has been written down and recorded. The reports on their works and the results of the meetings are presented to the Board of Directors.

The Audit Committee; functioning and effectiveness of the accounting system of the company, disclosure of financial information to the public, auditing and the internal control and internal audit system, and reviews the complaints received by the company regarding the accounting and internal control system and independent audit of the company and resolves such complaints, and determines methods and criteria to be applied to assessment of notifications on the auditing and accounting matters by employees in the scope of the confidentiality and informs the Board of Directors about the assessments and proposals related to their duties and responsibilities in writing and communicates its assessment and opinions on correctness of annual and interim financial statements to be disclosed to public and compliance of them with accounting principles followed by the company and truth by taking into account the views of the Company's responsible managers and independent auditors, together with its own comments in writing to the Board of Directors.

Members of the Audit Committee have the qualifications specified in the Corporate Governance Principles communiqué. The activities of the Audit Committee and the results of the meetings have been declared in the annual activity report. The Committee in Charge of Auditing has held 4 meetings in 2017. The election process of the independent audit firm is carried out in the form that recommendation of Audit Committee of Independent Audit Company that it finds suitable to the Board of Directors by considering the conditions of competence and independence of independent audit firms.

Corporate Governance Committee determines whether or not corporate governance principles are applied, if such principles are not observed its justification and to determine the conflicts of interest that arise due to the failure to fully comply with these principles, and proposes recommendations to improve the corporate governance practices to the Board of Directors. It also monitors the "Investor Relations Department's" works. The Corporate Governance Committee has held five meetings in 2017.

Nomination Committee and Remuneration Committee have not been established and the duties of these committees have been included in the working principles of the Corporate Governance Committee. Candidate proposals for independent memberships of the Board of Directors are evaluated by taking into account the independence criteria of candidates within the scope of the relevant legislation and these evaluations are recorded in a report.

Functions such as establishing a transparent system for determination, assessment and training of appropriate candidates for all membership seats of the Board of Directors, and carrying out works to set out policies and strategies on this matter and making regular assessment on structure and effectiveness of The Board of Directors and making recommendations on changes may be made on these matters to the Board of Directors have been determined within scope of duties of the Committee.

The company's remuneration policy, in which the remuneration principles of the members of the Board of Directors and managers with administrative responsibilities are determined, has been set out and disclosed to the public on the corporate website.

Early Risk Detection 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.. The Early Risk Detection Committee held 8 meetings in 2017.

Notices regarding the meetings of the Audit Committee, Early Risk Detection Committee and Corporate Governance Committee meetings have been made in accordance with the procedure in the Board of Directors.

Since enactment of the Corporate Governance Principles requiring that all members of the Audit Committee are composed of independent members and that the chairmen of other committees are composed of independent members, it has become mandatory for a member of the Board of Directors to serve in more than one committee.

Audit Committee;

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

Corporate Governance Committee;

Chairman, Prof. Dr. Halil Ercüment Erdem (independent), Üzeyir Baysal (independent), Umut Barış Dönmez, Canan Mutlu and Asuman Durak

Early Risk Detection Committee;

Chairman, Üzeyir Baysal (independent), Prof. Dr. Halil Ercüment Erdem (independent), Canan Mutlu

5.4. Risk Management and Internal Control System

The Şişecam Group, operating in an intense domestic and international competitive environment, implements efficient risk management and internal audit processes to ensure adequate risk assurance for its stakeholders.

Financial crises, intensified international conflicts of interest, security problems triggered by geopolitical factors, technological developments such as industry 4.0, dramatic consequences of climate change and social problems have made the world a place of different political, economic, technological and environmental risks compared the past.

The fact that global risks start to affect the lives of people, companies and governments in new and unusual ways, as well as the fact that a significant portion of the risks are uninsurable, have differentiated the point of view of risks all over the world and increased the importance of risk management as a discipline to a great extent. In this context, as in previous years, the effectiveness of risk management and internal audit processes was constantly monitored in 2017, and the two functions that constitute important elements of corporate governance were managed in a wider perspective and more effectively. Within this framework, our Group takes a proactive approach to addressing existing and potential risks and continues its audit activities with a risk-focused perspective.

Risk management and internal audit activities in Şişecam Group are structured within the parent company. The activities are carried out in accordance with the Parent Company's Board of Directors in coordination with our Group Presidency and the results of regular and planned meetings with the "Early Risk Detection Committee", "Audit Committee" and "Corporate Governance Committee" are reported to the Board of Directors in accordance with the legislation.

During works carried out to establish a corporate structure, to provide the necessary security to the stakeholders, to protect the tangible and intangible assets of the Group, to protect the resources and the environment, to minimize the losses arising from uncertainties and to provide the maximum benefit from possible opportunities, communication between internal control and risk management functions are maintained at utmost level and it is aimed to support decision process and to enhance governance effectiveness.

Risk Management in Şişecam Group:

In Şişecam Group, risk management activities are carried out on the basis of corporate risk management principles and are handled with a holistic and proactive approach. The Group has focused on increasing the effectiveness of risk management processes in order to manage the uncertainties created by global developments more effectively and to maintain the risk assurance that is provided to its stakeholders in a harsh domestic and foreign competitive environment.

For this purpose, as in the previous years, we focus on communication and coordination activities throughout the Group for the management of risks that are determined within the scope of corporate risk management approach and linked to action plans in the direction of risk appetite, and technological facilities are used and the reports to ensure healthy process monitoring are maintained in accordance with the legislation.

Internal Control at Şişecam Group:

The aim of our internal audit activities, which have been followed on for many years, to help the Group companies develop health manner and to ensure unity and cohesion in practice, and to ensure that their activities are carried out in accordance with internal and external legislation and that corrective measures are taken in time. In line with the aforementioned aim, auditing activities are carried out within the Group's domestic and foreign institutions in a way to ensure continuity within the company.

Internal audit activities are carried out within the scope of periodic audit programs approved by the Board of Directors. While the audit programs are being developed, the results obtained from risk management activities are also utilized, in other words, "risk-oriented audit" practices are realized.

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5.5. Strategic Targets of the Company

The process of establishing strategic targets updating established strategic targets by reviewing them begins with the clarification of the Vision / Mission and Values text by the Board of Directors of Şişecam.

Company uses Mission Statement to determine which products or services to be provided or produced, for whom, how and in which geographical regions. Vision statement is the most general description of the position that the company desires to achieve in the future.

Within this scope, the Board of Directors of Sisecam, has established the vision of Soda Sanayii A.Ş, which is operating within Şişecam Chemicals Group, as "Soda Sanayii, which is one of the leading soda suppliers of the world, strengthens this position in soda sector; and aims to maintain and strengthen its leading position in all product groups where it operates in chromium chemicals."

In the second stage, analysis studies are carried out to understand the sector and intra-company dynamics in order to reach the vision and to map the roads. Intra-institutional analysis is referred to as "Internal Analysis"; and analysis related with a wider extent such as market, competitors, customers, sectors, final consumers and suppliers is referred to as "External Analysis". Strategic Maps are being created and / or updated in the following stages of analysis. Strategy Maps determine for which issues Soda Sanayii AS will focuses in the perspectives of Finance, Customer, Processes and Tangible Assets. Roadmaps that activities will follow in the future are created by diversifying Strategy Maps by activities. Each strategy defined in the map is associated with a performance indicator, the level of success that this indicator wants to reach, and the projects and organizational structure required for this activity.

The Corporate Performance Program is used to measure and monitor the implementation success of the strategy. The program gives a chance to evaluate performance through monitoring meetings during the year. The Individual Performance Management System is also linked to the Strategic Plan in order to reduce performance from the institutional level to the employee level.

5.6. Financial Rights

All rights, benefits and remunerations provided to the members of the Board of Directors are determined by the General Assembly every year as stated in the Articles of Association. At the Ordinary General Assembly Meeting of the Company held on March 28, 2017, monthly fees to be paid to the members of the Board of Directors were determined and announced to the public. The principles of remuneration of the senior management of the Company have been made in writing and disclosed to the shareholders as a separate agenda item at the Ordinary General Shareholders' Meeting held on April 10, 2013 and published on the Company's corporate website.

No payments are made to the Company's Senior Executives, which are directly indexed to turnover, profitability or other key indicators and which can be considered as premiums in technical terms. In addition to cash payments such as salaries, bonuses and social benefits paid to the Company's Senior Managers, a payment is made under the name of bonus once a year, whose amount is determined by the Company's Board of Directors by taking volume of Company's activity, the nature of the Company's activity and the level of risk, the size of the structure managed and administered into consideration, and which is increased or not increased by taking into consideration such factors as inflation rate, increase in general remuneration rate and the increase in profitability of the Company. In addition, non-financial benefits such as official cars are allocated to the Company's Senior Executives.

In this context, the sum of the payments made to the members of the Board of Directors and the senior managers within the framework of the remuneration policy is disclosed to the public in our footnotes of the financial statements and does not cause a conflict of interest that the benefits provided should not be presented on a per person basis.

No debts or credits are given to the members of the Board of Directors or managers, no credits are given under the name of personal credit through a third person or no guarantees such as surety are not given.

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SHAREHOLDER'S ORDINARY GENERAL ASSEMBLY FOR 2017

1. Election of presidency council and vesting presidency council with authority to sign General Assembly Minutes,
2. Reading out the Board of Directors' Activity Report regarding the Company's 2017 operations and the summary of the Independent Auditor's Report,
3. Reading out loud, debating and approval of financial statements concerned with 2017 fiscal year,
4. Releasing members of the Board of Directors,
5. Election of members of the Board of Directors,
6. Determination of the remuneration to be paid to the Members of the Board of Directors,
7. Granting permission to members of the Board of Directors in accordance with article 395 and 396 of Turkish Commercial Code,
8. Decision on the distribution manner and timing of 2017 profit,
9. Decision on selection of Independent Audit Company in accordance with Turkish Commercial Code and regulations of the Capital Markets Board,
10. Providing information on donations within the year to shareholders and determination of limits for donations to be made in 2018,
11. Providing information on guarantees, pledges and mortgages given in favour of third parties.

CAPITAL INCREASE, AMENDMENTS ON THE ARTICLES OF ASSOCIATION AND PROFIT DISTRUBUTION AND OTHER ISSUES IN THE PERIOD

At the Ordinary General Meeting of Shareholders held on March 28, 2017; it was resolved to distribute gross dividend amount of 200,000,000 TL corresponding to 26.66666% of current issued capital in cash and the dividend amounting to 77,000,000 TL corresponding to 10.26666% of current issued capital as bonus shares, to determine payment date of cash dividend as May 30, 2017, and to give bonus shares following the completion of the legal process envisaged in the regulations of the Capital Markets Board. The distribution of cash dividends was commenced on May 30, 2017 and was completed on June 1, 2017.

At the meeting of the Company's Board of Directors dated May 26, 2017; it was resolved to increase the issued capital of the company which is 750,000,000 TL within registered share cap of 2,500,000,000 TL to 900,000,000 TL, to defray increase amount of 77,000,000 out of 150,000,000 TL from the profit share of 2016, to defray 304,973.11 TL from real estate and participation profit sales profits in accordance with Article 5/1-e of Corporate Income tax Law and 72,695,026.89 TL from extraordinary legal reserves, and capital increase was approved by resolution of the capital Markets Board dated 22.06.2017 and numbered 25/842, transactions related with increase of capital and amendment on Articles of Association concerned with this capital increase were registered on July 12, 2017 and the distribution of the bonus shares was completed on July 17, 2017.

Other Issues

In 2017, the Company has executed transactions in accordance with the provisions of the legislation concerned with disguised profit distribution through transfer pricing in all transactions conducted between our parent company and our affiliated companies of parent company, and no situation has arisen in 2017 due to the transactions described above.

Legal Grounds of Annual Activity Report

The Annual Activity Report on the Group's 2017 fiscal period is prepared in accordance with the provisions of the "Regulation on Determining the Minimum Content of the Annual Activities of the Companies" prepared by the Ministry of Customs and Trade based on Article 518 of the 516th article of the Turkish Commercial Code and the Capital Markets Board "Communiqué on Financial Reports in Capital Markets".

Principles of Preparation of Annual Activity Report

The annual activity report reflects the flow of the business and transactions of the relevant accounting period of the company in a correct, complete, truthful and honest manner, observing every aspect of the financial situation and the rights and interests of the company. The annual activity report does not include misleading, exaggerated and misleading statements.

Utmost care was taken in preparation of the annual activity report in details, so it is ensured that shareholders access all information in complete and accurate manner.

Approval of Annual Activity Report

The Group's annual activity report for the fiscal year 2017 was signed and approved by the Members of the Board of Directors on February 26, 2018.

INDEPENDENT AUDITOR REPORT ON ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

EY
Building a better working world

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To the general Assembly of Soda Sanayii A.Ş.

1) Opinion

We have audited annual activity report related with January 1, 2017 – December 31, 2017 fiscal period of Soda Sanayii A.Ş. ("The Company") and affiliated companies ("Group").

According to our opinion, consolidated financial statements and comments on status of the Group made by the Board of Directors, which are included in Annual Activity Report of the Board of Directors are coherent with consolidated financial statements that we have audited in all substantial aspects, and reflects the truth.

2) Grounds of our Opinion

Independent audit that we have performed has been carried out in accordance with the Independent Audit Standards (IASs) that were issued by the Capital Markets Board, which is a part of Turkish Audit Standards, which was issued by Public Supervision, Accounting and Auditing Standards Board (PSB). Our responsibilities stipulated within these standards are explained in detail in Responsibilities of independent auditor for independent auditing of annual activity report section of our report. We hereby declare that we are independent from the group in accordance with Code of Conducts for Independent Auditors (Code Conducts), which was issued by PSB and ethic provisions that are stipulated in legislation concerned with independent auditing. We have fulfilled other responsibilities related with ethics within scope of Code of Conducts and relevant legislation. We believe that independent audit evidences that we have obtained during our independent audit constituted satisfactory and appropriate grounds us to establish our opinion.

3) Our Independent Auditor Opinion on Consolidated Financial Statements

We have stated our favourable opinion in our audit report dated February 26, 2018, related with January 1, 2017 –December 31, 2017 fiscal period.

4) Responsibility of the Board of Directors on Consolidated Financial Statements

Group Management is responsible for following issues in respect of annual activity report in accordance with Articles 514 and 516 of Turkish Trade Code (TTC) numbered 6102 and "Communique concerned with principles of financial reporting in capital market" (Communique) of the Capital Markets Board (CMB) numbered II-14.1;

a) It prepares annual activity report within the first three months following the balance sheet date and submits it to the General Assembly.

b) Prepares annual activity report to reflect flow of activities of the Group for relevant year and financial position of the group in all aspects in a true, complete, straightforward, right and honest manner. In this report, financial position is assessed according to consolidated financial statements. Also, in this report, development of the Group and risks that may the Group will encounter are clearly addressed. Assessment of the Board of Directors on these topics is also included in this report.

c) Activity report also includes following issues;

- Event that occurred to the Group after the end of activity year and that bears special importance,
- Research and Development studies of the Group,
- Financial benefits provided to members of the Board of Directors and Senior Executives such as remunerations, premiums, bonuses etc., allowances, travel and accommodation expenses, benefits in cash and in kind, insurances and similar compensations,

The Board of Directors takes secondary legislative regulations made by the Ministry of Customs and Trade and relevant authorities while it is preparing annual activity report.

5) Responsibility of Independent Auditor for Independent Auditing of Annual Activity Report

Our objective is to provide an opinion on whether consolidated financial statements and comments made by the Board of Directors are coherent with audited consolidated financial statements of the Group and information that we have obtained during our independent auditing and whether it reflects the truth or not in line with provisions TTC and the Communique, and to draw up a report that includes our opinion.

Independent audit that we have carried out has been performed in accordance with IASs and Independent Auditing Standards issued by the Capital markets Board. These standards requires that independent audit is to be planned and carried out to ensure reasonable assurance on compliance with code of conduct and whether consolidated financial statements and comments made by the Board of Directors are coherent with audited consolidated financial statements of the Group and information that we have obtained during our independent auditing and whether it reflects the truth or not.

Auditor who carried out and concluded this independent audit is Zeynep OKUYAN ÖZDEMİR.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member of firm of Ernst & Young Global Limited

ZEYNEP OKUYAN ÖZDEMİR, CPA
Auditor in Charge (SIGNED AND SEALED)

February 26, 2018
İstanbul, Turkey

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Legal Disclaimer

The Auditor's Report, the Consolidated Financial Statements and the Independent Audit Report included in this Annual Report ("Report"), regarding the activities and accounts for the year 2017, were prepared in conformity with the legal legislation to be submitted to the Ordinary General Assembly of Shareholders to be held on Tuesday, March 20, 2018 at the address; İçmeler Mahallesi, D-100 Karayolu Caddesi, No: 44/A 34937 Tuzla/İstanbul.

This Report is prepared for informing the shareholders and does not serve as a basis for any investment decision. The forward-looking and forecasted figures in the Report reflect the Company management's views on the future of the Company; and the actual results may differ depending on the variables and assumptions that constitute the forecasted figures. Accordingly, Soda Sanayii A.Ş. or the Members of the Board of Directors of the Company, or the Company's consultants and employees are not responsible for any loss or damage incurred directly or indirectly by any person; (i) as a result of any information given or communication made within the scope of this Report, or; (ii) based on any information contained / not-contained in this Report.

As of the date of preparing this report, all information contained in this Report is believed to be accurate, however Soda Sanayii A.Ş. assumes no responsibility for any typographical and printing errors that may occur.

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