

SODA SANAYİİ A.Ş.

2015 ANNUAL REPORT



ŞİŞECAM
CHEMICALS

CONTENTS

- 01** SODA SANAYİİ A.Ş. IN BRIEF
- 02** FINANCIAL INDICATORS
- 04** PRODUCTION PLANTS
- 06** BOARD OF DIRECTORS
- 07** EXECUTIVES
- 08** MESSAGE OF THE CHAIRMAN
- 10** 2015 OVERVIEW
- 10** ACHIEVEMENTS IN 2015
- 13** KEY EVENTS
- 14** ENVIRONMENTAL AND QUALITY ACTIVITIES
- 14** RESEARCH AND DEVELOPMENT ACTIVITIES
- 14** OUTLOOK AND OBJECTIVES FOR 2016
- 15** HUMAN RESOURCES
- 16** INDUSTRIAL RELATIONS
- 16** OCCUPATIONAL HEALTH AND SAFETY
- 16** RISK MANAGEMENT AND INTERNAL AUDIT SYSTEM
- 17** INFORMATION CONCERNING CONSOLIDATED COMPANIES
- 19** CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT
- 104** 2015 DIVIDEND DISTRIBUTION
- 105** CORPORATE GOVERNANCE COMPLIANCE REPORT
- 120** AGENDA FOR 2015 ORDINARY GENERAL ASSEMBLY
- 121** CAPITAL INCREASE, AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROFIT DISTRIBUTIONS DURING THE REPORTING PERIOD
- 122** INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT
- 124** DIRECTORY





SODA SANAYİİ A.Ş. IN BRIEF

The fundamental operations of the Chemicals Business, one of four business segments of Şişecam Group, are carried out by Soda Sanayii A.Ş. (Soda Sanayii), founded in 1969 to produce soda ash, which is one of the main raw materials of the glass industry. The chemicals manufactured at the Mersin Soda Plant and at the Kromsan Chromium Compounds Plant, which joined the Group in 1982, are used as the main inputs for various products, aside from those used in glass production, from detergents to the chemical industry and from leather to the pharmaceutical industry.

The Company became a partner of the privatized Bulgarian soda ash producer Sodi in 1997 through a joint venture with Solvay, and raised its share to 25% in subsequent years. In 1998, Camiş Egypt Mining Ltd. Co. was founded in Egypt to produce industrial raw materials. In 2003, Soda Sanayii's representative office in China was incorporated into Sisecam Shanghai Trading Co. Ltd. In 2005, Soda Sanayii went into a partnership with Cromital, an Italian company which produces chromium chemicals, subsequently acquired the remaining shares in 2011 to become Cromital's sole owner. In 2006, the Company acquired the Lukavac Soda Plant, a soda ash production plant in Bosnia and Herzegovina.

Achieving a production volume of almost 2.2 million tons of soda products at its Mersin and Bosnia plants and in Bulgaria at the Solvay Sodi plant through its joint ventures, the Company is now the 4th largest soda ash producer in Europe and the 10th in the world. As a leading producer in this field, Soda Sanayii maintains its production of chromium chemicals at the Kromsan Chromium Compounds Plant and Cromital SpA facilities in Italy.

Currently, the Group also produces glass fiber, industrial raw materials, electricity, Vitamin K3 derivatives, and sodium metabisulfite, in addition to soda ash and chromium chemicals, carrying out its activities in 6 countries. Soda Sanayii successfully implements its environmental, health, and work safety management systems under the "Responsible Care" initiative, a voluntary practice specific to the chemical industry. Through its responsible approach, the Company continuously invests in the environment, meeting its own energy requirements through its energy generation station, as well as realizing electricity generation and a sales volume of approximately 1.7 billion kWh per year.

FINANCIAL INDICATORS

Summary Consolidated Statement of Financial Position	2014		2015	
	TRY m	USD m	TRY m	USD m
Current Assets	1,111	479	1,433	493
Non-Current Assets	1,010	436	1,379	474
Total Assets	2,121	915	2,812	967
Current Liabilities	305	132	368	126
Non-current Liabilities	249	107	259	89
Equity	1,567	676	2,185	752
Total Liabilities and Equity	2,121	915	2,812	967

Summary Consolidated Income Statement	2014		2015	
	TRY m	USD m	TRY m	USD m
Revenue	1,607	735	1,772	652
Cost of Sales	(1,209)	(553)	(1,297)	(477)
Gross Profit	397	182	475	175
Operating Expenses	(138)	(63)	(155)	(57)
Other Operating Income and Expenses	12	6	38	14
Profit/Loss from investments Valued Equity Method	58	27	54	20
Operating Income/Loss	329	151	411	151
Income/Expenses from Investing Activities	94	43	(3)	(1)
Operating Profit Before Financial Expenses	423	194	408	150
Financial Income (Expense) (Net)	21	10	102	38
Profit Before Tax from Continuing Operations	444	203	510	188
Taxes Related to Continuing Operations	(57)	(26)	(69)	(25)
Current Tax Income/(Expense)	(61)	(28)	(72)	(26)
Deferred Tax Income/(Expense)	4	2	3	1
Net Profit for the Period	388	177	441	162
Distribution of Net Profit				
Non-Controlling Interests	3	1	7	2
Equity Holders of the Parent	384	176	434	160
Earnings Before Interest and Taxes (EBIT)(*)	423	194	408	150
Depreciation and Amortization	93	42	92	34
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)(*)	516	236	500	184
Net Cash from Operations	450	206	310	114
Net Financial Debt (**)	(341)	(147)	(547)	(188)

Financial Ratios	2014		2015	
Current Assets/Current Liabilities	3.64		3.90	
Equity/Total Equity and Liabilities	0.74		0.78	
Total Liabilities/Equity	0.35		0.29	
Net Financial Debt (**)/Total Equity and Liabilities	(0.16)		(0.19)	
Net Financial Debt (**)/ Equity	(0.22)		(0.25)	
Gross Profit / Revenue	0.25		0.27	
EBITDA (*)/Revenue	0.32		0.28	
EBIT (*)/Revenue	0.26		0.23	
Net Financial Debt/EBITDA (*)	(0.66)		(1.09)	

(*) Operating profit before financial expenses used for calculating EBIT and EBITDA. EBIT and EBITDA are not financial performance measures identified in TFRS and may not be compared with similar indicators identified by companies.

(**) Net Financial Debt are calculated by deducting receivables from other relevant parties and cash and cash equivalents from the total of short- and long-term debts and other debts to relevant parties.

SALES IN TURKEY (Fob/\$ m)



INTERNATIONAL SALES (Fob/\$ m)



TOTAL ASSETS (TRY m)



EQUITY (TRY m)



NET FINANCIAL DEBTS (TRY m)



NET PROFIT (TRY m)



EBITDA (TRY m)



PRODUCTION PLANTS

CROMITAL

SODA
LUKAVAC

SOLVAY
SODI

MERSİN SODA
MERSİN KROMSAN
OXYVIT KİMYA

2.2 million tons
soda production

Production **4**
in countries
(Turkey, Bulgaria, Bosnia
& Herzegovina, Italy)



Mersin Soda Plant
Turkey



Mersin Kromsan Plant
Turkey



Soda Lukavac d.o.o
Bosnia and Herzegovina



Solvay Sodi AD
Bulgaria



Oxyvit Kimya
Turkey



Cromital S.p.A
Italy

BOARD OF DIRECTORS

PROF. DR. AHMET KIRMAN / CHAIRMAN



(57) Prof. Dr. Ahmet Kirman is a graduate of Ankara University, Faculty of Law. He holds a master's degree in EU Competition Law, and Ph.D. in Commercial Law from Ankara University where he became Professor in Public Finance/Tax Law and served as a Faculty Member, Division Head, Head of the Finance Department and Institute Director. He also served as a faculty member at Galatasaray University, Faculty of Law. Kirman started his career at İşbank in 1982, where he held various positions in banking and insurance operations. He served as Chairman and Board Member in several prominent companies, foremost amongst them being İşbank, Milli Reasürans T.A.Ş. and Petrol Ofisi A.Ş. Prof. Dr. Kirman served Şişecam Group as Chairman between 2006 and 2008, as Chairman and Managing Director between 2008 and 2011 and he became the Vice Chairman and the Chief Executive Officer of Şişecam Group in April 2011. He also serves on TEPAV's Board of Trustees and Board of Directors, BTHE's and IAV's and ICC Turkish National Committee's Board of Directors, and the Turkish Shooting and Hunting Federation's Board of Directors and Board of Legal Affairs. Prof. Dr. Kirman is the author of a large number of publications, including 12 books and numerous articles.

TAHSİN BURHAN ERGENE / VICE CHAIRMAN



(50) Burhan Ergene graduated with a bachelor's degree in mechanical engineering from Istanbul Technical University, in 1989. He completed the International Management Certificate Programme in Istanbul University, in 1990, and the Advanced Management Program at Harvard Business School in 2012. He 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 Executive Vice President Chemical Business since 2014.

CIHAN SIRMATEL / MEMBER ⁽¹⁾



(58) Cihan Sirmatel graduated from Marmara University, Faculty of Commercial Sciences in 1980. Holding a graduate degree in accounting auditing from the Institute of Accounting at Istanbul University, he also attended a one-year practical teacher training programme in pedagogy at the Faculty of Education at Ankara University. He began his career at Trakya Cam Sanayii A.Ş. in 1980, a Şişecam company established in Lüleburgaz. He became a Şişecam Inspector in 1989, and conducted various inspections and investigations at Türkiye Şişe ve Cam Fabrikaları A.Ş. and its subsidiaries. Cihan Sirmatel was appointed to the Financial Resources Department in Şişecam Chemicals Group in 1994. He was assigned as the Group Financial Affairs Manager in 2002 and the Director of Group Financial Affairs of the Chemicals Group in 2011, a position he still holds. Also holding the titles of CPA and Independent Auditor, Sirmatel is a member of TURMOB (the Union of Professional Chambers for Independent Accountants, Financial advisors and Certified Public Accountants in Turkey), The Institute of Internal Auditing-Turkey, and Accounting Professional Association of Turkey. Cihan Sirmatel serves on the boards of directors of the companies affiliated to the Chemicals Group.

ZEYNEP HANSU UÇAR / MEMBER ⁽²⁾



(44) Zeynep Hansu Uçar is a graduate of Middle East Technical University, Faculty of Economic and Administrative Sciences, Department of Business Administration. She started her career as an Assistant Investment Specialist in the Subsidiaries Division of İşbank in 1994. She held several managerial positions responsible for various group companies at the same department. Uçar has been serving as the Subsidiaries Division Unit Manager since 2007. Having functioned as a Board Member and Auditor at various companies of Şişecam Group since 2010, she also holds seats on the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. since November 27, 2015, İş Faktoring A.Ş. since July 29, 2013, İş Finansal Kiralama A.Ş. since July 30, 2013, and Camış Yatırım Holding A.Ş. since March 27, 2012, all being İşbank subsidiaries.



PROF. DR. HALİL ERCÜMENT ERDEM / INDEPENDENT MEMBER

(54) Prof. Dr. H. Ercüment Erdem graduated from the Faculty of Law at Dokuz Eylül University in 1984, where he first worked as a research assistant between 1984 and 1997. He then taught commercial law and French for professional purpose as an Assistant Professor, while he offered courses in the graduate program and was a thesis advisor. He became Associate Professor of Commercial Law in 1997 and Professor of Commercial Law in 2003. He taught courses in undergraduate, graduate and postgraduate programs at Galatasaray University, Faculty of Law, first as an Associate Professor and then as a Professor of Commercial Law from 1997 until 2011. He also advised a number of master's and doctorate dissertations. He completed his master studies in Private Law at the Institute of Social Sciences at Ankara University, doctorate studies at the University of Fribourg in Switzerland, and did research on American Law at Yale Law School. Since 1998, he has been one of the founding partners of the Erdem & Erdem Law Office, where he practices in various branches of Commercial Law, particularly Private Law serving a number of domestic and overseas clients. He has been serving as an independent board member at CMACMG since 2011, and at Yılport Holding A.Ş. since 2013. Ercüment Erdem is the Vice President of the International Chamber of Commerce Commission on Commercial Law and Practice, and is a member of İstanbul Bar Association. He is a member of the International Chamber of Commerce Council, International Bar Association, and Banking and Commercial Law Institute Advisory Board, as well as various professional associations. Prof. Dr. Halil Ercüment Erdem has 9 scientific books, over 50 articles and 4 translated works published on various dates.



ÜZEYİR BAYSAL / INDEPENDENT MEMBER (4)

(54) Üzeyir Baysal graduated with a degree in economics and public finance from the Faculty of Political Science at Ankara University in 1984. He began his career as an assistant auditor at the Board of Sworn Bank Auditors in 1985, where he served as a sworn bank auditor between 1988 and 1996. He was appointed as the Head of Sworn Bank Auditors at the Banking Regulation and Supervision Agency in 1996, a position which he left on March 30, 2012. He is not affiliated in any way with Soda Sanayii and its related parties.

EXECUTIVES

Tahsin Burhan Ergene	Şişecam Chemicals Group President
Hidayet Özdemir	Manufacturing Vice President
Cenk Nuri Soyer	Marketing and Sales Vice President
Cihan Sirmatel*	Financial Affairs Director
Kevser İnceler	Planning Director
İmran Eroğul	Human Resources Director
Selma Akyol	Supply Chain Director
Mehmet Gürbüz	Soda Sanayii A.Ş. General Manager
Barış Can	Şişecam Soda Lukavac d.o.o General Manager
Yalçın Orhan	Oxyvit Kimya Sanayii A.Ş. General Manager
Serdar Özer	Cromital S.p.A General Manager

(1) Member of the Corporate Governance Committee.

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

(3) Head of the Corporate Governance Committee, Member of the Early Risk Detection Committee, Member of the Audit Committee.

(4) Member of the Corporate Governance Committee, Head of the Early Risk Detection Committee, Head of the Audit Committee.

* Mr. Umut Barış Dönmez has been appointed to succeed Mr. Cihan Sirmatel who resigned as of January 2, 2016.

Members of the Board of Directors have been appointed to serve for a term extending from March 23, 2015 to March 23, 2016, and their powers have been determined by the provisions of the Turkish Commercial Code and the Company's Articles of Association.

MESSAGE OF THE CHAIRMAN



Dear Shareholders,

Soda Sanayii A.Ş. is one of the leading global producers of soda ash and chromium chemicals, and in 2015, the company has repeated its success of previous years, growing in both soda ash and chromium chemicals under difficult market conditions with its advanced production technology, its world-caliber products, the importance it gives to the environment and human health, and the employment and added value it creates. Its successful performance in target markets has bolstered its position on a global scale.

2015 was a year during which the political and economic risks of countries increased in general and the growth in the world economy remained below expectations. China, the engine of global growth, stalled visibly, while Russia, a major soda ash producer, had to face serious economic recession due to sanctions connected to the conflict with Ukraine and the record drop in oil prices, one of the exports of the country. Another important soda ash market, the Euro Zone continued its modest growth with the support of monetary expansion policies.

The Turkish economy grew by 4% in 2015 on the previous year, and even though this was below the expected rate of 5%, it nonetheless performed above global growth and differentiated itself positively. On the other hand, the increase in geopolitical risks, political uncertainties, and the volatility in exchange rates limited industrial growth.

Soda Sanayii increased its revenues in 2015 and ended the year with a growth above the targeted rate.

Soda ash supply-demand was stable in 2015, and the limited growth in glass and detergent industries, which are major buyers of soda ash, resulted in a 3% growth for the global soda industry, while growth in Europe, the biggest export market of Soda Sanayii A.Ş., remained at 1.5%. Soda ash demand in China, one of the biggest soda ash producers in the world, remained below expectations, while domestic producers in Russia enjoyed a cost advantage thanks to the falling ruble.

Despite difficult market conditions, Soda Sanayii A.Ş. produced 2.2 million tons of soda ash in 2015, increasing its TRY revenues by 16% on previous year with its product and service quality, market variation and penetration in targeted markets. The newly commissioned capacity increase in our Bosnia plant and the resultant production increase led to a parallel expansion in market penetration and the plant bolstered its position in the Southeast European market as the fastest growing synthetic soda ash producer of the region.

Attaining targeted sales figures, Soda Sanayii increased its market share in chromium products as well.

The leading global producer of chromium chemicals, Soda Sanayii A.Ş. repeated the success of the previous years in 2015 despite the depression in industries that use chromium products as input, such as leather, impregnated wood, pigment, and metal coating and the recession and decreasing demand in certain regions.

In 2015, a total of USD 77 million was spent in investments.

The uncertainties and momentary changes in global balances have left their mark on the period we are passing through, leading to increased risk perception among investors and hence to a decrease in the appetite for new investments across the

world. Nonetheless, Soda Sanayii A.Ş. resolutely continued the investments it had planned for 2015 in accordance with its sustainable growth targets regarding capacity increases and renewals/improvements as part of its vision for 2020. The company spent nearly USD 77 million in investments for increasing the performance of its plants, lowering energy costs, and increasing efficiency.

The 80,000-ton capacity increase and the construction of a new steam generation unit at Mersin Soda Plant continued, while capacity increase investment at the Lukavac Plant in Bosnia-Herzegovina was completed and the plant reached the targeted capacity of 500,000 tons by the end of the year. Infrastructure reinforcement and modernization work continued at other plants.

The goal for the companies of today is no longer only growing more and faster, but to attain sustainable and balanced growth.

Today, when new conditions of competition require companies to be more innovative, flexible, and creative in production and sales, Soda Sanayii A.Ş. continues its operations in line with Şişecam's "Sustainable Growth" strategy, defining its goals for the future with the priority of becoming a company that creates value for all its stakeholders, is economically healthy, environment-friendly, and creates social value for society.

As Şişecam continues its efforts to increase energy efficiency and minimize environmental impact in all its plants, Soda Sanayii A.Ş. continued similar efforts at its own plants throughout the year. Our company increased its production volume with increases in capacity, and focused heavily on becoming more efficient and more effective in business processes, increasing its market penetration in a wider region through strategic partnerships in target markets, creating customer satisfaction through differentiation from the competition with products of high added value, and becoming a company that is operationally efficient and open

to improvement, with all of its processes carried out in perfect harmony.

I would like to thank all our partners and shareholders for the support they have given us, our suppliers and customers with whom we have efficiently cooperated, and all the members of Soda Sanayii A.Ş. family who played a significant role with their selfless dedication in attaining our achievements.

Sincerely,



Professor Dr. Ahmet Kirman
Chairman of the Board

2015 OVERVIEW

In 2015, Soda Sanayii A.Ş. expanded its marketing operations in developing countries despite certain economic and political problems in Russia and China, with a stable and successful performance thanks to its product and service quality, market variation, and penetration in targeted markets.

Alongside regional differences, the soda sector follows a parallel course to the population and economic development in general. Approximately 3% growth was realised in 2015 and the sector's supply and demand balance remained stable despite fluctuations in different economies.

Considering regional demand development of soda products, the biggest increase was seen in Africa and the Middle East, with 5%, followed by India at 4% and Asia and South America with 3%. Approximately 1.5% growth was seen in soda demand from Europe in 2015, which is Soda Sanayii A.Ş.'s biggest export market.

The glass industry accounts for 51% of global soda demand. An increase in demand was registered at approximately 3-4% in this sector, while the global demand for the detergent segment – the second largest end-consumer of soda – saw a 3% increase.

In China, which accounted for nearly 40% of global soda consumption, demand grew less than expected in 2015. In Russia – one of the major soda manufacturing countries – the depreciation of the rouble provided a cost advantage to local producers and enabled them to increase their capacity utilisation rates and compete against imported products.

In Turkey, the demand of the glass industry for soda ash followed a stable course in 2015, similar to the previous year. Demand of the detergent industry stayed brisk with the positive impact of exports to neighbouring countries on our southeastern border despite political and economic volatilities, whereas the demand of the textile industry was stable-to-shrinking throughout the year due to the fluctuations in foreign exchange rates, the depreciation of the rouble and political tensions with Russia. Meanwhile, the feed industry using the value-added sodium bicarbonate product as an input expanded in 2015, which in turn drove growth in demand for this product.

Developments in the chromium compounds sector

The recession in industries such as leather, metal plating, wood preservation, and pigment became more effective in 2015 compared to previous years. In addition, the challenges in developing economies, changing consumer habits, and demand stagnation in the USA and Europe resulted in regional contraction in these industries. The leather industry in Turkey, which is mainly export oriented shrank slightly compared to previous year due to tensions between Russia and Ukraine and the economic recession in Russia, as well as the geopolitical issues in neighbouring countries. Still, Şişecam Chemicals



increased its market share in the field of basic chromium sulphate. The strong performance of the European automotive industry in 2015 had a positive effect on the Group's sales figures.

ACHIEVEMENTS IN 2015

16% increase in soda products sales revenues

Soda supply and demand was stable in the world throughout 2015, despite the downward trends in Russian and Chinese economies. The year ended successfully for the soda ash product group, with a 16% increase on the previous year's sales revenues on a TRY basis. The Company produced 2.2 million tons of soda products at the Mersin, Bosnia & Herzegovina, and Bulgarian joint venture Solvay Sodi plants. The 4th largest manufacturer in Europe and among the top 10 in the world, Soda Sanayii A.Ş. made 66% of its sales from the aforementioned plants to the international market.

Compared with its international competitors, Soda Sanayii A.Ş. becomes prominent with its rich raw material resources, high level of operational efficiency, and advantageous logistics location near a port.

Capacity increases continued in accordance with ongoing investments at the Mersin Soda Plant. Production continued at full capacity to maintain

Europe's
4th
the world's
10th
biggest
SODA
producer



shares in strategic markets. Similarly, market penetration expanded in parallel with capacity-increase investments and increased production at the Bosnian plant, which continued its strong position in southeastern Europe as the fastest-growing synthetic soda ash producer in the region.

Sustainable sales performance in the chromium product group

Similar to the previous year, stagnation continued in industries such as leather, wood preservation, pigment and metal plating, which use chromium products as input, while there was even some regression in certain regions. The political and geopolitical conflicts in neighbouring countries throughout 2015 also had a negative impact on the leather, wood preservation, and metal plating sectors similar to all other industries in Turkey. Furthermore, due to decreasing demand following mergers and acquisitions in industries that the Group serves, and increasing raw material prices in 2015, large companies reduced inventories and maintained low production capacities to reduce average costs.

Despite these developments, the Company showed successful performance in 2015 and increased its market share, particularly in basic chromium sulphate, compared to the previous two years, which is attributed to the positive performance in domestic sales and in distribution infrastructure.

Sales distribution channels of chromic acid were restructured in target markets. In this regard, the sales and marketing strategies implemented primarily in Europe and South America led to an increased market share in these regions, as well as a higher level of chromic acid sales.

Through its activities in Mersin, Italy and China in the chromium business line, Şişecam Chemicals increased the number of countries and customers it serves and derived 85% of its sales revenue from international market. Being one of the leading facilities in the world in terms of production quality and technology, development activities, widespread sales network infrastructure and environmental standards, the Kromsan Chromium Compounds Plant maintained its position among the leading chromium chemicals manufacturers in 2015.

Moving towards becoming a centre fulfilling Europe's need for liquid basic chromium sulphate, chromic acid and bichromate, Cromital S.p.A., the Italy-based Şişecam Group company, also commanded an important position in high value-added specialty chromium III chemicals. The plant is the only facility in Italy to have been granted a permit to treat and recover chromium wastewater produced by the metal plating sector and is able to recycle the recovered chromium in its production. In 2015, Cromital S.p.A. incrementally continued its

**The world's
leading
SODIUM
BICHROMATE
AND BASIC
CHROMIUM
SULFATE
manufacturer**



Modernization investments to reduce energy costs and INCREASE EFFICIENCY

sales operations of sodium bicarbonate, which has been performed since 2013, targeting leather and flue gas treatment sectors.

Soda Sanayii A.Ş. fulfills its own process steam needs through an onsite cogeneration plant, which has a generation capacity of 252 MW. The plant generated approximately 4.2 million tons of steam as well as sales of 1.7 billion kWh of electricity in 2015.

Highlights from Investments in 2015

In 2015, the companies operating under Şişecam Chemicals continued with modernisation efforts, particularly in the soda ash and chromium product groups. These investments are aimed at strengthening the facility performance, reducing energy costs and securing increased productivity to boost competitive capability. Şişecam Chemicals spent approximately USD 90 million on investments in 2015.

In addition to the 80,000-tonne capacity expansion investment through the new calciner and supplementary equipment which aim to increase production quantity and obtain energy optimization, the Company also continued to explore new salt fields and invest in salt facilities in order to meet

the higher production level. Furthermore, in order to reduce energy costs and increase the Company's competitive edge, an investment was made in a new steam generation plant, which started in the final quarter of 2014 and continued in 2015.

Projects for using domestic raw materials were evaluated at the Kromsan Plant and efforts continued in the neutralisation of old technology waste.

The end of the year saw efforts to achieve capacity, which began in Şişecam Soda Lukavac Plant in 2014, of 500,000 tons/year. The final stage has been reached in the new steam boiler, which aims to secure production through an energy efficiency increase and production cost reduction in accordance with environmental regulations. Furthermore, infrastructural reinforcement and modernisation improvements were conducted throughout the year.

KEY EVENTS AND ORGANIZATIONS

In 2015, Soda Sanayii A.Ş. continued its work on "Triple Commitment," a voluntary program carried out in global chemicals industry, engaging in



important communications and social responsibility events besides management systems applications. Examples include planting of 3,000 trees; organization of the 14th painting contest themed "Love for Nature and the Environment", held among primary school pupils; maintenance and repair of nearby school buildings; visits to schools and NGOs; sponsorship of the Kazanlı Primary School "Kaplumbağa" (Turtle) Magazine; and a kite festival held for children with disabilities. The Company has also continued organizing volleyball, table tennis, and backgammon tournaments; plant visits by students, the handicapped, retired personnel and members of Soda Employees Association; and providing college scholarships for the children of the retired personnel - an initiative funded exclusively by employees.

Besides extending support to the Mersin International Music Festival, the Company is the sole sponsor of the Project for Investigation, Monitoring and Conservation of Sea Turtle Populations carried out by Mersin University on Kazanlı Coast under the supervision of the Ministry of Forestry and Water Supplies.

Soda Sanayii A.Ş. also supports the "Protection of Environmentally Designated Agricultural Fields"

project as part of the good agricultural practices at Karadiken, Tarsus. The Company continues its high-caliber social responsibility work with special emphasis on environment and occupational health and safety.

Soda Sanayii A.Ş. participated in the All China Leather Fair (Shanghai-China) and EBRATS (Sao Paulo-Brazil) in the field of chromium chemicals in 2015. At the All China Leather Fair, attended by companies from 20 countries as well as from all regions of China, TANKROM®, Soda Sanayii A.Ş.'s leading brand in leather products, and Ecol-Tan®, an environment-friendly product launched for the first time, became the center of attention for international participants. At EBRATS, one of the biggest fairs in South America on metal coating, the Company introduced its chromic acid and chromium III products to regional markets.

ENVIRONMENTAL AND QUALITY ACTIVITIES

Soda Sanayii A.Ş. carried on performing its management system applications listed below in order to manage its entire activities in favor of maintaining health and safety of the environment, its employees, customers and surroundings.

Environment-friendly product ECOL-TAN® becomes center of attention at All China Leather Fair

REACH

Being a major exporter of soda ash and chromium products to the EU, Soda Sanayii has largely completed registrations for substances since 2010 in an effort to fulfill its obligations under the REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) program, a highly important consideration for the European Union. In May 2015, the final stage has been reached in permit procedures for chromic acid product under REACH, which began in 2012, after the official permit application to the European Chemicals Agency. In addition, all safety information forms of all our products have been filled out and updated in accordance with the CLP Regulation no. EC/1272/2008 concerning the classification, labeling, and packaging of chemicals and mixtures.

In 2015:

- “Product Conformity Certificates” were renewed for soda ash and chromium products,
- Supervisory audits were conducted at Soda and Kromsan Plants regarding the ISO 9001:2008 Quality Management System, the ISO 22000 Food Safety and Global Food Safety Management System for refined bicarbonate, the ISO FSCC 22000 Management System, and the GMP and ISO 10002 Customer Satisfaction Management System for feed-grade refined bicarbonate,
- The Company received ISO 50001 Energy Management System Certification,
- Interim supervisory audits were successfully conducted for Kosher and Halal Certificates,
- Interim supervisory audits were successfully passed for the ISO 14001 Environment Management System and OHSAS 18001 Occupational Health and Safety Management System, which have been implemented as an “Integrated Management System,”
- The Company carried out its planned activities within the framework of the Environmental Impact Assessment Regulation. Obligations under the Environmental Permit and License Regulation were fulfilled in relation to the Company’s activities.

RESEARCH AND DEVELOPMENT ACTIVITIES

R&D by Şişecam Chemicals was carried out with the objective of improving existing processes in the production of soda and chromium compounds with low-cost technologies in an environmentally compatible manner, enriching the product portfolio with high value-added products, reducing cost and increase productivity and increasing competitive strength.



Research and modelling to increase productivity continued in the soda product group. In the chromium product group, research was conducted into the development of new leather chemicals and accordingly laboratory and pilot-scale studies were made. Activities continued uninterrupted on process and product quality development issues.

EXPECTATIONS AND OBJECTIVES FOR 2016

The supply-demand balance struck in 2015 in the soda ash industry, especially in the Europe, is expected to continue throughout 2016.

Global demand growth of 4% is projected for soda according to growth projections of glass, mainly flat glass and other industries served. Demand increase in the Indian continental shelf and Africa is expected to maintain a level of 6% in 2016 with the impact of growth in the glass and detergent industries.

With expected growth rates of around 5%, these markets are followed by South America and northern Asia, in which especially the glass industry is improving. In parallel with the stable course in Europe, the volume in the Western European market is projected to follow a steady trend while expectations in Central and Eastern Europe are rather more optimistic due to the strong performance of the detergent industry in these areas.

CUSTOMER-FOCUSED APPROACH in all marketing and sales activities



Capacity increasing operations will continue in 2016 in accordance with these expected developments, and projects for effective cost management as well as those aiming at increasing energy efficiency will continue to be our focus in the intense competitive environment.

Difficulties similar to those in 2015 are expected to continue in the chromium chemicals sector in 2016, while no further shrinkage is predicted in the sectors and industries it serves. Market development and strategic collaborations are scheduled for inclusion in accordance with the Company's growth vision in the chromium sector. Market extension projects and strategic alliances are planned in accordance with the Company's growth vision in the chromium sector.

In exports markets, which have diversified in recent years, priority will be given to emerging markets to reinforce Şişecam Chemicals' presence. In keeping with its role and responsibilities of being a global player, the chromium product group will maintain its customer-focused approach in all sales and marketing activities. Another priority for the Group is the development of new products that use environmentally friendly technologies.

HUMAN RESOURCES

As of the end of 2015, the Group employed a total of 1,556 people, 637 of whom are salaried and 919 are hourly paid workers.

At Soda Sanayii A.Ş., all human resources policies including recruitment, training, performance management, optimum staffing analyses, reorganization initiatives, remuneration and career management and succession systems, are carried out in conformity with the laws and regulations in force, while observing the common interests of the employer and the employees. Recruitment processes are carried out without any discrimination or privilege, taking into consideration the competences required by the job and the potential of the candidates, who are evaluated using scientific methods with proven validity and reliability.

Necessary in-house and external training programs are offered to build on the knowledge and skills of employees, and their development is supported through opportunities for participation in domestic and overseas training/certification programs, conferences, panels, trade fairs and summits. Successful projects undertaken by employees during the year are rewarded under the Recognition, Appreciation and Rewarding System.

In view of the Group's globalizing corporate culture, the development activities necessary for its human resource are performed in line with a concept of success-oriented performance and constant improvement. Domestic and international training and development programs are implemented to build on the international management competencies of potential leaders and technical specialist people.

**Our greatest
asset in
reaching our
goals is
OUR
HUMAN
RESOURCES**

INDUSTRIAL RELATIONS

The Collective Bargaining Agreement talks for the 17th period were begun after the Petrol-İş Union was authorized, and the first meeting took place at the Mersin Soda Ash Plant on December 11, 2015.

The Workplace Collective Bargaining Agreement for 2015 covering Şişecam Soda Lukavac Plant expired on December 31, 2015, and the Collective Bargaining Agreement for 2016 and 2017 was concluded in January 2016.

In keeping with its corporate values, the Company does not discriminate against employees on the basis of their race, religion, language or sex; it respects diversity and differences, and requires strict adherence to the Şişecam Code of Conduct in all work processes.

OCCUPATIONAL HEALTH AND SAFETY

During 2015, field observation activities were carried out at Soda Sanayii A.Ş. and affiliated plants and facilities within the scope of occupational health and safety. Pursuant to the Occupational Health and Safety Law, work was taken on in relation to regulatory obligations, while necessary training programs were offered and events were organized to propagate a culture of occupational health and safety.

The managers and related employees at the plants were informed of the new requirements introduced by the Occupational Health and Safety Law, which came into effect on January 1, 2016 in order to regulate the working hours and full-time employment of occupational safety specialists, workplace doctors, and other health personnel. Consultancy and support activities were pursued to ensure the compliance of the affiliated facilities with the new requirements.

RISK MANAGEMENT AND INTERNAL AUDIT

The “Risk Committee” and the “Audit Committee”, set up under the Board of Directors, are responsible for handling the Company’s risk management and internal audit activities. Committee meetings are held regularly to discuss the predetermined agenda items. The decisions passed and proposals presented in meetings are recorded and regularly reported to the Board of Directors. Through the committees, the Board of Directors closely monitors the risk management and internal audit activities carried out in the Company, and the Board of Directors provides the necessary guidance.

The financial crisis, which began in 2008 and whose effects are still being felt, along with intensifying conflicts of interest among nations, security issues triggered by geopolitical factors, technological advances, which are dubbed as the fourth industrial revolution, the changes brought on by digitalization in the way business is conducted, and the dramatic results of climate change have made the world a place with different and increased political,



economic, and environmental risks. The effect of global risks on all regions has changed the way risks are viewed and the importance of risk management as a discipline has risen considerably.

Following these developments, the effectiveness of risk management and internal audit processes have been continuously reviewed throughout 2015, and these two functions that constitute important aspects of corporate governance were managed with high concentration. Risk management and internal audit activities aim to offer stakeholders the highest level of risk assurance, protect the tangible and intangible assets of the Company, minimize losses caused by uncertainties, and obtain maximal benefit from possible opportunities. Communication between internal audit and risk management functions are maintained at the highest level throughout this work with the aim of supporting the decision-making process and increasing the effectiveness of management.

Risk Management

Risk management activities within the Group are carried out under a holistic and proactive approach based on enterprise risk management principles. All financial and nonfinancial risks encountered due to operations are constantly monitored, and strategies to be implemented are established and the necessary measures are taken.

HIGHEST
LEVEL OF
RISK SAFETY
to all
stakeholders
through risk
management
and
internal
auditing



Internal Audit

The objective of the internal audit activities, which have been carried out within the Group for many years within an established and corporate structure, are to assist the healthy development of the Group's companies, to ensure uniformity in practices, and to assure the execution of efficient, constructive and productive controls and timely implementation of corrective actions which will guarantee that all activities are performed in compliance with the legislation. The results of the risk management activities are also used in internal audit activities, which are carried out in accordance with the annual audit program, and in the preparation of the audit program, meaning that "risk-based audit" practices are implemented.

INFORMATION CONCERNING CONSOLIDATED COMPANIES

Şişecam Soda Lukavac d.o.o

The Company was established in 2006 in the Tuzla Canton in the Federation of Bosnia & Herzegovina. The Company manufactures soda and soda derivatives, exporting most of its production volume. The indirect ownership share held in the Company is 89.30%. The remaining shares are held by another company affiliated to the Government of the Tuzla Canton.

Solvay Şişecam Holding A.G.

Based in Vienna, the Company is a stock corporation incorporated in 1997 to participate in the Solvay Sodi AD in Bulgaria. The indirect ownership share in the Company is 25%, with the Solvay Group holding the remaining 75% of the shares.

Şişecam Bulgaria Ltd.

Based in Varna, the Company is engaged in the trade of soda products in Bulgaria. Soda Sanayii A.Ş. has an indirect ownership share of 100% in the Company.

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

Established in 1996 in the Tarsus Organized Industrial site, the Company is engaged in the production and marketing of Vitamin K3, sodium metabisulfite and their derivatives. Vitamin K3 is a high value-added product used as an additive in animal feeds, mainly for poultry. Sodium metabisulfite is used in the food, textiles, construction chemicals, leather industry and various chemicals industries.

As one of the few producers in the industry and commanding a substantial portion of worldwide capacity, Oxyvit exports more than 90% of its production. The other major shareholder in Oxyvit is Cheminvest Türkiye Deri Kimyasalları San. ve Tic. A.Ş., an Italian owned company, established in Turkey and engaged in chemicals trading. Soda Sanayii A.Ş. holds a 45% stake in Oxyvit.

Cromital S.p.A.

Established in 1992 in Bergamo, Italy, Cromital produces basic chromium sulfate, a key chemical used in the leather industry, and markets its products predominantly in Italy. Soda Sanayii A.Ş. acquired a 50% stake in the capital of Cromital in 2005, making it an associate, and acquired the remaining shares from Cheminvest S.p.A. in 2011, thus becoming a wholly-owned subsidiary. Soda Sanayii A.Ş. holds a 99.50% indirect ownership stake in the Company, with the remaining 0.50% of the shares held by Türkiye Şişe ve Cam Fabrikaları A.Ş.

Şişecam Chem Investment B.V.

Established as a portfolio management company, Şişecam Chem Investment B.V. offers consultancy and other services to the Group companies. Soda Sanayii A.Ş. holds a 99.46% stake in Şişecam Chem Investment BV, whose portfolio covers 99.50% of shares in Cromital S.p.A., 100% of shares in Şişecam Bulgaria Ltd., 89.30% of shares in Lukavac d.o.o., and 25% of shares in Solvay Şişecam Holding AG.

SODA SANAYİİ A.Ş.
CONVENIENCE TRANSLATION INTO ENGLISH
OF CONSOLIDATED FINANCIAL STATEMENTS AT
1 JANUARY - 31 DECEMBER 2015
WITH INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Soda Sanayii A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Independent Auditor's Responsibility

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

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

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



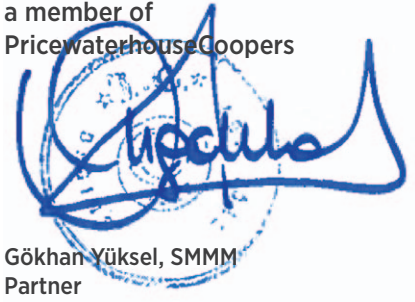
Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Soda Sanayii A.Ş. and its Subsidiaries as at 31 December 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code (“TCC”) No: 6102; auditor’s report on the early risk identification system and committee has been submitted to the Company’s Board of Directors on 1 March 2016.
6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company’s bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the code and provisions of the Company’s articles of association in relation to financial reporting.
7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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



Gökhan Yüksel, SMMM
Partner

Istanbul, 1 March 2016

Soda Sanayii A.Ş.**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
31 DECEMBER 2015 AND 2014**

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

ASSETS	Note	31 December 2015	31 December 2014
Current Assets		1.432.692.660	1.111.338.089
Cash and cash equivalents	6	858.107.391	648.470.674
Financial investments	7	812.340	721.100
Trade receivables	10,37	313.733.929	254.738.939
-Due from related parties	37	60.940.914	27.383.864
-Other trade receivables	10	252.793.015	227.355.075
Other receivables	11,37	44.139.100	7.055.282
-Due from related parties	37	33.778.829	4.333.632
-Other receivables	11	10.360.271	2.721.650
Inventories	13	179.296.464	173.715.725
Prepaid expenses	14	9.281.749	5.507.619
Current income tax asset	35	160.166	233.492
Other current assets	26	27.161.521	20.895.258
Non-Current Assets		1.378.995.323	1.009.988.081
Financial investments	7	42.914	8.226.209
Other receivables	11	434.458	120.440
Investments accounted under equity method	16	245.306.932	217.532.079
Property, plant and equipment	18	1.085.761.431	727.981.342
Intangible assets	19,20	12.540.180	7.223.097
-Goodwill	20	7.486.410	6.645.555
-Other intangible assets	19	5.053.770	577.542
Prepaid expenses	14	28.514.582	33.332.043
Deferred tax assets	35	3.687.009	11.741.355
Other non-current assets	26	2.707.817	3.831.516
TOTAL ASSETS		2.811.687.983	2.121.326.170

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

Soda Sanayii A.Ş.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
31 DECEMBER 2015 AND 2014**

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

LIABILITIES	Note	31 December 2015	31 December 2014
Current Liabilities		367.547.367	305.502.188
Short term borrowings	8	33.624.669	25.016.388
Short term portion of long term borrowings	8	38.730.599	33.177.208
Trade payables	10,37	222.776.005	177.808.511
- <i>Due to related parties</i>	37	59.932.078	35.081.060
- <i>Other trade payables</i>	10	162.843.927	142.727.451
Employee benefit obligations	24	2.373.785	2.208.672
Other payables	11,37	42.649.802	32.577.258
- <i>Due to related parties</i>	37	37.497.081	25.943.124
- <i>Due to non-related parties</i>	11	5.152.721	6.634.134
Deferred income	14	5.329.377	4.145.561
Current income tax liabilities	35	7.241.999	15.673.128
Short term provisions	22,24	8.256.175	9.002.887
- <i>Provisions for employee benefits</i>	24	459.023	429.105
- <i>Other short term provisions</i>	22	7.797.152	8.573.782
Other current liabilities	26	6.564.956	5.892.575
Non-Current Liabilities		259.378.909	248.859.060
Long term borrowings	8	235.138.763	227.322.531
Other payables	11	1.036.902	904.548
Provisions for employee benefits	24	23.015.411	20.631.981
Deferred tax liabilities	35	187.833	-
EQUITY		2.184.761.707	1.566.964.922
Total Equity Attributable to Equity Holders of the Parent	27	2.156.296.206	1.547.694.876
Capital		660.000.000	503.000.000
Other comprehensive income/expenses not to be reclassified to profit or loss		186.000.974	(541.562)
- Gain/loss on revaluation and remeasurement		185.834.191	-
- Actuarial gain/(loss) fund for employee termination provision		166.783	(541.562)
Other comprehensive income/expenses to be reclassified to profit or loss		141.017.232	93.372.863
- <i>Foreign currency translation reserve</i>		141.017.232	91.617.046
- <i>Financial asset revaluation reserve</i>		-	1.755.817
Restricted reserves		84.831.933	66.715.871
Retained earnings		650.031.393	500.690.345
Net profit for the year		434.414.674	384.457.359
Non-controlling interest	27	28.465.501	19.270.046
TOTAL LIABILITIES AND EQUITY		2.811.687.983	2.121.326.170

Soda Sanayii A.Ş.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014

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

	Note	1 January- 31 December 2015	1 January- 31 December 2014
Sales	28	1.771.758.211	1.606.682.874
Cost of sales (-)	28	(1.296.702.526)	(1.209.400.234)
Gross Profit		475.055.685	397.282.640
General administrative expenses (-)	29,30	(69.635.447)	(61.795.752)
Marketing expenses (-)	29,30	(3.598.921)	(2.372.651)
Research and development expenses (-)	31	72.904.341	40.613.872
Other operating income	31	(35.166.899)	(28.462.329)
Other operating expenses (-)	31	(32.792.935)	(31.832.477)
Joint ventures&associates under equity method	16	53.560.065	58.232.120
OPERATING PROFIT		411.125.708	329.207.585
Income from investing activities	32	582.875	93.920.648
Expense from investing activities (-)	32	(3.540.140)	(29.154)
OPERATING PROFIT BEFORE FINANCIAL INCOME		408.168.443	423.099.079
Financial income	33	207.219.348	109.256.440
Financial expense (-)	33	(105.233.268)	(88.245.839)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		510.154.523	444.109.680
Tax expense from continuing operations		(69.081.504)	(56.510.202)
Tax charge for the year	35	(71.741.240)	(60.508.687)
Deferred tax income	35	2.659.736	3.998.485
Profit for the year		441.073.019	387.599.478
Attributable to:			
Non-controlling interest	27	6.658.345	3.142.119
Equity holders of the parent	27	434.414.674	384.457.359
Earnings Per Share	36	0,658	0,583

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

Soda Sanayii A.Ş.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014**

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

	Note	1 January- 31 December 2015	1 January- 31 December 2014
PROFIT FOR THE YEAR	27	441.073.019	387.599.478
Other Comprehensive Income / (Expense)			
Items not to be reclassified to profit or loss	27	186.646.794	1.278.118
- Revaluation gain on tangible assets		458.104.052	-
- Actuarial gain / (loss) on post employment termination benefit obligation		3.030.705	-
- Deferred tax gain/(loss)			
- Income from associates accounted for under equity method		1.623.594	10.925
Items to be reclassified to profit or loss	27	50.429.983	(13.857.470)
- Currency translation differences		52.185.800	(16.041.869)
- Fair value gain/(loss) on financial assets		(1.848.228)	2.383.956
- Deferred tax gain/(loss)		92.411	(199.557)
Other Comprehensive Income		237.076.777	(12.579.352)
Total Comprehensive Income		678.149.796	375.020.126
Attributable to:			
Non-controlling interest		9.548.466	2.338.024
Equity holders of the parent		668.601.330	372.682.102
Earnings Per Share	36	1,013	0,565

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

Soda Sanayii A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014

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

	Other Comprehensive Income not to be reclassified to profit or loss		Other Comprehensive Income to be reclassified to profit or loss		Retained Earnings			Total Equity Attributable to Equity Holders of the Parent	Non-controlling interest	Total Equity
	Revaluation on Funds	Other Income/(Loss)	Currency Translation Differences	Other Income/(Loss)	Restricted reserves	Retained Earnings	Net Profit for the Year			
Balance at 1 January 2014	457,000,000	(1,972,127)	106,854,820	(428,582)	40,002,592	413,736,413	205,819,658	1,221,012,774	15,376,178	1,236,388,952
Transfers	-	-	-	-	26,713,279	179,106,379	(205,819,658)	-	-	-
Total comprehensive income	-	1,278,870	(15,237,774)	2,184,399	-	(752)	384,457,359	372,682,102	2,338,024	375,020,126
Share capital increases	46,000,000	-	-	-	-	(46,000,000)	-	-	3,449,488	3,449,488
Impact of acquisition of non-controlling	-	151,695	-	-	-	(151,695)	-	-	(1,857,537)	(1,857,537)
Dividend distributed	-	-	-	-	-	(46,000,000)	-	(46,000,000)	(36,107)	(46,036,107)
Balance at 31 December 2014	503,000,000	(541,562)	91,617,046	1,755,817	66,715,871	500,690,345	384,457,359	1,547,694,876	19,270,046	1,566,964,922
Balance at 1 January 2015	503,000,000	(541,562)	91,617,046	1,755,817	66,715,871	500,690,345	384,457,359	1,547,694,876	19,270,046	1,566,964,922
Transfers	-	-	-	-	78,104,560	306,352,799	(384,457,359)	-	-	-
Total comprehensive income	-	185,834,191	49,400,186	(1,755,817)	-	-	434,414,674	668,601,330	9,548,466	678,149,796
Share capital increases	157,000,000	-	-	-	(59,988,498)	(97,011,502)	-	-	-	-
Dividend distributed	-	-	-	-	-	(60,000,000)	-	(60,000,000)	(353,011)	(60,353,011)
Transaction between non-controlling interests	-	-	-	-	-	(249)	-	-	-	-
Balance at 31 December 2015	660,000,000	185,834,191	141,017,232	-	84,831,933	650,031,393	434,414,674	2,156,296,206	28,465,501	2,184,761,707

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

Soda Sanayii A.Ş.**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014**

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

	Note	1 January- 31 December 2015	1 January- 31 December 2014
A.CASH FLOWS FROM OPERATING ACTIVITIES		309.983.520	449.667.267
Net profit for the year		441.073.019	387.599.478
Adjustments to reconcile net profit/(loss)to net cash provided by operating activities		(14.006.053)	(20.618.381)
-Depreciation and amortization	18,19	91.495.078	92.794.666
-Adjustments for impairments/reversals	10,11,13, 18	3.481.371	6.660
-Adjustments in provisions	22,24	4.342.095	7.710.956
-Interest income and expenses	31,33	(6.019.406)	(7.552.587)
-Unrealized exchange loss/ (gain) on cash and cash equivalents	31,33	(122.570.192)	(17.964.963)
-Adjustments for undistributed earnings of associates	16	(53.560.065)	(58.232.120)
-Adjustments for tax income/losses	35	69.081.504	56.510.202
-Gain/ losses from sales of tangible assets	32	(251.638)	(80.175.577)
-Dividend income	32	(4.800)	(1.105.287)
-Profit on sale of subsidiaries	27,32	-	(12.610.331)
Changes in net working capital		(24.309.146)	148.513.419
-Increases/decreases in inventories	13	(5.582.764)	(41.567.203)
-Increases/decreases in trade receivables	10,37	(27.665.326)	2.061.193
-Increases/decreases in other receivables	11,37	(37.083.818)	141.993.803
-Increases/decreases in trade payables	10,37	42.883.013	31.397.964
-Increases/decreases in other payables	11,14,24,37	11.421.473	7.872.805
-Increases/decreases in net working capital	7,14,15,26,35	(9.225.760)	6.754.857
- Financial cash outflows related to held for trading contracts	12,33	944.036	-
Cash flows from operating activities		402.757.820	515.494.516
-Interest paid	8,31,33,37	(13.569.996)	(13.279.890)
-Interest received	31,33,37	3.293.889	9.401.596
-Taxes paid	35	(80.425.575)	(54.964.757)
-Employment termination benefits paid	24	(2.072.618)	(6.984.198)

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

Soda Sanayii A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 AND 2014

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

	Note	1 January- 31 December 2015	1 January- 31 December 2014
B. CASH FLOWS FROM INVESTING ACTIVITIES		(142.622.886)	30.682.760
-Proceeds from sale of interests in subsidiaries	27	-	22.944.386
-Proceeds from disposals of associates	7,32	6.733.460	101.199.130
-Cash outflows due to purchase of shares in other entities or funds or debt instruments	16	(138.856)	-
-Proceeds from sale of tangible and intangible assets	18,19,32	643.158	120.692
-Purchases of tangible and intangible assets	18,19	(226.565.960)	(103.952.838)
-Advances given and changes in liabilities	14	(52.100.411)	(47.170.954)
- Repayment from advances given and change in liabilities	14	57.548.405	15.564.910
-Dividends received	16,32	54.210.200	30.656.705
-Interest received	6,33	16.105.083	10.536.414
-Other cash inflow/outflow	10,11,26	942.035	784.315
C. CASH FLOWS FROM FINANCING ACTIVITIES		(89.873.907)	(78.105.850)
-Proceeds from borrowings	8	33.112.720	44.823.248
-Repayment of borrowings	8	(62.633.616)	(80.342.479)
-Dividend payments	27	(60.353.011)	(46.036.107)
-Capital contribution of non-controlling interests	27	-	3.449.488
Net increase/(decrease) in cash and cash equivalents before currency translation differences (A+B+C)		77.486.727	402.244.177
D. EFFECTS OF UNREALIZED EXCHANGE LOSS/ (GAIN) ON CASH AND CASH EQUIVALENTS		132.022.200	21.829.787
Effect of foreign currency translation differences on cash and cash equivalents	33	125.623.349	24.996.281
Foreign currency translation differences	27	6.398.851	(3.166.494)
Net increase/ (decrease) in cash and cash equivalents (A+B+C+D)		209.508.927	424.073.964
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6	647.808.885	223.734.921
Cash and cash equivalents at the end of the year (A+B+C+D+E)	6	857.317.812	647.808.885

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

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in 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 (4 subsidiaries, 1 associate and 1 joint venture).

The Group's operations comprise establishing and acquiring manufacturing facilities to manufacture light soda ash, dense soda ash, sodium bicarbonate, sodium 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, and selling the generated electricity.

The Company was founded on 16 October 1969 and is registered in Istanbul/ Turkey according to Turkish Commercial Code. The Company has been quoted in the Borsa İstanbul A.Ş. ("BİAŞ"), former title İstanbul Menkul Kıymetler Borsası ("İMKB"), since 2000. The Group's immediate and ultimate parent companies are T. Şişe ve Cam Fabrikaları A.Ş. and Türkiye İş Bankası A.Ş., respectively.

The Head Office and the Shareholder Structure of the Company

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

İş Kuleleri Kule 3, 4. Levent 34330, Beşiktaş / İstanbul / Turkey

Telephone : + 90 (212) 350 50 50

Fax : +90 (212) 350 58 88

<http://www.sisecamkimyasallar.com>

Trade Register Information of the Company

Registered at : İstanbul Ticaret Sicil Memurluğu

Registry No : 495852/443434

Mersis No (Central) : 0-7720-0234-9800013

Employee Structure of the Group

	31 December 2015	31 December 2014
White Collar	637	630
Blue Collar	919	920
Total	1.556	1.550

The 49 employees who are counted in the total number of employee in the Group comprise of the employee of Joint Venture that are accounted for under the equity method. (31 December 2014: 47 Employees)

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

1. Organisation and Nature of Operations

Consolidated subsidiaries

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

Subsidiaries	Nature of Business	Registered Country
Şişecam Soda Lukavac D.O.O.	Soda manufacturing	Bosnia Herzegovina
Şişecam Bulgaria EOOD	Trading of soda products	Bulgaria
Cromital S.p.A.	Chrome derivatives manufacturing	Italy
Şişecam Chem Investment B.V.	Investing	Holland

Joint Ventures	Nature of Business	Registered Country
Oxyvit Kimya Sanayii ve Tic. A.Ş.	Vitamin-K manufacturing	Turkey

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

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

Company Name	31 December 2015		31 December 2014	
	Direct and indirect ownership (%)	Proportion of ownership (%)	Direct and indirect ownership (%)	Proportion of ownership (%)
Subsidiaries				
Şişecam Soda Lukavac D.O.O.	89,30	88,82	89,30	88,82
Şişecam Bulgaria EOOD	100,00	99,46	100,00	99,46
Cromital S.p.A.	99,50	98,96	99,50	98,96
Şişecam Chem Investment B.V.	99,46	99,46	99,46	99,46
Joint Ventures				
Oxyvit Kimya Sanayii ve Tic. A.Ş.	45,00	45,00	44,00	44,00
Associates				
Solvay Şişecam Holding AG	25,00	24,86	25,00	24,86

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in 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, 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.

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, the financial statements of the consolidated financial statements of the Group have been prepared accordingly.

The Company (and its subsidiaries and joint ventures registered in Turkey) maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. Subsidiaries and associates operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations of the country in which they operate. The consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion in TRY. These 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 Turkish Lira ("TRY"), which is the functional of the Company and the presentation currency of the Group.

Restatement of Financial Statements in Hyperinflationary Periods

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

Going Concern

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

Comparatives and restatement of prior periods' financial statements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

Financial statements of foreign subsidiaries

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:

Currency	31 December 2015		31 December 2014	
	Period End	Period Average	Period End	Period Average
USD	2,90760	2,71907	2,31890	2,18652
EUR	3,17760	3,01871	2,82070	2,90423
Bulgarian Leva	1,62468	1,54344	1,44220	1,48491
Bosnian Mark	1,62468	1,54344	1,44220	1,48491

Consolidation Principles

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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 2015 and 31 December 2014.

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

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 2015, are not included in the scope of consolidation, but classified as available-for-sale financial assets (Note 7)

Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more joint venture partners. The company exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of ownership interest directly and indirectly held by itself.

The table in Note 1 sets out all Joint Ventures included in the scope of consolidation and shows their ownership and effective interests as of 31 December 2015 and 31 December 2014. Joint ventures are accounted for under equity accounting method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.1 Basis of Presentation

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. The equity method is used for accounting of investments at associates.

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 associate" is presented as a part of the "Operating Profit" in the consolidated statement of profit and loss.

Available-for-sale investments

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

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

2.2 Statement of Compliance to TAS/TFRS

The Group prepared its consolidated financial statements for the period ended 31 December 2015 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 2015 are consistent with those used in the preparation of financial statements for the year ended 31 December 2014.

The Group adopted the revaluation model for lands and properties according to TAS 16 "Property, Plant and Equipment". The accounting policy is effective from the financial statements as of 31 December 2015.

2.4 Changes in the Accounting Estimates and Errors

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the year ended 31 December 2015 are consistent with those used in the preparation of financial statements for the year ended 31 December 2014.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

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

The Group has applied new standards, amendments and interpretations to existing standards published by IASB and IFRIC that are effective as at 1 January 2015 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 2015 and in the year ended 31 December 2015.

a. Amendments to published standards and interpretations effective as at 31 December 2015

- Amendment to TAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.
- Annual improvements for the period of 2010-2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:
 - TFRS 2, 'Share-based payment'
 - TFRS 3, 'Business Combinations'
 - TFRS 8, 'Operating segments'
 - TFRS 13, 'Fair value measurement'
 - TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets'
 - TFRS 9, 'Financial instruments', TAS 37, 'Provisions, contingent liabilities and contingent assets', and
 - TAS 39, 'Financial instruments - Recognition and measurement'
- Annual improvements for the period of 2011- 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycles of the annual improvements project, that affect 4 standards:
 - TFRS 1, 'First time adoption'
 - TFRS 3, 'Business combinations'
 - TFRS 13, 'Fair value measurement' and
 - TAS 40, 'Investment property'

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

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

b. The new standards, amendments and interpretations introduced to the prior Financial Statements as of 31 December 2015, however interpretations issued but not yet effective

- Amendment to TFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to TAS 16 'Property, plant and equipment', and TAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of TAS 16, instead of TAS 41. The produce growing on bearer plants will remain within the scope of TAS 41.
- Amendment to TAS 16, 'Property, plant and equipment' and TAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenuebased methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- TFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt TFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendments to TAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to TFRS 10, 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in TFRS 10 and those in TAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - TFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - TFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to TFRS 1) regarding servicing contracts.
 - TAS 19, 'Employee benefits' regarding discount rates.
 - TAS 34, 'Interim financial reporting' regarding disclosure of information.
- TAS 1, 'Presentation of Financial Statements', effective from annual periods beginning on or after 1 January 2016. These amendments address to improve the presentation and disclosure of financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

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

b. The new standards, amendments and interpretations introduced to the prior Financial Statements as of 31 December 2015, however interpretations issued but not yet effective

- TFRS 10 'Consolidated financial statements' and TAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
- TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- TFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The Group will evaluate the effect of the aforementioned changes within its operations and apply changes starting from effective date. It is expected that the application of the standards and the interpretations which were disclosed above will not have a significant effect on the consolidated financial statements of the Group.

Derivative Financial Instruments

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

2.6 Summary of Significant Accounting Policies

Revenue recognition

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

Sales of Goods

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

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the Group, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Interest Income

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

Dividend Income

Dividend income is recorded as income of the collection right transfer date. Dividend payables are recognized in the period that the profit distribution is declared.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Inventory

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

Property, plant and equipment

Property, plant and equipment except for land and buildings are carried at cost less accumulated depreciation and any impairment in value. Land and buildings are stated at fair value as of revaluation date less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Land and buildings were accounted for under the net method in accordance with revaluation method. The change of accounting policy was applied with 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. Legal fees are included in the cost of the property, plant and equipment. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Group's accounting policy. As it is for the other fixed assets, such assets are depreciated when the assets are ready for their intended use.

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

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

	Useful Life
Land improvements	5-50 years
Buildings	8-50 years
Machinery and equipment	2-25 years
Vehicles	4-15 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015**

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Property, plant and equipment

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.

Intangible Assets

Intangible assets acquired

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

Computer software

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

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

Intangible assets acquired in a business combination

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Impairment of Assets

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

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

Leases

a) The Group as the lessee

Operating leases

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

b) The Group as the lessor

Operating leases

Assets leased out under operating leases, excluding land and investment properties, are included in property, plant and equipment in the consolidated statements of financial position. 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).

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015**

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Related Parties

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

Offsetting

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

Financial Investments

Classification

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

Receivables

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

Available-for-sale financial assets

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

Held to maturity financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Investments

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 financial income 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015**

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Investments

Trade receivables

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

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

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income (Note 10).

Foreign exchange gain or loss and interest gain or loss due to commercial transactions are accounted for under "Other Operating Income or Expense" 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Financial Investments

Other financial liabilities

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

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

Trade payables

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

Business combinations and Goodwill

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Effects of Changes in Foreign Exchange Rates

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 foreign currencies (currencies other than TRY or the currency other than the functional currency of the related entity) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in 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 reporting date

The Group adjusts the amounts recognized in its financial statements to reflect adjusting events occurring after the reporting date. If non-adjusting events after the reporting 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 reporting date considering the risks and uncertainties surrounding the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Provisions, Contingent Assets and Liabilities

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).

Onerous contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group.

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities (Note 15).

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015**

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Government grants

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions (Note 21).

Current and deferred income tax

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

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

Deferred tax liability or asset is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

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

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

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 comprehensive income (Note 24).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.6 Summary of Significant Accounting Policies

Statement of Cash Flows

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

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

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

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

Dividends

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

Construction Contracts

Contract costs are recognized as expenses in the period in which they are incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

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

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within other assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses) under other liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

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

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

As a result of the evaluations, there is no deferred income tax asset amount existing as of 31 December 2015 (31 December 2014: None) results from temporary differences as of 31 December 2015 that are arising from the tax allowances and can be used as long as the tax allowances continue . The Company benefits from "reduced corporate tax rate" within the framework of Article 32/A of Corporate Income Tax law No.5520. As of 31 December 2015, the Company has recognized deferred tax assets amounting to TRY 28.071.888 (31 December 2014: TRY 26.598.840), based on the assumption that sufficient future taxable profits will be generated in the future to utilize these tax incentives (Note 35).

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

2. Basis of Presentation of Consolidated Financial Statements

2.7 Significant Accounting Estimates and Assumptions

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.

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

3. Business Combinations

None (31 December 2014: None).

4. Interests in Other Entities

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

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

5. Segment Reporting

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

	Chrome Derivatives	Soda Derivatives, Energy and Other	Total	Consolidation eliminations	Consolidated
1 January-31 December 2015					
Revenue	455.886.151	1.317.829.828	1.773.715.979	(1.957.768)	1.771.758.211
Cost of sales (-)	(276.142.563)	(1.024.863.081)	(1.301.005.644)	4.303.118	(1.296.702.526)
Gross profit	179.743.588	292.966.747	472.710.335	2.345.350	475.055.685
Purchases of property, plant and equipment and intangibles	7.648.352	218.450.053	226.098.405	467.555	226.565.960
Depreciation and amortisation	(14.905.515)	(79.374.762)	(94.280.277)	2.785.199	(91.495.078)
1 January-31 December 2014					
Revenue	401.891.628	1.204.914.018	1.606.805.646	(122.772)	1.606.682.874
Cost of sales (-)	(241.027.793)	(971.357.971)	(1.212.385.764)	2.985.530	(1.209.400.234)
Gross profit	160.863.835	233.556.047	394.419.882	2.862.758	397.282.640
Purchases of property, plant and equipment and intangibles	5.960.670	98.191.429	104.152.099	(199.261)	103.952.838
Depreciation and amortisation	(15.355.789)	(80.462.876)	(95.818.665)	3.023.999	(92.794.666)

Assets are not reported by operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

5. Segment Reporting

	Turkey	Europe	Total	Consolidation eliminations	Consolidated
1 January-31 December 2015					
Revenue (*)	1.428.168.973	387.082.301	1.815.251.274	(43.493.063)	1.771.758.211
Purchases of property, plant and equipment and intangibles	165.118.292	60.980.113	226.098.405	467.555	226.565.960
Depreciation and amortisation	(63.663.433)	(30.616.844)	(94.280.277)	2.785.199	(91.495.078)
Total Assets (31 December 2015)	2.579.410.977	754.722.395	3.334.133.372	(522.445.389)	2.811.687.983
1 January-31 December 2014					
Revenue (*)	1.305.373.743	344.470.903	1.649.844.646	(43.161.772)	1.606.682.874
Purchases of property, plant and equipment and intangibles	44.603.083	59.549.016	104.152.099	(199.261)	103.952.838
Depreciation and amortisation	(68.743.656)	(27.075.009)	(95.818.665)	3.023.999	(92.794.666)
Total Assets (31 December 2014)	2.011.401.728	624.430.755	2.635.832.483	(514.506.313)	2.121.326.170

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

6. Cash and Cash Equivalents

	31 December 2015	31 December 2014
Cash on hand	21.929	21.863
Cash in banks	858.085.462	648.385.841
-Demand deposits	23.312.860	10.506.674
-Time deposits (with maturities of three months or less)	834.772.602	637.879.167
Cash in transit	-	62.970
	858.107.391	648.470.674

Time deposits

Currency	Interest Rate (%)	Maturity	31 December 2015	31 December 2014
USD	1,25-1,95	"Overnight- January- March 2016"	770.947.266	366.224.667
EUR	1,25	January 2016	5.503.072	215.674.041
TRY	5,70-10,80	Overnight	49.707.969	47.028.522
TRY equivalent of other currencies	0,75	January 2016	8.614.295	8.951.937
			1.106.052.561	834.772.602
			834.772.602	637.879.167

Cash and cash equivalents in the consolidated cash flows as of 31 December 2015 and 31 December 2014 are as follows;

	2015	2014
Cash and cash equivalents	858.107.391	648.470.674
Less: Interest accruals	(789.579)	(661.789)
	857.317.812	647.808.885

7. Financial Investments**a) Current financial investments**

Current Financial Investments	31 December 2015	31 December 2014
Bank deposits with maturities more than 3 months	812.340	721.100

b) Non-current financial investments

Available for sale financial assets	31 December 2015	31 December 2014
Financial investments with no active markets	42.914	42.914
Financial investments are valued at the stock market price	-	8.183.295
	42.914	8.226.209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

7. Financial Investments

Movements of available for sale financial assets during the period are as follows:

	2015	2014
Opening balance: 1 January 2015	8.226.209	26.989.819
Change in fair value	(1.848.228)	2.383.956
Disposals	(6.335.067)	(21.147.566)
Closing balance: 31 December 2015	42.914	8.226.209

Financial investments valued at the stock market price	Shares %	31 December 2015	Shares %	31 December 2014
Denizli Cam San. Tic. A.Ş. (*)	-	-	16,22	8.183.295

(*) The shares of this Company are listed on Borsa Istanbul A.Ş.. The Group sold the shares classified under "Securities available for sale to Paşabahçe Cam San.ve Tic. A.Ş account for TRY 6,92 per share. The impairment amounting to TRY1.848.228 and the deferred tax asset amounting to TRY 92.411 which resulted from this transaction is classified under Other Comprehensive Profit/Loss(31 December 2014: TRY 2.383.956 revaluation gain and TRY 199,557 deferred tax liability).

Financial investments with no active market	Shares %	31 December 2015	Shares %	31 December 2014
Camiş Elektrik Üretim A.Ş.	<1	42.914	<1	42.914

Unconsolidated subsidiaries	Shares %	31 December 2015	Shares %	31 December 2014
Şişecam Shanghai Trade Co. Ltd.	100,00	655.448	100,00	655.448
Impairment provision (-)		(655.448)		(655.448)

8. Borrowings

Short-term bank borrowings	31 December 2015	31 December 2014
Short-term bank borrowings	33.624.669	25.016.388

Short term portion of long term bank borrowings	31 December 2015	31 December 2014
Short term portion of long term borrowings' installments and interests on principal	38.339.446	32.939.106
Due to related parties (Note 37)	532.470	377.286
Financial liabilities due to related parties	(141.317)	(139.184)
Total short term portion of long term bank borrowings	38.730.599	33.177.208
Total current financial liabilities	72.355.268	58.193.596

Non-current financial liabilities	31 December 2015	31 December 2014
Long term portion of long term bank borrowings	90.236.342	111.987.117
Due to related parties (Note 37)(*)	145.380.000	115.945.000
Financial liabilities due to related parties	(477.579)	(609.586)
Total non-current financial liabilities	235.138.763	227.322.531
Total financial liabilities	307.494.031	285.516.127

(*) On 09.05.2013 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

8. Borrowings

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

Repricing periods for loans	31 December 2015	31 December 2014
Less than 3 months	38.213.804	34.484.623
Within 3 - 12 months	33.750.311	23.470.871
Within 1 - 5 years	90.236.342	98.576.973
5 years and more	-	13.410.144
	162.200.457	169.942.611

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 2015 is as follows:

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

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
Opening balance, 1 January	115.945.000	377.286	(527.570)	(221.200)	115.573.516
Foreign exchange gain/(loss)	29.435.000	-	-	-	29.435.000
Additions/accruals for the period	-	6.071.077	-	-	6.071.077
Payment reversals for the period	-	(5.915.893)	89.038	40.836	(5.786.019)
Balance at 31 December 2015	145.380.000	532.470	(438.532)	(180.364)	145.293.574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

8. Borrowings

The movement schedule of the borrowings of the company between 1 January - 31 December 2014 is as follows:

Bank Borrowings	Principal	Interest	Commission	Total
Opening balance, 1 January	209.820.445	1.848.684	(1.035.875)	210.633.254
Currency translation differences	(6.362.654)	(56.789)	32.845	(6.386.598)
Foreign exchange gain/(loss)	1.393.819	-	-	1.393.819
Additions/accruals for the period	44.823.248	6.560.739	-	51.383.987
Payment reversals for the period	(80.342.479)	(7.017.632)	278.260	(87.081.851)
Balance at 31 December 2014	169.332.379	1.335.002	(724.770)	169.942.611

Financial liabilities due to related parties	Principal	Interest	Issuance differences	Commission	Total
Opening balance, 1 January	106.715.000	656.347	(606.524)	(262.037)	106.502.786
Foreign exchange gain/(loss)	9.230.000	-	-	-	9.230.000
Additions/accruals for the period	-	4.322.627	-	-	4.322.627
Payment reversals for the period	-	(4.601.688)	78.954	40.837	(4.481.897)
Balance at 31 December 2014	115.945.000	377.286	(527.570)	(221.200)	115.573.516

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

31 December 2015

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

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

31 December 2014

Currency	Maturity	Interest Range (%) (*)	Current	Non-current	Total
USD	Vade	(%) (*)	Kısa Vadeli	Uzun Vadeli	Toplam
EUR	2015-2020	Libor + 4,50	4.143.092	128.402.927	132.546.019
TRY	2015-2020	Euribor + 1,80-6,00	54.032.274	98.919.604	152.951.878
			58.193.596	227.322.531	285.516.127

(*) The weighted average interest rate for EUR is Euribor + 2,78% for USD is Libor + 4,50% (Average effective annual interest rate for EUR is 3,55% and for USD is 4,26%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

8. Borrowings

The repayment schedule of the financial liabilities is as follows:

	31 December 2015	31 December 2014
Within 1 year	72.355.268	58.193.596
Within 1-2 years	33.109.679	32.922.030
Within 2-3 years	25.224.193	28.949.886
Within 3-4 years	16.795.561	21.950.077
Within 4-5 years	160.009.330	14.754.980
5 years and more	-	128.745.558
	307.494.031	285.516.127

9. Other Financial Liabilities

None (31 December 2014 : None).

10. Trade Receivables and Payables**Trade Receivable**

	31 December 2015	31 December 2014
Current Trade Receivables		
Trade receivables	247.607.112	220.583.901
Notes receivable	6.467.008	7.605.559
Other trade receivables	11.402	17.702
Rediscount of notes receivable (-)	(514.047)	(365.198)
Trade receivables due from related parties (Note 37)	60.940.914	27.383.864
Allowances for doubtful trade receivables (-)	(778.460)	(486.889)
	313.733.929	254.738.939

Intra-group sales of soda product payment term is 30 days (31 December 2014 : 30 days) and for other sales, average term is 49 days (31 December 2014: 43 days). For overdue payments; interest rate of 2% is charged to customers on a monthly basis (31 December 2014: 2%). Average sale term for domestic sales of chrome products is 24 days on a foreign currency basis (31 December 2014: 29 days). Interest of 1% is charged for overdue payments on a monthly basis (31 December 2014: 1%). For export sales, the average term is 65 days (31 December 2014: 63 days).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

10. Trade Receivables and Payables

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:

	2015	2014
Opening balance, 1 January	(486.889)	(828.218)
Foreign currency translation differences	(23.903)	3.184
Charge for the period	(267.668)	-
Provisions released	-	338.145
Closing balance, 31 December 2015	(778.460)	(486.889)

The Group holds the following collaterals for trade receivables:

	31 December 2015	31 December 2014
Eximbank export insurance	117.056.191	84.375.529
Guarantee letter	38.896.614	39.980.683
Commercial letter of credit	3.743.012	5.434.557
Factoring	116.100	1.739.175
Mortgages	512.750	197.033
Other	4.566.791	1.662.070
	164.891.458	133.389.047

As of 31 December 2015, TRY 23.234.662 (31 December 2014: TRY 11.549.738) 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 2015	31 December 2014
Overdue up to one month	14.440.218	8.367.409
Overdue for 1-3 months	4.074.546	2.403.348
Overdue for 3-12 months	3.586.522	429.345
Overdue for 1-5 years	1.133.376	349.636
Total overdue receivables	23.234.662	11.549.738
The part under guarantee with collateral etc.	(14.201.441)	(5.894.279)

At 31 December 2015, there are no non-current receivables (31 December 2014:None).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

10. Trade Receivables and Payables**Trade Payables**

	31 December 2015	31 December 2014
Current Trade Payables		
Trade payables	163.483.186	142.900.393
Due to related parties (Note 37)	59.932.078	35.081.060
Other trade payables	172.773	496.611
Rediscount of notes payable	(812.032)	(669.553)
	222.776.005	177.808.511

Chromite purchases are on cash basis, and Anthracite purchases are on cash basis in the first 9 months of the year and with a maturity of 50 days in the last quarter (31 December 2014: Cash basis). Average payment period for other trade payables is 32-47 days (31 December 2014: 30-45 days). Corporate risk management policies are in place to ensure that all of the payables are paid within payment terms.

At 31 December 2015, there are no non-current payables (31 December 2014:None).

11. Other Receivables and Payables

	31 December 2015	31 December 2014
Other current receivables		
Other receivables from related parties (Note 37)	33.778.829	4.333.632
Due from personnel	35.314	38.711
Deposits and quaratees given	838.626	1.732.788
Other current receivables	9.519.843	205.588
Power transmission line receivables	-	778.075
Allowance for other receivables	(33.512)	(33.512)
	44.139.100	7.055.282

The movement of allowance for the other receivables is as follows:

	2015	2014
Opening balance, 1 January	(33.512)	(310.114)
Allowance within the period	-	(6.660)
Allowance canceled within the period	-	283.262
Closing balance, 31 December	(33.512)	(33.512)

	31 December 2015	31 December 2014
Other non- current receivables		
Deposits and guarantees given	434.458	120.440
	434.458	120.440

	31 December 2015	31 December 2014
Other current payables		
Due to related parties (Note 37)	37.497.081	25.943.124
Deposits and guarantees received	5.049.827	5.595.271
Other current payables	102.894	1.038.863
	42.649.802	32.577.258

	31 December 2015	31 December 2014
Other non-current payables		
Other non-current payables	1.036.902	904.548
	1.036.902	904.548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

12. Derivative Financial Instruments

The Group entered into a foreign currency swap agreement with T.İş Bankası A.Ş. dated on 18 June 2015 including the purchase of Turkish lira by the sale EUR 17 million that will be due on various times until 18 December 2015. EUR 17 million of the related agreement has been realized as of 31 December 2015.

The breakdowns of derivative instruments are as follows:

	31 December 2015		31 December 2014	
	Asset	Liability	Asset	Liability
Forward transactions	-	-	-	-

The transactions related to derivative instruments are as follow:

	31 December 2015	31 December 2014
Opening balance- 1 January	-	-
Foreign exchange gain/(loss) charged to statement of profit or loss	944.036	-
Foreign exchange difference	(944.036)	-
Net assets/ (liabilities)	-	-

13. Inventories

	31 December 2015	31 December 2014
Raw materials	78.937.708	72.933.326
Work in process	3.433.122	1.899.638
Finished goods	74.893.279	57.216.809
Trade goods	2.595.018	2.277.465
Goods in transit	15.733.726	36.612.316
Other inventories	3.721.638	2.792.173
Provision for inventory write-down	(18.027)	(16.002)
	179.296.464	173.715.725

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

The movements of provision for inventory write-down	2015	2014
Opening balance, 1 January	(16.002)	(16.659)
Foreign currency translation differences	(2.025)	657
Closing balance, 31 December	(18.027)	(16.002)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

14. Prepaid Expenses and Deferred Revenue

	31 December 2015	31 December 2014
Current prepaid expenses		
Advances given for inventories	6.404.203	3.125.929
Prepaid expense	2.877.546	2.381.690
	9.281.749	5.507.619
Non-current prepaid expenses		
Advances given for tangible and intangible assets	16.117.462	21.690.919
Prepaid expense	12.397.120	11.641.124
	28.514.582	33.332.043
Current deferred revenue		
Advances received	5.329.377	4.145.561
	5.329.377	4.145.561

At 31 December 2015, there are no non-current deferred revenues (31 December 2014:None).

15. Construction Contracts

None (31 December 2014: None).

16. Joint Ventures and Associates

Net asset values represented in the balance sheet of the associates that are accounted for under equity method as follows:

	31 December 2015	31 December 2014
Solvay Şişecam Holding AG	236.304.976	211.424.223
Oxyvit Kimya San. ve Tic. A.Ş.	9.001.956	6.107.856
	245.306.932	217.532.079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

16. Joint Ventures and Associates

Statement of financial position of the associate that is accounted for under equity method during the period are as below:

	31 December 2015	31 December 2014
Solvay Şişecam Holding AG		
Current assets	325.550.926	353.819.441
Non-current assets	767.800.259	656.133.987
Total assets	1.093.351.185	1.009.953.428
Current liabilities	86.801.601	97.730.559
Non-current liabilities	41.824.165	49.000.221
Total liabilities	128.625.766	146.730.780
Non-controlling interests	19.505.515	17.525.758
Net assets	945.219.904	845.696.890
Share of the Group (%)		
- Direct and indirect ownership ratio (%)	25,00	25,00
- Effective ownership ratio (%)	24,86	24,86
The Group's share in net assets	236.304.976	211.424.223

	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	672.885.111	621.645.366
Profit/ (loss) from continuing operations	142.204.703	190.717.011
Advance dividend payments	63.008.930	36.244.790
Profit from continuing operations	205.213.633	226.961.801
Other comprehensive income	106.630.950	(33.439.496)
Total comprehensive income	311.844.583	193.522.305
The Group's share in profit / (loss) from continuing operations	51.303.408	56.740.450
Dividends distributed on retained earnings	149.312.642	75.570.388
The Group's share in dividends distributed	53.080.393	27.953.794

Solvay Şişecam Holding AG is an equity company 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

16. Joint Ventures and Associates

	31 December 2015	31 December 2014
Oxyvit Kimya Sanayii ve Tic. A.Ş.		
Current assets	19.045.486	12.700.925
Non-current assets	14.412.178	10.693.112
Total assets	33.457.664	23.394.037
Current liabilities	8.995.728	5.685.833
Non-current liabilities	4.457.722	3.826.712
Total Liabilities	13.453.450	9.512.545
Net Assets	20.004.214	13.881.492
The Group's share (%)		
- Direct and indirect ownership ratio (%)	45,00	44,00
- Effective ownership ratio (%)	45,00	44,00
The Group's share in net assets	9.001.956	6.107.856
	1 January- 31 December 2015	1 January- 31 December 2014
Revenue	40.959.851	31.446.253
Profit/(Loss) from continuing operations	5.014.760	3.390.162
Other comprehensive income	3.607.963	24.827
Total comprehensive income	8.622.723	3.414.989
The Group's share in profit /(loss) from continuing operations	2.256.657	1.491.670
Dividends distributed from retained earnings	2.500.000	3.630.963
Group share of distributed dividends	1.125.007	1.597.624
	2015	2014
Opening balance, 1 January	217.532.079	197.200.326
Income from associates and joint ventures	53.560.065	58.232.120
Dividend income	(54.205.400)	(29.551.418)
Actuarial gain/ (loss) on postemployment termination benefit obligation	6.918	10.925
Effect of share purchase	138.856	-
Revaluation gain on tangible assets	1.616.676	-
Foreign currency translation differences	26.657.738	(8.359.874)
Closing balance, 31 December	245.306.932	217.532.079

17. Investment Properties

None (31 December 2014 : None).

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

18. Property, Plant and Equipments

Cost	Land improvements	Land	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Other tangible assets	Construction in progress	Total
Opening balance, 1 January	49.938.740	162.119.325	119.226.585	1.366.909.668	5.610.108	25.388.113	4.994.639	45.611.819	1.779.798.997
Reclassification	-	1.382.366	(1.382.366)	-	-	-	-	-	-
Revaluation (*)	188.350.974	-	(35.351.056)	-	-	-	-	-	152.999.918
Currency translation differences	2.617.256	1.893.265	7.960.324	35.734.425	467.355	170.886	16.896	5.460.065	54.320.472
Additions	135.302	-	7.683	3.738.810	119.267	67.925	300.350	217.452.923	221.822.260
Disposals	-	-	(753.084)	(1.123.767)	(1.261.360)	(109.722)	(60.930)	-	(3.308.863)
Transfers	-	14.143.480	12.279.798	71,167,786	592,055	1,433,776	-	(99,616,895)	-
Closing balance, 31 December 2015	241.042.272	179.538.436	101.987.884	1.476.426.922	5.527.425	26.950.978	5.250.955	168.907.912	2.205.632.784
Accumulated depreciation									
Opening balance, 1 January	-	(82.864.929)	(41.662.670)	(897,363,540)	(3,408,305)	(21,774,856)	(4,743,355)	-	(1,051,817,655)
Reclassification	-	(281,888)	281,888	-	-	-	-	-	-
Revaluation (*)	-	-	42,136,951	-	-	-	-	-	42,136,951
Currency translation differences	(1,936)	(345,461)	(1,182,233)	(16,373,535)	(276,427)	(113,027)	(9,416)	-	(18,302,035)
Charge for the period (**)	-	(12,008,451)	(4,449,531)	(72,789,314)	(569,296)	(1,143,887)	(233,382)	-	(91,193,861)
Disposals	-	-	568,945	1,120,606	739,145	87,324	2,930	-	2,518,950
Impairment	(2,103,330)	-	(1,110,373)	-	-	-	-	-	(3,213,703)
Closing balance, 31 December 2015	(2,105,266)	(95,500,729)	(5,417,023)	(985,405,783)	(3,514,883)	(22,944,446)	(4,983,223)	-	(1,119,871,355)
Net book value as of 31 December 2015	238,937,006	84,037,707	96,570,861	491,021,139	2,012,542	4,006,532	267,732	168,907,912	1,085,761,431
Net book value as of 31 December 2014	49,938,740	79,254,396	77,563,915	469,546,128	2,201,803	3,613,257	251,284	45,611,819	727,981,342

(*) As of 31 December 2015, land and properties are carried at revaluated amounts, based on the report of experts on 30 September 2015. If carried at cost model, the depreciation expense on these assets would be TRY 758,143 less, with a net book value of TRY 893,838,265.

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

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

Property, Plant and Equipments

Cost	Land improvements	Land	Buildings	Machinery and Equipment	Vehicles	Furniture and fixture	Other tangible assets	Construction in progress	Total
Opening balance, 1 January	37.933.058	150.103.769	117.573.336	1.362.349.741	6.828.701	26.045.934	5.278.016	19.338.795	1.725.451.350
Reclassification	-	2.524.709	(2.524.709)	-	-	256.867	(256.867)	-	-
Impact of sale of subsidiary	(2.650.225)	(545.407)	(6.028.520)	(20.502.636)	(1173.970)	(2.058.850)	-	-	(32.959.608)
Currency translation differences	(823.359)	(540.496)	(2.588.176)	(10.831.952)	(162.185)	(52.639)	(2.637)	(1.157.696)	(16.159.140)
Additions	-	-	418.903	305.065	-	44.445	80.154	103.075.054	103.923.621
Disposals	-	-	-	(43.306)	(175.445)	(134.448)	(104.027)	-	(457.226)
Transfers	15.479.266	10.576.750	12.375.751	35.632.756	293.007	1.286.804	-	(75.644.334)	-
Closing balance, 31 December 2014	49.938.740	162.119.325	119.226.585	1.366.909.668	5.610.108	25.388.113	4.994.639	45.611.819	1.779.798.997
Accumulated depreciation									
Opening balance, 1 January	-	(67.359.383)	(43.553.052)	(849.056.260)	(4.316.443)	(22.535.859)	(4.828.880)	-	(991.649.877)
Reclassification	-	8.398	(8.398)	-	(323)	(126.634)	126.957	-	-
Impact of sale of subsidiary	-	507.326	5.170.104	17.512.452	1.169.139	1.871.235	-	-	26.230.256
Currency translation differences	-	84.425	549.846	4.629.339	90.907	33.068	2.434	-	5.390.019
Charge for the period (*)	-	(16.105.695)	(3.821.170)	(70.489.250)	(524.731)	(1.149.063)	(147.893)	-	(92.237.802)
Disposals	-	-	-	40.179	173.146	132.397	104.027	-	449.749
Closing balance, 31 December 2014	-	(82.864.929)	(41.662.670)	(897.363.540)	(3.408.305)	(21.774.856)	(4.743.355)	-	(1.051.817.655)
Net book value as of 31 December 2014	49.938.740	79.254.396	77.563.915	469.546.128	2.201.803	3.613.257	251.284	45.611.819	727.981.342
Net book value as of 31 December 2013	37.933.058	82.744.386	74.020.284	513.293.481	2.512.258	3.510.075	449.136	19.338.795	733.801.473

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

19. Intangible Assets

Cost	Rights	Development Expenses	Other	Total
Opening balance, 1 January	8.807.357	846.156	1.557.547	11.211.060
Reclassification	1.106.383	-	(1.106.383)	-
Currency translation differences	162.205	107.064	55.602	324.871
Additions	170.900	-	4.572.800	4.743.700
Closing balance, 31 December 2015	10.246.845	953.220	5.079.566	16.279.631
Accumulated amortization				
Opening balance, 1 January	(8.362.735)	(846.156)	(1.424.627)	(10.633.518)
Reclassification	(955.847)	-	955.847	-
Currency translation differences	(146.073)	(107.064)	(37.989)	(291.126)
Charge for the period (*)	(221.093)	-	(80.124)	(301.217)
Closing balance, 31 December 2015	(9.685.748)	(953.220)	(586.893)	(11.225.861)
Net book value as of 31 December 2015	561.097	-	4.492.673	5.053.770
Net book value as of 31 December 2014	444.622	-	132.920	577.542

Cost	Rights	Development Expenses	Other	Total
Opening balance, 1 January 2014	8.844.420	-	1.803.794	10.648.214
Reclassification	182.782	880.893	(182.782)	880.893
Impact of sales of subsidiaries	(241.852)	-	-	(241.852)
Currency translation differences	(7.210)	(34.737)	(63.465)	(105.412)
Additions	29.217	-	-	29.217
Closing balance, 31 December 2014	8.807.357	846.156	1.557.547	11.211.060
Accumulated amortization				
Opening balance, 1 January 2014	(7.919.641)	-	(1.608.535)	(9.528.176)
Reclassification	(182.782)	(880.893)	182.782	(880.893)
Impact of sales of subsidiaries	233.084	-	-	233.084
Currency translation differences	7.210	34.737	57.384	99.331
Charge for the period (*)	(500.606)	-	(56.258)	(556.864)
Closing balance, 31 December 2014	(8.362.735)	(846.156)	(1.424.627)	(10.633.518)
Net book value as of 31 December 2014	444.622	-	132.920	577.542
Net book value as of 31 December 2013	924.779	-	195.259	1.120.038

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

20. Goodwill

Movements of the goodwill during the period are as below:

	2015	2014
Opening balance, 1 January	6.645.555	6.918.379
Currency translation differences	840.855	(272.824)
Closing balance, 31 December	7.486.410	6.645.555

The breakdown of goodwill on the base of subsidiaries as follows:

	31 December 2015	31 December 2014
Cromital S.p.A.	7.486.410	6.645.555
	7.486.410	6.645.555

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 2015	31 December 2014
Provision for cost inputs	5.486.072	5.357.051
Provision for employee benefits	459.023	429.105
Provision for litigation	2.058.080	1.880.904
Provision for other expenses	253.000	1.335.827
	8.256.175	9.002.887

As of 31 December 2015, Group management took advice from legal consultants about the lawsuits filed against the Group, calculated its potential future cash outflow as TRY 2.058.080 (2014: TRY 1.880.904) and provided for this amount. The provision amount was recognised under general management expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

22. Provisions, Contingent Assets and Liabilities

Contingent liabilities as of 31 December 2015 and 31 December 2014 are as follows:

Collaterals, pledge and mortgages given by the Company	31 December 2015			
	Total (TRY)	USD	EUR	TRY
A. Given Under the Group's Own Corporate Identity	22.433.765	3.912.951	661.120	8.955.694
B. Given In Favour of Fully Consolidated Subsidiaries	144.353.829	-	45.428.571	-
C. Continuation of Trading Operations Given In Favour of Third Parties for the Regular	None	None	None	None
D. Total of Other Guarantees, Pledges and Mortgages	145.380.000	50.000.000	-	-
i. Given in Favour of Main Shareholder	145.380.000	50.000.000	-	-
ii. Given in Favour of Other Related Parties Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	312.167.594	53.912.951	46.089.691	8.955.694

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

22. Provisions, Contingent Assets and Liabilities

Collaterals, pledge and mortgages given by the Company	31 December 2014			
	Total (TRY)	USD	EUR	TRY
A. Given Under the Group's Own Corporate Identity	26.648.228	5.653.851	849.799	11.140.486
B. Given In Favour of Fully Consolidated Subsidiaries	148.024.759	-	52.478.023	-
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	115.945.000	50.000.000	-	-
i. Given in Favour of Main Shareholder	115.945.000	50.000.000	-	-
ii. Given in Favour of Other Related Parties Not Covered By B and C	None	None	None	None
iii. Given in Favour of Third Parties Not Covered by C	None	None	None	None
	290.617.987	55.653.851	53.327.822	11.140.486

Ratio of CPM's given by the Company to the Company's equities is 6,65% as of 31 December 2015 (7,40% as of 31 December 2014).

23. Commitments**Other Commitments**

According to agreements made with Botaş Boru Hatları and Petrol Taşıma A.Ş. , the Group has 367.605.807 m3 natural gas purchase commitment between 1 January 2016 - 31 December 2016 (31 December 2014: 551.000.000 m3).

24. Employee Benefits**Short-term employee benefits**

	31 December 2015	31 December 2014
Payables to personnel	2.373.785	2.208.672

Short- term provisions for employee benefits

	31 December 2015	31 December 2014
Unused vacation provision	459.023	429.105

Long term provisions for employee benefits

	31 December 2015	31 December 2014
Domestic	20.815.130	18.727.489
Foreign	2.200.281	1.904.492
	23.015.411	20.631.981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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 3.828,37 for each period of service as of 31 December 2015 (31 December 2014: TRY 3.438,22). The Group is taken into consideration in the calculation of provision for employment termination benefits TRY 4.092,53 which is effective from 1 January 2016, (31 December 2014: TRY 3.541,37 effective from 1 January 2015). 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 2015 and 31 December 2014 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 5,00% (31 December 2014: 5,00%) and a discount rate of 10,13% (31 December 2014: 9,49%), the real discount rate is approximately 4.89% (31 December 2014: 4,28%). The anticipated rate of forfeitures that occurred on voluntary turnovers is considered. As of 31 December 2015 the possibility of employment to retirement of employees is 99.35% (31 December 2014: 99.12%).

The movement of the employment termination benefits is as follows:

	2015	2014
Opening balance, 1 January	20.631.981	24.054.108
Currency translation differences	243.714	(75.111)
Service costs	4.325.464	4.584.085
Interest costs	763.343	637.086
Actuarial gain/ (loss)	(876.473)	(1.583.989)
Paid during period	(2.072.618)	(6.984.198)
Closing balance, 31 December	23.015.411	20.631.981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

25. Impairment of Assets

Impairment of assets	31 December 2015	31 December 2014
Allowances for doubtful trade receivables	778.460	486.889
Allowance for other receivables	33.512	33.512
Allowance for diminution in value of inventories	18.027	16.002
Impairment of available for sale financial asset	655.448	655.448
	1.485.447	1.191.851

The detail of impairment losses on available for sale financial assets	31 December 2015	31 December 2014
Şişecam Shanghai Trade Co. Ltd.	655.448	655.448
	655.448	655.448

26. Other Assets and Liabilities

Other current assets	31 December 2015	31 December 2014
Deductible VAT	4.137.116	4.320.037
Recoverable VAT on exports	22.559.193	16.324.698
Other	465.212	250.523
	27.161.521	20.895.258

Other non-current assets	31 December 2015	31 December 2014
Spare parts to be used in the following years	2.676.041	3.803.309
Other non-current assets	31.776	28.207
	2.707.817	3.831.516

Other current liabilities	31 December 2015	31 December 2014
Taxes and dues payable	2.854.848	3.851.174
Social security premiums payable	2.233.077	1.694.958
Expense accruals	172.108	299.321
Other	1.304.923	47.122
	6.564.956	5.892.575

There are no non-current liabilities (2014:None).

27. Equity, Reserves and Other Equity Components

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

a) Capital/ Treasury Shares (Capital adjustments)

The approved and paid-in share capital of the Company consists of 66.000.000.000 shares issued on bearer with a nominal value of Kr 1 (One Kr) each (Kr represents 1/100 of TRY).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

27. Equity, Reserves and Other Equity Components

a) Capital/ Treasury Shares (Capital adjustments)

	31 December 2015	31 December 2014
Registered Capital upper limit	1.000.000.000	1.000.000.000
Paid-in-capital	660.000.000	503.000.000

In the Board of Directors meeting of the Company on 25 May 2015, it has been decided that the share capital will be increased from TRY 503,000,000 to TRY 660,000,000 in the Company's capital ceiling of TRY 1,000,000,000. The increase is compensated by TRY 96,000,000 from dividends of 2014 profit, TRY 59,988,498.41 from gains that are subject to Corporate Tax Law, Article 5.1e and TRY 1,011,501.59 from legal reserves. The increase in share capital is officially registered on 1 July 2015 and the shares are distributed on 3 July 2015.

Shareholder	31 December 2015		31 December 2014	
	Amount TRY	Share (%)	Amount TRY	Share (%)
Türkiye Şişe ve Cam Fabrikaları A.Ş.	401.259.333	60,80	306.808.228	61,00
Anadolu Cam Sanayii A.Ş.	82.795.651	12,54	79.543.822	15,81
Camiş Madencilik A.Ş.	173.628	0,03	132.326	0,03
Denizli Cam San. ve Tic. A.Ş.	164.341	0,02	125.248	0,02
Trakya Cam Sanayii A.Ş.	67.224.608	10,19	51.233.299	10,19
International Finance Corporation (IFC)	17.493.086	2,65	13.331.853	2,65
Other (*)	90.889.353	13,77	51.825.224	10,30
Nominal capital	660.000.000	100,00	503.000.000	100,00

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

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

Ortaklar	31 December 2015		31 December 2014	
	Amount TRY	Share (%)	Amount TRY	Share (%)
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı	177.993.310	26,97	139.833.181	27,80
Atatürk Hisseleri (Cumhuriyet Halk Partisi)	94.983.820	14,39	74.654.727	14,84
Other (*)	387.022.870	58,64	288.512.092	57,36
Nominal capital	660.000.000	100,00	503.000.000	100,00

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

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

	31 December 2015	31 December 2014
Tangible assets revaluation fund	185.834.191	-
Actuarial gain /loss fund for employee termination provision	166.783	(541.562)
	186.000.974	(541.562)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

27. Equity, Reserves and Other Equity Components
b) Other Comprehensive Income or Expense not to be reclassified to profit or loss

The movement of property plant and equipment revaluation funds is as follows;

	31 December 2015	31 December 2014
Opening balance - 1 January	-	-
Additions	195.136.869	-
Currency translation differences	84.530	-
Effect of deferred tax	(10.814.847)	-
Effect of joint ventures accounted for under equity method	1.616.676	-
Non-controlling interest	(189.037)	-
	185.834.191	-

Provision for employee termination benefits actuarial gain /loss 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 2015	31 December 2014
Opening balance - 1 January	(541.562)	(1.972.127)
Change in effective rates	249	-
Additions	883.391	1.594.914
Disposals	-	752
Effect of deferred tax	(175.295)	(316.796)
Effect of sale of subsidiaries	-	151.695
	166.783	(541.562)

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

Revaluation funds	31 December 2015	31 December 2014
Currency translation differences	141.017.232	91.617.046
Financial asset revaluation reserve	-	1.755.817
	141.017.232	93.372.863

Revaluation fund on financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in 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**

The movement of financial asset revaluation fund is as below;

	31 December 2015	31 December 2014
Opening balance - 1 January	1.755.817	(428.582)
Change in fair value of financial assets	(1.848.228)	2.383.956
Effect of deferred tax	92.411	(199.557)
	-	1.755.817

d) Restricted Reserves

Restricted reserves attributable to equity holder of the parent company	31 December 2015	31 December 2014
Primary legal reserves	84.526.960	66.431.472
Gain from disposals of tangible assets	304.973	284.399
	84.831.933	66.715.871

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

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

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

e) Retained Earnings

The Group's extraordinary reserves presented in the consolidated retained earning amounting to TRY 650.031.393 (31 December 2014: TRY 500.690.345) is TRY 792.374.725 (31 December 2014: TRY 734.982.227).

Profit Distribution

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

27. Equity, Reserves and Other Equity Components

e) Retained Earnings

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 2015	31 December 2014
Net profit for the period	382.046.886	292.209.769
Legal reserves	(19.102.344)	(14.610.488)
Special funds in accordance with Corporate Tax Law 5/1-e	(298.791)	(59.710.281)
Net distributable profit for the period	362.645.751	217.889.000
Extraordinary reserve	792.374.725	734.982.227
	1.155.020.476	952.871.227

It has been decided in Ordinary General Assembly Meeting held on 23 March 2015 that a gross dividend amounting to TRY 60.000.000, equivalent of 11,92842% of paid-in capital will be distributed in cash and a gross dividend amounting to TRY 96.000.000 will be distributed as bonus shares. It has also been decided that the date of payment of cash dividend will be 29 May 2015 and the bonus shares will be distributed after the completion of legal procedures.

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.

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

Shares of Oxyvit Kimya Sanayii ve Tic. A.Ş with TRY 3,350.00 nominal value in Cam Elyaf Sanayii A.Ş.'s portfolio and TRY 1.00 nominal value in Camiř Elektrik Üretim A.Ş.'s portfolio are purchased for an amount of TRY 138,865.

The transactions that were held with purpose of re-structuring of Group companies between 1 January and 31 December 2014 are as follows: None.

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

Capital contribution of the non-controlling interests for the period between 1 January and 31 December 2014: Having performed by Asmař Ağır Sanayi Makinaları A.Ş. at an amount of TRY 22.962.598,78, the non-controlling interests participated in the cash capital increase in proportion of their rate of shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

27. Equity, Reserves and Other Equity Components**f) Non-controlling Interest**

Financial statement information for Şişecam Soda Lukavac d.o.o. which holds significant amount of the Company's non-controlling interest is as follows:

	31 December 2015	31 December 2014
Current assets	114.725.338	79.143.346
Non-current assets	343.164.487	275.722.249
Total assets	457.889.825	354.865.595
Current liabilities	142.290.507	99.261.058
Non-current liabilities	80.665.557	100.469.743
Total liabilities	222.956.064	199.730.801

g) Sale of Subsidiaries

None (31 December 2015: None).

Sales of subsidiaries during 1 January- 31 December 2014 is as follows:

Total shares of Asmaş Ağır Sanayi Makinaları A.Ş., which was in both the Company and Group Companies portfolio was sold to CTS Demir Çelik İç ve Dış Ticaret Mühendislik Makine Sanayii Ltd. Şti., on 15 July 2014. Total cash consideration was TRY 27.150.000. The subsidiary company which was sold does not have significant impact on reporting process according to the activity groups and geographic sections.

Financial position statements of Asmaş Ağır Sanayi Makinaları A.Ş. are as below:

	15 July 2014
Current assets	5.903.514
Cash and cash equivalents	164.766
Trade receivables	1.046.772
Inventories	4.620.088
Prepaid expenses	71.883
Current income tax asset	5
Non-current assets	6.748.918
Financial investments	10.798
Property, plant and equipment	6.729.352
Intangible assets	8.768
Total assets	12.652.432
Current liabilities	312.132
Trade payables	139.395
Other payables	51.372
Other current liabilities	121.365
Total net assets	12.340.300
Cash collected by the Group	23.075.538
Given cash and cash equivalents	(164.766)
Net cash inflow	22.910.772
Cash received	23.075.538
Sold net assets	(12.340.300)
Effect of non-controlling interest	1.853.785
Profit on sales of subsidiary	12.589.023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

g) Sale of Subsidiaries

The profit and loss of the subsidiary as of the date of sale have been accounted in the consolidated financial statement. The revenue of the subsidiary company sold was TRY 1.696.405 for the between period of 1 January- 15 July 2014.

The Company has sold its interests in Dost Gaz Depolama A.Ş., to T. Şişe ve Cam Fabrikaları A.Ş for TRY 42.470 on 14 of April 2014, which the Company previously owned 84,94% of its shares.

	14 April 2014
Current assets	19.053
Cash and cash equivalents	8.856
Prepaid expenses	6.800
Other non-current assets	3.397
Other current assets	5.908
Deferred tax assets	5.908
Total assets	24.961
Current liabilities	47
Other current liabilities	47
Total net assets	24.914
Cash collected by the Group	42.470
Given cash and cash equivalents	(8.856)
Net cash inflow	33.614
Cash received	42.470
Sold net assets	(24.914)
Effect of non-controlling interest	3.752
Profit on sales of subsidiary	21.308

28. Sales and Cost of Sales

	1 January- 31 December 2015	1 January- 31 December 2014
Sales		
Sales	1.512.698.875	1.312.009.969
Electricity sales (*)	272.580.665	300.541.239
Other income	790.052	781.384
Sales return (-)	(7.268.158)	(632.017)
Sales discount (-)	(7.043.223)	(5.827.544)
Other sales discount (-)	-	(190.157)
	1.771.758.211	1.606.682.874

(*) 1 Ocak-31 Aralık 2015 hesap döneminde 1.610.168.722 kwh elektrik satılmıştır. (2014:1.815.994.325 kwh)

	1 January- 31 December 2015	1 January- 31 December 2014
Cost of sales		
Direct materials	(518.325.395)	(506.786.391)
Direct labor	(34.252.819)	(34.543.122)
Production overheads	(490.176.446)	(410.847.643)
Depreciation	(88.217.482)	(89.998.218)
Change in work in process	1.533.484	(319.188)
Change in finished goods	17.676.470	8.837.435
Cost of goods sold	(1.111.762.188)	(1.033.657.127)
Cost of merchandise sold	(184.940.338)	(175.743.107)
	(1.296.702.526)	(1.209.400.234)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

	1 January- 31 December 2015	1 January- 31 December 2014
General administrative expenses (-)	(69.635.447)	(61.795.752)
Marketing, selling, and distributing expenses (-)	(81.993.116)	(74.290.315)
Research and development expenses (-)	(3.598.921)	(2.372.651)
	(155.227.484)	(138.458.718)

30. Operating Expenses by Nature

	1 January- 31 December 2015	1 January- 31 December 2014
Direct materials	(2.706.475)	(2.871.035)
Personnel expenses	(41.388.548)	(36.517.903)
Services rendered by third parties	(49.745.547)	(47.931.578)
Miscellaneous expenses	(58.109.318)	(48.341.754)
Depreciation and amortisation	(3.277.596)	(2.796.448)
	(155.227.484)	(138.458.718)

31. Other Operating Income/ (Expenses)

Other operating income	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange gains from other operating activities	54.787.009	28.972.034
Interest income from other operations	145.755	175.969
Rediscount on interest gain	562.288	321.224
Provisions released	535.306	621.407
Service income	3.681.827	3.793.867
Rental income	68.627	59.232
Gain on sales of scrap items	1.745.643	2.665.623
Withholding tax refund on dividend	7.263.922	-
Insurance claims	532.778	691.880
Other	3.581.186	3.312.636
	72.904.341	40.613.872

Other operating expenses	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange loss from other operating activities	(28.042.713)	(24.636.112)
Interest loss from other operations	(280.163)	(391.302)
Rediscount on interest loss	(568.658)	(150.197)
Commission expenses	(318.508)	(48.581)
Lawsuit loss	(792.487)	-
Provision expenses	(267.668)	(6.660)
Other	(4.896.702)	(3.229.477)
	(35.166.899)	(28.462.329)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

32. Income and Expense from Investing Activities

Income from Investing Activities	1 January- 31 December 2015	1 January- 31 December 2014
Dividend income	4.800	1.105.287
Gain on sale of subsidiary	-	12.610.331
Gain on sale of marketable securities (*)	398.393	80.062.362
Gain on sale of security	-	299
Gain on sale of property,plant and equipment	179.682	142.369
	582.875	93.920.648

Expenses from Investing Activities	1 January- 31 December 2015	1 January- 31 December 2014
Loss from sale of property,plant and equipment	(326.437)	(29.154)
Impairment of property,plant and equipment	(3.213.703)	-
	(3.540.140)	(29.154)

(*) The gain consists of sales the share of Denizli Cam San.ve Tic.A.Ş. as of 24 August 2015 which is TRY 398.393 is planning to be treated in accordance with of 5/1-3 matter in the Corporate Tax Law.

33. Financial Income and Expenses

Financial Income	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange income	187.838.341	88.932.893
-Cash and cash equivalents	171.731.025	66.431.744
-Borrowings	943.538	5.855.431
-Bond issued	7.300.000	14.405.000
- Derivative instruments	1.397.736	-
- Other	6.466.042	2.240.718
Interest Income	19.381.007	20.323.547
-Time deposits	16.232.873	10.921.951
- Other	3.148.134	9.401.596
	207.219.348	109.256.440

Financial Expenses	1 January- 31 December 2015	1 January- 31 December 2014
Foreign exchange expense	(92.012.445)	(75.303.852)
-Cash and cash equivalents	(46.107.676)	(41.435.463)
-Borrowings	(5.048.855)	(7.249.250)
-Bond issued	(36.735.000)	(23.635.000)
- Derivative instruments	(453.700)	-
- Other	(3.667.214)	(2.984.139)
Interest expense	(13.220.823)	(12.941.987)
- Bank loan	(4.974.974)	(6.560.739)
-Bond issued	(6.071.077)	(4.322.627)
- Other	(2.174.772)	(2.058.621)
	(105.233.268)	(88.245.839)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

33. Financial Income and Expenses

Financial income / expenses (Net)	1 January- 31 December 2015	1 Ocak- 31 Aralık 2014
Foreign exchange income	95.825.896	13.629.041
-Cash and cash equivalents	125.623.349	24.996.281
-Borrowings	(4.105.317)	(1.393.819)
-Bond issued	(29.435.000)	(9.230.000)
- Derivative instruments	944.036	-
- Other	2.798.828	(743.421)
Interest income/(expense)	6.160.184	7.381.560
-Cash and cash equivalents	11.257.899	4.361.212
-Bond issued	(6.071.077)	(4.322.627)
- Other	973.362	7.342.975
	101.986.080	21.010.601

34. Assets Held for Sale and Discontinued Operations

None (31 December 2014 : None).

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

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

Turkish Tax Legislation does not permit a parent company, its subsidiaries and joint ventures to file a consolidated tax return, therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. In this respect deferred tax assets and liabilities of consolidated entities in the accompanying consolidated financial statements are not offset.

	31 December 2015	31 December 2014
Deferred tax assets	3.687.009	11.741.355
Deferred tax liabilities (-)	(187.833)	-
Deferred tax assets (net)	3.499.176	11.741.355

Temporary differences constitute a basis for Deferred Tax	31 December 2015	31 December 2014
Useful life and valuation differences on tangible and intangible assets	156.839.407	99.690.105
Provision for employment termination benefits	(23.015.411)	(20.631.981)
Provision for inventories	188.126	13.520
Impairment of available for sale financial asset	-	1.848.228
Deferred revenue	(11.568.673)	(6.714.279)
Reduced corporate tax	(140.359.439)	(132.994.198)
Other	176.743	36.984
	(17.739.247)	(58.751.621)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

Deferred tax (assets) / liabilities	31 December 2015	31 December 2014
Useful life and valuation differences on tangible and intangible assets	(31.433.485)	(20.239.061)
Provision for employment termination benefits	4.670.215	4.178.230
Provision for inventories	(37.625)	(2.704)
Impairment of available for sale financial asset	-	(92.411)
Deferred revenue	2.313.735	1.342.856
Reduced corporate tax	28.071.888	26.598.840
Other	(85.552)	(44.395)
	3.499.176	11.741.355

There have been no carry forward tax losses included in deferred tax calculation as of 31 December 2015 (31 December 2014: None).

Carry forward tax losses can be utilized against corporate income taxes for a period of maximum 5 years in Turkey. There have been no carry forward tax loss as of balance sheet date. (31 December 2014: TRY 46.609).

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

	2015	2014
Opening balance, 1 January	11.741.355	8.266.807
Exchange differences	(4.184)	(1.676)
Effect of sales of subsidiaries	-	(5.908)
Deferred tax recognized for under equity	(10.897.731)	(516.353)
Charged to statement of income	2.659.736	3.998.485
Closing balance, 31 December	3.499.176	11.741.355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

Deferred Tax Assets and Liabilities

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 2014: 20%).

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 31 December 2015 are as follows:

Country	31 December 2015	31 December 2014
Bosnia Herzegovina	10,0	10,0
Bulgaria	10,0	10,0
Italy	31,4	31,4

In Turkey, advance tax returns are filed on a quarterly basis. 20% of temporary tax rate is applied during the taxation of corporate income (2014: 20 %). Losses can be carried forward for offset against future taxable income for up to 5 years.

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

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. 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: 2009/15199 of the Government Subsidies for Investments, and the framework of 5520 Corporate Income Tax Law No. 32/A. These allowances are used to reduce tax payable until the investment amount as calculated based on an incentive rate in the incentive certificate is reached. An allowance for VAT and custom tax can be utilized in accordance with incentive certificates in line with the same decision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

Provision for taxes as of 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
<i>Current period tax liability:</i>		
Current corporate tax liability	71.834.280	60.253.318
Prepaid taxes and funds	(64.592.281)	(44.580.190)
Tax provision in the balance sheet	7.241.999	15.673.128

	31 December 2015	31 December 2014
Current corporate tax liability	(71.834.280)	(60.253.318)
Foreign exchange differences	93.040	(255.369)
Deferred tax expense	2.659.736	3.998.485
Tax provision in the statement of income	(69.081.504)	(56.510.202)

	1 January- 31 December 2015	1 January- 31 December 2014
Reconciliation of provision for tax		
Profit before taxation and minority interest	510.154.523	444.109.680
Effective tax rate	20%	20%
Calculated tax	(102.030.905)	(88.821.936)

	1 January- 31 December 2015	1 January- 31 December 2014
Tax reconciliation		
- Non-deductible expenses	(2.156.006)	(10.356.082)
- Dividends and other non-taxable income	13.610.339	14.283.635
- Previous period's losses exempt from tax	5.562.688	3.150.108
- Effects of foreign subsidiaries subject to different tax rates	5.197.084	2.985.949
- Impact of reduced corporate tax rate	10.348.785	6.328.908
- Other	386.511	15.919.216
Tax provision in the statement of income	(69.081.504)	(56.510.202)

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

	31 December 2015	31 December 2014
Current tax assets		
Prepaid taxes and funds	160.166	233.492

36. Earnings per Share

	1 January- 31 December 2015	1 January- 31 December 2014
Earnings per share		
Average number of shares in circulation during the period (full value)	660.000.000	660.000.000
Net profit for the period attributable to shareholders of the parent company	434.414.674	384.457.359
Earning per TRY 1 nominal share	0,658	0,583
Total comprehensive income attributable to shareholders of parent company	668.601.330	372.682.102
Earnings per share from total comprehensive income with nominal price of TRY 1	1,013	0,565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

37. Related Party Transactions

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

	31 December 2015	31 December 2014
Deposits at Related Parties		
T.İş Bankası A.Ş.		
- Demand deposit	3.816.307	2.644.230
- Time deposit	794.110.206	569.516.805
	797.926.513	572.161.035
İşbank AG		
- Demand deposit	36.639	1.876
- Time deposit	2.790.149	-
	2.826.788	1.876
Loans received from related parties		
T.İş Bankası A.Ş.	36.703.761	12.245.085
İşbank AG	-	23.207.936
T.Sınai Kalkınma Bankası A.Ş.	16.388.901	16.972.502
IFC	107.597.751	112.888.995
Financial liabilities to T. Şişe ve Cam Fabr. A.Ş. (*)	145.293.574	115.573.516
	305.983.987	280.888.034

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

	31 December 2015	31 December 2014
Trade receivables from related parties		
Şişecam Enerji A.Ş.	30.589.525	-
Trakya Glass Bulgaria EAD	4.832.492	2.919.136
Trakya Cam San. A.Ş.	4.998.591	5.139.366
Trakya Cam Yenişehir San. A.Ş.	4.870.786	4.248.650
Trakya Polatlı Cam Sanayi A.Ş.	2.929.276	2.306.457
Anadolu Cam Eskişehir Sanayi A.Ş.	2.697.501	1.306.688
Paşabahçe Cam San. ve Tic. A.Ş.	2.241.066	2.431.816
Anadolu Cam Yenişehir San. A.Ş.	1.693.004	2.742.963
Solvay Şişecam Holding AG	1.671.941	1.244.795
Anadolu Cam San. A.Ş.	1.615.655	2.012.407
Paşabahçe Bulgaria EAD	1.101.392	-
JSC Mina	965.799	-
Oxyvit Kimya San. ve Tic. A.Ş.	536.374	408.336
Cam Elyaf San. A.Ş.	116.768	102.040
Denizli Cam Sanayi A.Ş.	38.451	36.660
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	22.049	34.434
Fabrika Cementa Lukavac D.D.(FCL)	20.244	23.286
İş Merkezleri Yönetim ve İşletim A.Ş.	-	1.331.278
Bayek Tedavi Sağlık Hizm. ve İslt. A.Ş.	-	365.696
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	-	55.378
İş Net Bilgi Ür.Dağ.Tic. ve İletişim Hiz. A.Ş.	-	36.111
Paşabahçe Mağazaları A.Ş.	-	31.618
Saint Gobain Glass Egypt S.A.E.	-	606.749
	60.940.914	27.383.864

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

37. Related Party Transactions

	31 December 2015	31 December 2014
Other receivables from related parties		
T.Şişe ve Cam Fabrikaları A.Ş.	22.867.094	-
Oxyvit Kimya San. ve Tic. A.Ş.	4.216.394	3.054.025
Anadolu Cam Eskişehir Sanayi A.Ş.	2.749.999	678.593
Şişecam Enerji A.Ş.	1.620.667	-
Anadolu Cam Yenişehir San. A.Ş.	714.322	-
Camiş Madencilik A.Ş.	619.952	238.040
Trakya Cam Yenişehir San. A.Ş.	556.734	24.478
Camiş Elektrik Üretim A.Ş.	273.721	289.245
Denizli Cam Sanayi A.Ş.	102.096	9.072
Trakya Cam San. A.Ş.	57.850	-
Camiş Ambalaj San. A.Ş.	-	40.179
	33.778.829	4.333.632
Trade payables to related parties		
Solvay Şişecam Holding AG	33.199.433	24.170.892
Şişecam Enerji A.Ş.	14.470.585	-
Şişecam Dış Ticaret A.Ş.	10.066.379	9.913.798
T. Şişe ve Cam Fabr. A.Ş.	1.141.527	1.034
Rudnik Krecnjaka Vijenac d.o.o.	1.015.329	926.396
İş Merkezleri Yönetim ve İşletim A.Ş.	22.335	6.889
Anadolu Cam Investment BV	12.120	-
Anadolu Anonim Türk Sigorta A.Ş.	3.472	-
Paşabahçe Mağazaları A.Ş.	898	-
Camiş Ambalaj San. A.Ş.	-	62.051
	59.932.078	35.081.060
Non-trade payables to related parties		
Cam Elyaf San. A.Ş.	18.503.748	6.994.897
Şişecam Dış Ticaret A.Ş.	13.879.738	2.169.229
Anadolu Cam San. A.Ş.	2.855.565	104.740
Paşabahçe Cam San. ve Tic. A.Ş.	1.067.465	1.967.863
Camiş Ambalaj San. A.Ş.	439.639	-
Çayırova Cam San. A.Ş.	230.573	198.144
Oxyvit Kimya San. ve Tic. A.Ş.	168.622	168.622
Şişecam Sigorta Aracılık Hizmetleri A.Ş.	157.605	256.034
Trakya Polatlı Cam Sanayi A.Ş.	115.958	665
Paşabahçe Mağazaları A.Ş.	78.168	39.661
T.Şişe ve Cam Fabrikaları A.Ş.	-	10.541.380
Trakya Cam San. A.Ş.	-	3.314.646
Anadolu Cam Yenişehir San. A.Ş.	-	17.848
Şişecam Enerji A.Ş.	-	169.395
	37.497.081	25.943.124

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

37. Related Party Transactions

Sales to related parties	1 Ocak- 31 Aralık 2015	1 Ocak- 31 Aralık 2014
Şişecam Enerji A.Ş. (*)	247.240.651	-
Trakya Cam San. A.Ş.	54.841.910	91.366.827
Trakya Glass Bulgaria EAD	49.533.791	31.189.197
Trakya Yenişehir Cam San. A.Ş.	41.569.902	42.107.362
Anadolu Cam Yenişehir A.Ş.	30.872.886	29.047.335
Trakya Polatlı Cam Sanayi A.Ş.	25.320.627	17.211.618
Paşabahçe Cam San. ve Tic. A.Ş.	25.178.859	39.306.099
Anadolu Cam San. A.Ş.	21.175.912	34.886.845
Anadolu Cam Eskişehir Sanayi A.Ş.	18.445.419	22.979.313
JSC Mina	5.067.623	5.054.188
Saint Gobain Glass Egypt S.A.E.	4.919.637	5.547.134
Oxyvit Kimya San. ve Tic. A.Ş.	4.353.401	3.554.339
İş Merkezleri Yönetim ve İşletim A.Ş.	1.059.301	11.855.826
Denizli Cam San. ve Tic. A.Ş.	402.438	1.299.245
Cam Elyaf San. A.Ş.	394.432	13.138.342
Bayek Tedavi Sağlık Hizm. ve İşlt. A.Ş.	330.570	3.171.378
Fabrika Cementa Lukavac D.D.(FCL)	25.930	64.980
Camiş Ambalaj San. A.Ş.	-	1.357.132
Camiş Madencilik A.Ş.	-	4.500.674
Anadolu Anonim Türk Sigorta A.Ş.	-	472.980
İş Net Bilgi Ür. Dağ. Tic. ve İlet. Hiz. A.Ş.	-	327.219
Paşabahçe Mağazaları A.Ş.	-	251.605
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	43.147
HNG Float Glass Limited	-	306.897
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	-	313.027
	530.733.289	359.352.709

TRY 769.627.147 of the Group's exports during the period 1 January - 31 December 2015 were made through Şişecam Dış Ticaret A.Ş., who acts as an agent for these transactions (1 January - 31 December 2014: TRY 636.772.699).

Purchases from related parties	1 January- 31 December 2015	1 January- 31 December 2014
Solvay Şişecam Holding AG	159.057.266	145.050.864
Şişecam Enerji A.Ş. (*)	147.364.971	-
Rudnik Krechnjaka Vijećac d.o.o.	8.148.999	8.446.399
Oxyvit Kimya San. ve Tic. A.Ş.	793.413	882.832
Camiş Ambalaj San. A.Ş.	373.502	379.409
Çayırova Cam San. A.Ş.	257.801	132.825
	315.995.952	154.892.329

(*) Şişecam Enerji A.Ş. operations comprise natural gas and electricity trade.

Soda Sanayii A.Ş. has bought 24% of natural gas requirements from Şişecam Enerji A.Ş. and has sold the electricity which is produced by Soda Sanayii A.Ş. to Şişecam Enerji A.Ş..

Dividend Income from related parties	1 January- 31 December 2015	1 January- 31 December 2014
Paşabahçe Cam San. ve Tic. A.Ş.	-	1.103.287
Camiş Elektrik Üretim A.Ş.	4.800	2.000
	4.800	1.105.287

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

37. Related Party Transactions (Continued)

Interest income from related parties	1 January- 31 December 2015	1 January- 31 December 2014
T.İş Bankası A.Ş.	14.225.360	6.854.408
T.Şişe ve Cam Fabrikaları A.Ş.	1.416.098	7.573.968
Şişecam Enerji A.Ş.	687.238	-
Cam Elyaf San. A.Ş.	362.637	1.249.881
Anadolu Cam Eskişehir Sanayi A.Ş.	151.617	116.398
Oxyvit Kimya San. ve Tic. A.Ş.	147.929	143.699
Camiş Elektrik Üretim A.Ş.	88.408	113.126
Trakya Cam San. A.Ş.	61.930	50.073
Trakya Polatlı Cam Sanayi A.Ş.	60.994	6.398
İşbank AG	45.284	44.766
Anadolu Cam San. A. Ş.	45.126	23.226
Trakya Yenişehir Cam San. A.Ş.	28.125	45.392
Paşabahçe Cam San. ve Tic. A.Ş.	25.764	21.386
Camiş Madencilik A.Ş.	24.632	44.260
Şişecam Dış Ticaret A.Ş.	23.633	-
Anadolu Cam Yenişehir A.Ş.	21.985	10.770
Denizli Cam San. ve Tic. A.Ş.	1.903	239
Camiş Ambalaj San. A.Ş.	115	2.719
Anadolu Anonim Türk Sigorta A.Ş.	-	59
	17.418.778	16.300.768

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 31 December 2015 was 0.90% (31December 2014: 0.90%).

Other income from related parties	1 January- 31 December 2015	1 January- 31 December 2014
Trakya Cam San. A.Ş.	3.129.554	3.536.107
Solvay Şişecam Holding AG	2.913.891	2.400.858
Camiş Madencilik A.Ş.	2.418.850	2.202.718
Paşabahçe Cam San. ve Tic. A.Ş.	932.716	1.017.972
Camiş Elektrik Üretim A.Ş.	918.132	1.433.007
Cam Elyaf San. A.Ş.	880.070	1.404.896
Rudnik Krecnjaka Vijenac d.o.o.	346.067	357.934
T.Şişe ve Cam Fabr. A.Ş.	307.684	269.190
Oxyvit Kimya San. ve Tic. A.Ş.	257.993	191.840
Trakya Cam Yenişehir A.Ş.	-	283.717
Anadolu Cam Yenişehir San. A.Ş.	-	10.665
	12.104.957	13.108.904

Other income from related parties	1 January- 31 December 2015	1 January- 31 December 2014
T.Şişe ve Cam Fabr. A.Ş.	22.029.154	17.637.244
	22.029.154	17.637.244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

37. Related Party Transactions

Interest expense to related parties	1 January-31 December 2015	1 January-31 December 2014
IFC	2.864.869	-
T.İş Bankası A.Ş.	1.164.097	1.016.351
T.Sınai Kalkınma Bankası A.Ş.	822.143	880.713
T.Şişe ve Cam Fabr. A.Ş.	749.852	379.288
Cam Elyaf San. A.Ş.	414.334	181.365
Şişecam Dış Ticaret A.Ş.	287.479	250.283
İşbank AG	138.944	780.690
Paşabahçe Cam San. ve Tic. A.Ş.	102.447	159.132
Trakya Cam San. A.Ş.	85.242	301.125
Anadolu Cam San. A.Ş.	41.153	42.633
Camiş Madencilik A.Ş.	36.090	21.728
Camiş Ambalaj Sanayi A.Ş.	20.752	13.415
Trakya Polatlı Cam Sanayi A.Ş.	18.545	57
Çayırova Cam San. A.Ş.	17.500	22.845
Denizli Cam San. ve Tic. A.Ş.	4.333	3.766
Anadolu Cam Yenişehir A.Ş.	2.366	24.842
Paşabahçe Mağazaları A.Ş.	2.322	3.398
Şişecam Enerji A.Ş.	1.589	2.000
Oxyvit Kimya San. ve Tic. A.Ş.	503	-
Trakya Yenişehir Cam San. A.Ş.	-	118
Camiş Elektrik Üretim A.Ş.	-	254.575
	6.774.560	4.338.324

Other expense to related parties	1 January-31 December 2015	1 January-31 December 2014
Şişecam Dış Ticaret A.Ş.	4.136.194	3.204.967
Şişecam Shanghai Trading Co. Ltd.	2.035.038	1.672.238
İş Gayrimenkul Yat. Ort. A.Ş.	1.756.053	1.561.935
T.İş Bankası A.Ş.	1.484.417	851.826
Rudnik Krecnjaka Vijenac d.o.o.	965.771	488.444
İş Merkezleri Yön. ve İşl. A.Ş.	718.772	657.711
Şişecam Enerji A.Ş.	646.896	143.251
T.Şişe ve Cam Fabrikaları A.Ş.	643.033	536.379
Çayırova Cam San. A.Ş.	478.639	393.247
Anadolu Anonim Türk Sigorta A.Ş.	230.956	-
Paşabahçe Mağazaları A.Ş.	54.786	36.398
Solvay Şişecam Holding AG	32.888	-
İş Yatırım Menkul Değerler A.Ş.	19.475	9.450
Anadolu Cam Investment BV	11.514	-
Cam Elyaf San. A.Ş.	4.344	3.286
Camiş Ambalaj San. A.Ş.	2.274	2.056
Camiş Madencilik A.Ş.	1.319	-
Avea İletişim Hizmetleri A.Ş.	-	8.642
Paşabahçe Cam San. ve Tic. A.Ş.	-	7.602
	13.222.369	9.577.432

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

37. Related Party Transactions

Compensation to key management	1 January- 31 December 2015	1 January- 31 December 2014
Equity holders of the parent	3.867.837	3.417.119
Other companies subject to consolidation	2.264.496	2.367.799
	6.132.333	5.784.918

Key management personnel is composed of top management, members of board of directors, general manager, directors, general manager assistants and Vice Presidents. The Group did not provide key management with post-employment benefits, benefits due to outplacement, share-based payment and other long-term benefits in 1 January 2015-31 December 2015 and 1 January 2014-31 December 2014.

38. Nature and Level of Risks Derived from Financial Instruments**a) Capital Risk Management**

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and other debts disclosed in Notes 8 and 10, cash and cash equivalents disclosed in Note 6 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 27.

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

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

As of 31 December 2015 and 31 December 2014 the Group's net debt / total equity ratios are as follows:

	31 December 2015	31 December 2014
Borrowings and trade payables	530.270.036	463.324.638
Less: Cash and cash equivalents	(858.107.391)	(648.470.674)
Net debt	(327.837.355)	(185.146.036)
Total equity	2.184.761.707	1.566.964.922
Net debt / total equity ratio	(%15)	(%12)

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

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

(b.1) Credit Risk Management

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

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

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.1) Credit Risk Management

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.1) Credit Risk Management

Credit risks exposed through types of financial instruments	Receivables						Cash and Cash Equivalents	Derivative Instruments
	Trade Receivables			Other Receivables				
31 December 2015	Related Parties	Third Parties	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposure as of balance sheet date (*)	27,383,864	227,355,075	4,333,632	2,842,090	648,385,841	-	-	-
- Under maximum guarantee with collaterals, etc.	-	(133,389,047)	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	27,383,864	215,805,337	4,333,632	2,842,090	648,385,841	-	-	-
- Under guarantee with collaterals, etc.	-	(127,494,768)	-	-	-	-	-	-
B. Carrying value of financial assets that are past due but not impaired	-	11,549,738	-	-	-	-	-	-
- Under guarantee with collaterals, etc.	-	(5,894,279)	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	486,889	-	33,512	-	-	-	-
- Impairment (-)	-	(486,889)	-	(33,512)	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments**b) Financial Risk Factors**

(b.1) Credit Risk Management

Total guarantees received from the customers by the Group are as follows:

	31 December 2015	31 December 2014
Eximbank export insurance	117.056.191	84.375.529
Guarantee letter	38.896.614	39.980.683
Commercial letter of credit	3.743.012	5.434.557
Factoring	116.100	1.739.175
Mortgages	512.750	197.033
Other	4.566.791	1.662.070
	164.891.458	133.389.047

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

	31 December 2015	31 December 2014
Overdue up to one month	14.440.218	8.367.409
Overdue for 1-3 months	4.074.546	2.403.348
Overdue for 3-12 months	3.586.522	429.345
Overdue for 1-5 years	1.133.376	349.636
Total overdue receivables	23.234.662	11.549.738
The part under guarantee with collateral etc.	(14.201.441)	(5.894.279)

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

	31 December 2015	31 December 2014
Guarantee letter	1.940.397	1.387.079
Commercial letter of credit	315.184	172.526
Eximbank export insurance	11.140.660	4.085.392
Other	805.200	249.282
	14.201.441	5.894.279

(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.

Soda Sanayii A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.2) Liquidity risk management

	31 December 2015					
	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank borrowings	162.200.457	172.643.155	38.384.326	37.601.275	96.657.554	-
Financial liabilities to related parties	145.293.574	173.183.925	-	6.178.650	167.005.275	-
Trade payables	162.843.927	163.655.959	161.031.978	2.623.981	-	-
Due to related parties	97.429.159	97.429.159	95.806.498	1.622.661	-	-
Other payables	6.189.623	6.189.623	5.152.721	-	1.036.902	-
Total liabilities	575.956.740	613.101.821	300.375.523	48.026.567	264.699.731	-
	31 December 2014					
	Carrying Value	Total contractual cash outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities						
Bank borrowings	169.942.611	184.219.762	34.702.613	27.676.037	108.281.175	13.559.937
Financial liabilities to related parties	115.573.516	143.047.144	-	4.927.663	19.710.650	118.408.831
Trade payables	142.727.451	143.397.004	143.295.890	101.114	-	-
Due to related parties	61.024.184	61.024.184	58.726.428	2.297.756	-	-
Other payables	7.538.682	7.538.682	5.233.674	1.400.460	904.548	-
Total liabilities	496.806.444	539.226.776	241.958.605	36.403.030	128.896.373	131.968.768

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015**

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.3) 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.3.1) Foreign currency risk management

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments
b) Financial Risk Factors

(b.3.1) Foreign currency risk management

		Foreign Currency Position as of 31 December 2014			
		TRY Equivalent	US Dollar	Euro	Other (TRY Equivalent)
1.	Trade receivables	127.916.648	42.149.144	10.486.647	597.312
2a.	Monetary financial assets (cash and banks included)	584.949.263	159.632.404	76.076.519	188.644
2b.	Non monetary financial assets	-	-	-	-
3.	Other receivables	2.720.973	892.177	231.185	-
4.	Current assets	715.586.884	202.673.725	86.794.351	785.956
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non monetary financial assets	-	-	-	-
7.	Other receivables	15.857.982	-	5.536.485	241.219
8.	Non-current assets	15.857.982	-	5.536.485	241.219
9.	Total assets	731.444.866	202.673.725	92.330.836	1.027.175
10.	Trade payables	22.547.246	8.069.980	1.349.103	28.355
11.	Borrowings	4.282.278	1.846.685	-	-
12a.	Other monetary liabilities	4.334.991	1.801.797	37.232	51.784
12b.	Other non monetary liabilities	-	-	-	-
13.	Short term liabilities	31.164.515	11.718.462	1.386.335	80.139
14.	Trade payables	-	-	-	-
15.	Borrowings	129.012.514	55.635.221	-	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non monetary liabilities	-	-	-	-
17.	Long term liabilities	129.012.514	55.635.221	-	-
18.	Total liabilities	160.177.029	67.353.683	1.386.335	80.139
19.	Net assets /(liability)position of derivative (19a-19b)	-	-	-	-
19a.	Total amount of assets hedged	-	-	-	-
19b.	Total amount of liabilities hedged	-	-	-	-
20.	Net foreign assets / (liability) position(9-18+19)	571.267.837	135.320.042	90.944.501	947.036
21.	Net foreign currency asset / (liability) posi- tion of monetary items (1+2a+5+6a-10-11-12a- 14-15-16a)	552.688.882	134.427.865	85.176.831	705.817
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Export	594.298.488	205.234.463	47.473.017	7.676.672
24.	Import	121.839.529	50.554.725	3.791.929	287.978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.3.1) Foreign currency risk management

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

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

Foreign currency sensitivity

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments
b) Financial Risk Factors

(b.3.1) Foreign currency risk management

	31 December 2014			
	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	31.172.478	(31.172.478)	-	-
2 - US Dollars hedged from risks (-)	-	-	-	-
3 - US Dollars net effect (1 + 2)	31.172.478	(31.172.478)	-	-
Increase in value of Euro against TRY by 10%				
4 - Euro net assets / liabilities	24.025.829	(24.025.829)	90.139.755	(90.139.755)
5 - Euro hedged from risks (-)	-	-	-	-
6 - Euro net effect (4 + 5)	24.025.829	(24.025.829)	90.139.755	(90.139.755)
Increase in value of other currencies against TRY by 10%				
7 - Other currencies net assets / liabilities	70.582	(70.582)	-	-
8 - Other currencies hedged from risks (-)	-	-	-	-
9 - Other currencies net effect (7 + 8)	70.582	(70.582)	-	-
Total (3 + 6 + 9)	55.268.889	(55.268.889)	90.139.755	(90.139.755)

(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 317.066 as of 31 December 2015 (31 December 2014: TRY 358.483).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments**b) Financial Risk Factors**

(b.3.2) Interest rate risk management

Interest rate sensitivity

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

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

	31 Aralık 2014			
	Floating Interest	Fixed Interest	Non-Interest Bearing	Total
Financial Assets	-	900.514.928	18.817.716	919.332.644
Cash and cash equivalents	-	637.879.167	10.591.507	648.470.674
Financial investments	-	721.100	-	721.100
Available for sale financial assets	-	-	8.226.209	8.226.209
Trade receivables	-	227.355.075	-	227.355.075
Receivables from related parties	-	31.717.496	-	31.717.496
Other receivables	-	2.842.090	-	2.842.090
Financial Liabilities	143.360.515	353.427.699	18.230	496.806.444
Bank borrowings	143.360.515	26.563.866	18.230	169.942.611
Financial liabilities to related parties	-	115.573.516	-	115.573.516
Trade payables	-	142.727.451	-	142.727.451
Payables due to related parties	-	61.024.184	-	61.024.184
Other payables	-	7.538.682	-	7.538.682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

38. Nature and Level of Risks Derived from Financial Instruments

b) Financial Risk Factors

(b.3.3) 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 2015, 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,
- Since the shares of Denizli Cam Sanayi ve Ticaret A.Ş. have been sold to Paşabahçe Cam San. ve Tic. A.Ş. on 24 August 2015, there would not be increase/decrease in the other equity funds(31 December 2014: increase/decrease amounts to TRY 776.489).

39. Fair Value of Financial Instruments and Hedge Accounting

Categories of Financial Instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

39. Fair Value of Financial Instruments and Hedge Accounting

31 December 2014	Financial assets and liabilities valued with effective interest rate method	Loans and receivables	Available for sale financial assets	Financial assets and liabilities designated as at fair value through profit or loss	Carrying value	Note
Financial assets	649.191.774	259.072.571	8.226.209	-	916.490.554	
Cash and cash equivalents	648.470.674	-	-	-	648.470.674	6
Trade receivables	-	227.355.075	-	-	227.355.075	10
Receivables from related parties	-	31.717.496	-	-	31.717.496	37
Financial investments	721.100	-	8.226.209	-	8.947.309	7
Financial liabilities	489.267.762	-	-	-	489.267.762	
Bank borrowings	285.516.127	-	-	-	285.516.127	8
Trade payables	142.727.451	-	-	-	142.727.451	10
Payables due to related parties	61.024.184	-	-	-	61.024.184	37

Fair Value of Financial Instruments

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

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

Financial assets	Financial assets at fair value as of reporting date			
	31 December 2015	Category 1	Category 2	Category 3
Financial assets available for sale	42.914	-	-	42.914
Financial assets held to maturity	812.340	-	812.340	-
Total	855.254	-	812.340	42.914

Financial assets	Financial assets at fair value as of reporting date			
	31 December 2014	Category 1	Category 2	Category 3
Financial assets available for sale	8.226.209	8.183.295	-	42.914
Financial assets held to maturity	721.100	-	721.100	-
Total	8.947.309	8.183.295	721.100	42.914

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015**

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

40. Events after the Balance Sheet Date

The board member Cihan Sirmatel, who has retired, resigned from board membership as of 2 January 2016.

The subsidiary of the Company, Şişecam Soda has renewed its collective labor agreement of Lukavac Plant which expired in 31 December 2015, for the years 2016 and 2017 in January 2016.

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 2015 prepared in accordance with the Capital Markets Board's numbered Communiqué Serial: II, No: 14.1 are reviewed by also considering the opinion of the Audit Committee and it has been concluded that the accompanying financial statements present fairly the consolidated financial position of the Company in accordance with the financial reporting standards endorsed by the Capital Markets Board and accounting policies applied by the Company. The accompanying financial statements are authorized by the Finance Director of Chemicals Group's, Umut Barış Dönmez, and the Budget and Controlling Manager, Melek Bala Zaimoğlu and approved for the public announcement by the Board of Directors on 1 March 2016.

Soda Sanayii A.Ş.

2015 DIVIDEND DISTRIBUTION

Dear Shareholders,

The company has generated with net profit amount of 434,414,674 TRY in 2015.

Net profit amounting to TRY 434,414,674 that is disclosed in consolidated balance sheet as at 31 December 2015 which has been prepared in accordance with Capital Markets Board Communiqué Series II - 14.1 regarding the "Procedures of Financial Reporting in Capital Markets", has been distinguished in accordance with profit distribution regulations of the Capital Markets Board and the article of 28 of articles of association and the principles of the "Policy of Dividend Distribution" which is published by our company as follows;

1. Net Profit of the period	434,414,674.00
2. First Legal Reserve	(19,102,344.29)
3. The amount Included into the Special Fund pursuant to the 5/1-e article of the Corporate Tax Law	(298,791.24)
4. Distributable net profit for the period	415,013,538.47
5. Donations in the year	61,977.22
6. Distributable net profit for the period that added donations of the first proportion of dividend	415,075,515.69
7. First proportion of dividend to shareholders	
- Cash	240,000,000.00
- Bonus Share	90,000,000.00
Total Dividend	330,000,000.00
8. Second Legal Reserve	(20,700,000.00)
9. Extraordinary Legal Reserve	64,313,538.47

Distributing of TRY 240 million gross dividend as cash which is corresponding rate 36.36363% of the capital, distributing of 90 million as bonus share which is corresponding rate 13.63636% of the capital; paying the net amount to our shareholders who are subject to withholding tax after deduction of income withholding tax from the cash dividend; determining of the cash dividend payment date as 29 April 2016 and dividend distribution as bonus share would be done after the legal process finalised.

Submit for your approval and opinions.

Best regards,



Prof. Dr. Ahmet Kirman
Chairman

SECTION I - STATEMENT OF COMPLIANCE CORPORATE GOVERNANCE PRINCIPLES

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

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

Şişecam Bulgaria Ltd., our sales company established in Bulgaria, ships the soda chemicals procured from Solvay Sodi to a broad base of customers located in and out of Bulgaria. A substantial portion of the soda chemicals produced at Şişecam Soda Lukavac d.o.o., our subsidiary incorporated in Bosnia&Herzegovina, is exported. Taking place among the world's leading producers of chromium chemicals, Soda Sanayii supplies the major industrial sectors at home and abroad, including leather, wood preservation, chemicals and paper with basic chromium sulphate, chromic acid, sodium sulphide and sodium sulfhydrate produced at the Kromsan Plant in Mersin, and purchased from the Italy-based Cromital S.p.A., in which it has acquired ownership share in 2005 to become the outright owner at the end of 2011. The Company ranks among the world's top 10 and Europe's top four largest suppliers in the soda ash sector, and it is leader producer in the field of chromium chemicals. In line with the position it enjoys, Soda Sanayii has built its management concept on the principles of equality, transparency, accountability and responsibility. This concept is best exhibited in the Company's position established as one of the select producers in its field of activity in Europe and in the world, by virtue of the current magnitude of its business, the degree of its specialization, and its highly-competitive operations.

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

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

Modern governance and industrial operation principles, high level of institutionalization, market-orientation and R&D focus, growth, productivity increase, and product and service quality, which have brought the Company to its current position, also make up the pillars of the future's stronger Soda Sanayii A.S. The Company pays the utmost attention to achieve compliance with the Capital Market Board (CMB) regulations in its corporate governance practices. The principles, which are appended to the Communiqué on Corporate Governance and with which full compliance could not yet be achieved in the fiscal year ended 31 December 2015, have not led to any conflict of interests among the stakeholders to date.

Explanations regarding those Corporate Governance Principles covered in the appendix to the Corporate Governance Communiqué, which are non-compulsory for the Company, are provided in the related sections of the report for the year ended 31 December 2015. Specific activities carried out during the reporting period for achieving compliance with the Corporate Governance Principles are summarized below.

- 1) The Company has announced publicly the dividend payment dates and capital increase history of last five years in Turkish and English on the web site.
- 2) Any losses which might arise due to consequence of faults made by the Members of the Board of Directors are insured.
- 3) The scope and content of the Company's corporate website were expanded so as to increase the efficiency of shareholders' and stakeholders' access to information. Accordingly, the corporate website features investor presentations, investor calendar, frequently asked questions, and similar information and explanations, which may affect the exercise of shareholder rights, in an up-to-date manner for shareholders.

During 2015, all related party transactions and transaction principles were collectively presented to the Board of Directors. There were no related party transactions or material transactions that needed to be put to the vote at the General Assembly by reason of the withdrawal of approval by independent members. The Company's 2015 Corporate Governance Principles Compliance Report was prepared in the format specified in the CMB resolution no. 2/35 published in the Weekly Bulletin no. 2014/2 dated 27 January 2014, and presented under separate headings hereinbelow.

SECTION II - STAKEHOLDERS

2.1. Investor Relations Department

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

Within this context, all of our Company's obligations arising from the Turkish commercial legislation and the capital market legislation are being fulfilled under the supervision, guidance and coordination of the "Investor Relations Department" set up under Mustafa Görkem Elverici, Chief Financial Officer of the Parent Company. Hence, Asuman Durak, who holds Capital Market Activities Advanced Level License, and Cihan Sirmatel, the Financial Affairs Director, have been assigned as the head and contact person of the department, respectively pursuant to Article 11 of the CMB's Communiqué no. II-17.1 on Corporate Governance. The said assignment has been publicly disclosed via PDP on 30 June 2014 (Cihan Sirmatel has quitted his position because of the retirement as of 02.01.2016.).

The Investor Relations Department plays an active role in the protection and facilitation of the exercise of shareholding rights in general, and of the right to receive and review information in particular. The Department fulfills the following functions:

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

The Department submits a periodic report to the Board of Directors, which covers the Department's activities during the reporting period, investor feedback and opinions that may be deemed important, and brokerage firms' comments and assessments about the Company. One-on-one meetings and teleconferences are held with the analysts and fund managers of domestic and foreign brokerage firms and asset management companies at the Company's head office, and the information requests received by the Department are responded to. To request information, shareholders can directly contact the Investor Relations Department employees, or send an email to the Department's email address or use the contact form available on the website. Records of written and oral information requests, and of the responses thereto, are regularly kept by the Investor Relations Department.

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

- 2015 activities aimed at providing detailed information on the Company's activities and operations to investors are summarized below: During 2015, The Company participated in conferences organized by Bank of America Merrill Lynch (London), Erste Securities (Istanbul), İş Investment (London) and Citi (Frankfurt) for stock investors, and the others organized by Bank of America Merrill Lynch (Miami) and JP Morgan (London) for bond investors. The meetings were held with approximately 215 investors in total, including investor meetings held in our Company Headquarters.
- Two plant visiting were held for domestic and foreign investors.
- During 2015 in March and August, teleconferences were held via webcast with investors and analysts to evaluate the financial results for the year end of 2014 and the first half of 2015.

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

2.2. Exercise of the Shareholders' Right to Information

Shareholders are not discriminated against when exercising their right to obtain and review information. Each shareholder has the right to obtain and review information. The Articles of Association contains no provisions restricting the right to receive information. During 2015, investors' and shareholders' written and verbal requests for information were responded to

in accordance with the capital market legislation, CMB regulations and resolutions, and related information and documents, except for confidential information or trade secrets, were shared with investors and shareholders paying due regard to the equality principle.

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

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

2.3. General Assembly Meeting

The announcement of a general assembly meeting is made through the Public Disclosure Platform (KAP), the Electronic General Assembly System (e-GEM), the corporate website of the Company, and the Turkish Trade Registry Gazette at least three weeks in advance of the meeting date in order to reach the maximum number of shareholders. In addition, an "informational document" on agenda items is prepared and publicly disclosed prior to the general assembly meeting.. All announcements and notifications observe the requirements set out by the Turkish Commercial Code (TCC), capital market legislation, CMB regulations and resolutions, and the Company's Articles of Association.

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

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

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

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

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

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

During the General Assembly meeting, the chairman takes care to make sure that the topics covered in the agenda are addressed in an unbiased and detailed manner, they are presented clearly and comprehensibly, and the shareholders are given the opportunity to voice their opinions and ask their questions under equal conditions. The shareholders' questions

during a general assembly meeting, which are not trade secrets, are directly responded to during the course of the meeting. If the question is irrelevant to the agenda or is too comprehensive to be answered forthwith, the query will be responded to in writing as soon as possible by the Investor Relations Department. During the Ordinary General Assembly convened in 2015, however, no questions were raised.

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

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

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

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

Due to Cihan Sirmatel, member of the Company's Board of Directors, is retired as of 2 January 2016, in this context that change was disclosed on the PDP in line with the applicable legislation on 4 January 2016.

The Company's Articles of Association were amended to incorporate a provision that the Company will adhere to the Corporate Governance Principles in case of material transactions and related party transactions as defined in the CMB regulations, and in case of furnishing guarantees, pledges or mortgage in favor of third parties.

Within this scope, during the reporting period:

Shares in the capital of Denizli Cam ve Ticaret A.Ş., an subsidiary of our Company, with a total nominal value of TRY 973.043,47 were sold to Paşabahçe Cam Sanayii ve Ticaret A.Ş for TRY 6.733.460,84.

These transactions were agreed upon with the unanimous consent of the Board of Directors.

At the laest Ordinary General Assembly meeting, Stakeholders were informed on donations made during the reporting period, and the upper limit of donations for the upcoming period was approved.

General Assembly meetings are open to the public, including the media. Our General Assembly meetings are held under the supervision of a representative from the Ministry, who is assigned by the Ministry of Customs and Trade. The General Assembly meeting minutes, which are posted on the Company's corporate website, are also made available for review by shareholders at the Company's head office. During the reporting period, information on related party transactions and on guarantees, pledges and mortgages provided in favor of third parties is provided at the General Assembly under a dedicated agenda item. The Ordinary General Assembly meeting for 2014 was held on 23 March 2015 with a quorum of 85.86%.

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

- a) The agenda, place, date, and time of the General Assembly, and sample proxy form and the principles for the wording of the proxy form for those shareholders who will be represented by proxy;;
- b) The information that the general assembly meetings will be held in a physical and electronic environment, and that in the case of electronic general meetings, proxies will be assigned, suggestions will be made, opinions will be expressed, and votes will be cast via the Electronic General Meeting System (e-GEM) provided by the Central Registry Agency (MKK), and that right holders wishing to participate in the general assembly in person or by proxy in the electronic environment shall make their preferences known in accordance with the principles of e-GEM;
- c) The information that shareholders wishing to participate in the physical general assembly must present their identities or proxy forms, as the case may be, if they wish to exercise their rights in relation to their shares registered in the "Shareholders List" with the Central Registry Agency (MKK) system in person or via their proxies,

- d) That the annual report, including financial statements, independent audit reports, the profit distribution proposal of the Board of Directors, and the former and new versions of the amended Articles of Association, if applicable, will be made available for examination by the shareholders at the Company head office and on the corporate website at least three weeks in advance of the General Assembly date.

2.4. Voting Rights and Minority Rights

There are no privileges stated in the Company's Articles of Association regarding the exercise of voting rights.

Pursuant to the Articles of Association, each share is entitled to one vote. If cross ownership is associated with a controlling relationship, the corporations in such cross ownership may not exercise their voting right in the General Assembly meetings of the corporations in which they have cross ownership, unless a compulsory situation arises, such as ensuring a quorum. Soda Sanayii A.Ş. does not have treasury shares.

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

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

2.5. Dividend Right

The Company has in place a specific, consistent dividend distribution policy, which has been developed in view of the provisions of the Turkish Commercial Code, the Capital Market Law, tax laws and other legislation governing the Company, as well as the Articles of Association. This policy has been laid down for the approval of shareholders at the General Assembly, incorporated in the annual report, and publicly disclosed on the corporate website.

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

The Profit Distribution Policy is as follows:

The Company's dividend distribution policy has been determined giving due regard to the Turkish Commercial Code, the Capital Market Law, tax laws, other legislation the company is subject to, and the provisions of the Articles of Association.

Accordingly;

- a) The Company has determined that a minimum of 50% of its distributable net profit for the period, calculated at the end of each year in accordance with the capital market legislation and other applicable legislation, is distributed in cash and/or in the form of bonus shares; Ordinary General Assembly of Shareholders may resolve to pay out dividends at a different ratio than the targeted one, in view of matters such as economic conditions, investment plans, and cash position;
- b) The board of directors' profit distribution proposals, which also contain the details stipulated in the arrangements pertaining to the Capital Markets Board and in the corporate governance principles, are, within the relevant statutory periods of time, disclosed to the public through the Public Disclosure Platform, the Company's website, and activity reports.
- c) Cash dividends, which shall be distributed depending on the resolutions taken at the general assembly, are paid on the dates decided upon at the General Assembly; the transactions, which are relevant to the dividends that shall be distributed in the form of bonus shares, are completed within the statutory periods of time stipulated in the arrangements pertaining to the Capital Markets Board.
- d) Within the framework of the profit distribution policy, dividends are equally distributed among all the shares existing at the date of distribution, regardless of issuance and acquisition dates.
- e) If the Board of Directors proposes against distribution of profits to the General Assembly, the grounds therefor and information on how the undistributed profits shall be utilized are announced to the shareholders at General Assembly meetings.

CORPORATE GOVERNANCE COMPLIANCE REPORT

- f) The profit distribution policy observes a balance between the interests of the shareholders and the interests of the Company.
- g) There are no privileged shares in terms of acquisition of shares from the profit.
- h) The Articles of Association do not contain any provisions governing founder's shares or payment of dividends to the members of the Board of Directors or to employees;
- i) In accordance with the Articles of Association, the Board of Directors can distribute profit advances, provided this is authorized by the General Assembly and complies with the Capital Markets Law and regulations of the Capital Markets Board regarding this subject; the profit advance distribution authority, which is granted by the General Assembly to the board of directors, is limited to the related year.

In 2015, dividends amounting to (60+96=) 156 million TRY have been distributed, of which 60 million TRY were cash and 96 million TRY were bonus shares.

2.6. Transfer of Shares

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

SECTION III. PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company's Website and Its Contents

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

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

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

Turkey İş Bankası A.Ş. holds 60.80% of the issued shares of the company, amounting to 660.000.000 TRY as of 31 December 2015.

Türkiye İş Bankası A.Ş. is the controlling shareholder and as of the date of this report there are no individual shareholders who hold more than 5% of the company's shares within its capital structure.

3.2. Annual Report

The annual report is prepared in order to provide complete and accurate information regarding the activities of the company to the public. The annual report for 2015 has been prepared based on the third clause of Article 516 of the Turkish Trade Act and Article 518 of the same act, in accordance with the minimum content specified in Article 8 of the "Communique of Principles Regarding Financial Reporting in Capital Market" of the Capital Market Board and the provisions of the "Regulations Regarding the Determination of Minimum Contents of Annual Activity Reports of the Companies" by the Ministry of Customs and Trade and the annual report has been independently audited.

The annual report contains the following information;

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

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

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

SECTION IV - STAKEHOLDERS

4.1. Informing the Stakeholders

The Company recognizes the rights of stakeholders, which are established by law or through any other mutual agreement. In cases where the law or such other agreements remain silent, the Company protects stakeholders' interests within the frame of principles of good faith and to the extent allowed by the Company's means. Effective and expeditious compensation is provided in case of violation of rights.

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

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

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

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

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

4.2. Stakeholders' Participation in the Company Management

The Company has espoused it as a key principle to keep all lines of communication open and to eliminate any obstacle that may emerge so as to enable participation of Company employees in management. To this end, the Company makes use of various tools such as "Ambassadors of Development", "We are Members of the Şişecam Community", "Message to the General Manager" and "Idea Factory".

The Company maintains constant communication with its employees, takes their needs into consideration, and creates various platforms and mechanisms by which employees can convey their opinions and comments.

Internal meetings are held, which the Company employees attend when necessary. These meetings play a significant role in the decisionmaking process of senior management. Expectations and demands of all of the Company's stakeholders are addressed within the frame of guidelines, and problems are resolved through mutual communication.

Although these models and mechanisms are not incorporated in the Articles of Association, they are included in the "Şişecam Constitution" prepared by the Company management.

4.3. Human Resources Policy

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

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

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

Expectations of employees and the requirements of the organization are discussed annually by means of the Career Development Module, a part of the Performance Management System. Moreover, strategic career maps as well as the Group-based career and succession plans are developed using data from the Performance Management System.

The Company aims to win the necessary human resources for its organization while preserving a high level of loyalty among current employees, and creating a positive and competitive working environment.

The remuneration management system of the Group takes into account variables such as the wages in the market, the existing remuneration structure and payment ability, individual performance and job levels.

The Company employees are offered;

- An up-to-date competitive salary package that rewards success,
- A flexible and sustainable benefits package based on needs and expectations,
- A social structure that observes a balance between work and personal life,
- A productive, collectively fostered working environment open to communication, and
- Deep-rooted and innovative development and career opportunities aimed at global leadership

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

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

The Leadership School and the Sales School were set up in 2015. The aim of the Sales School is to create a sales driven culture in Şişecam Group and the school is prepared to serve sales representatives. The Leadership School was prepared based on Global Leadership Model competencies, declared in 2015, and its aim is to improve the management level's leadership and management competencies which will enable Şişecam to achieve its objectives.

In the January–December 2015 period, monthly paid employees received 23 hours of training and hourly paid employees received 15 hours of training.

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

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

4.4. Codes of Conduct and Social Responsibility

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

Soda Sanayii A.Ş. awards an Education Incentive Scholarship to its employees and their children who receive education. Within this scope, 314.198 TRY of scholarships were awarded in 2015.

It is known that sea turtles, an endangered species, have been using the coastal areas in Mersin for laying eggs for centuries. On 9 May 2015, the Kazanlı Shore Spring Cleaning event was organised by Soda Sanayii A.Ş. in collaboration with Mersin University to protect the endangered "Caretta Caretta" and "Chelonia Mydas" sea turtles and their nesting sites. At the event, in which 350 people participated and which was carried out with the participation of employee families, the sea turtles' living spaces were cleaned.

The aims of the event is to raise awareness about this issue among local people and to enable endangered sea turtles to contribute to ecotourism and socio-cultural and socio-economic life, while ensuring that endangered "Caretta Caretta" and "Chelonia Mydas" sea turtle nests are protected under the "Kazanlı Project" by Soda Sanayii A.Ş. since 2007.

The most important contributions to the Kazanlı Sea Turtles Project are made by young volunteers and undergraduates studying in the department of Biology at Mersin University. In addition to the young people who volunteered in preparing the project, new volunteers are encouraged to participate in the activities by organising meetings. In 2015, as a result the project, the expected improvements in the total number of sea turtle nests continued to increase, and they increased steadily.

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

SECTION V. BOARD OF DIRECTORS

5.1. Structure and Constitution of the Board of Directors

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

The Board of Directors has defined the Company's strategic goals and identified the human and financial resources needs. The Board supervises the management's performance. The Board also oversees that Company activities are in compliance with the legislation, Articles of Association, internal procedures and established policies.

The Board of Directors is formed so as to allow the Board members to work productively and constructively, to make quick and rational decisions, and to facilitate establishment of committees and to let them organize their activities effectively.

There are executive and non-executive members of Board of Directors. A non-executive member of the Board of Directors is one who does not hold any administrative post apart from the seat on the Board of Directors, and who is not involved in the Company's day-to-day affairs and ordinary course of business. Most of the members of the Board of Directors consist of non-executive members. Tahsin Burhan Ergene, the President of the Chemicals Group, and Cihan Sirmatel, Financial Affairs Director, serve as executive members on the Board of Directors (Cihan Sirmatel has retired from his position because of retirement as of 02.01.2016). The Chairman of the Board and the General Manager positions are held by different individuals. There are two independent members on the Board of Directors, who satisfy the criteria set out by the CMB's Corporate Governance Principles.

Independent members have been determined in accordance with procedures anticipated in the corporate governance principles on 6 April 2012 and proposed to Board of Directors at the same date. As endorsed in the Board of Directors meeting held on 10 April 2012, due to termination of independent and non-independent members' duty terms as of 23 March 2015, Board of Directors have been selected for a year at the General Assembly meeting held on the same date. Since the one-year duty terms of the members of Board of Directors cease to exist in the ordinary General Assembly meeting to be held on 23 March 2016, the board members will be elected in the aforementioned ordinary General Assembly meeting. The curriculum vitae of the member of Board of Directors have been announced in the related section of our annual report and the Company's corporate website and no issue arose that may threaten the independence of independent members. Accordingly, the statements of independence of members are presented as follows.

STATEMENT OF INDEPENDENCE

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

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

Yours faithfully,



Üzeyir Baysal
22.02.2016

STATEMENT OF INDEPENDENCE

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

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

Yours faithfully,



Prof. Dr. Halil Ercüment Erdem
22.02.2016

Soda Sanayii A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

Subsequent to General Assembly meetings, in which the members of Board of Directors are elected, Chairman and Vice President of Board of Directors have been determined with the purpose of making decision on segregation of duties. As stated in the table below, there exists 2 executive and 4 non-executive members of the Board of Directors.

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

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

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

Name & Surname	Title	As-is out of Group Responsibilities
Prof. Dr. Ahmet Kırman	Chairman	Anadolu Cam San.A.Ş., Paşabahçe Cam San.ve Tic.A.Ş., Trakya Cam San.A.Ş., Paşabahçe Mağazaları A.Ş., Trakya Glass Bulgaria EAD., Trakya Cam Investment B.V., Trakya Investment B.V., Fritz Holding GmbH., AnadoluCam 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 Chairman of Board of Directors., Türkiye Şişe ve Cam Fabrikaları A.Ş. , Vice Chairman of Board of Directors-General Manager.
Tahsin Burhan Ergene	Vice Chairman	Oxyvit Kimya Sanayii ve Ticaret A.Ş., Cromital S.p.A.Şişecam Soda Lukavac D.o.o., Şişecam Shanghai Trading CO. Ltd.'de Chairman of Board of Directors, Solvay Şişecam Holding A.G.'de Vice Chairman of Board of Directors.,Solvay Sodi A.D., Şişecam Chem Investment B.V.member of Board of Directors,Şişecam Bulgaria Ltd company responsible.
Cihan Sirmatel *	Member	Camiş Madencilik A.Ş., Madencilik Sanayii ve Ticaret A.Ş. Ve Camiş Elektrik Üretim A.Ş.' Vice Chairman of Board of Directors, Cam Elyaf Sanayii A.Ş.,Şişecam Soda Lukavac D.o.o member of Board of Directors, Şişecam Bulgaria Ltd. Company responsible.
Zeynep Hansu Uçar	Member	Türkiye Sınai Kalkınma Bankası A.Ş., Anadolu Cam San.A.Ş., Türkiye Şişe ve Cam Fabrikaları A.Ş., Anadolu Cam Yenişehir San.A.Ş., Camiş Madencilik A.Ş., Çayırova Cam San.A.Ş., Paşabahçe Cam San.ve Tic. A.Ş., Paşabahçe Mağazal.A.Ş., Trakya Cam San.A.Ş., Trakya Polatlı Cam San.A.Ş., Trakya Yenişehir Cam San.A.Ş., Cam Elyaf San.A.Ş., Anadolu Cam Eskişehir San.A.Ş., Camiş Yatırım Holding A.Ş., İş Finansal Kiralama A.Ş., İş Faktoring A.Ş Member of Board of Directors.
Prof. Dr. Halil Ercüment Erdem	Member	Anadolu Cam Sanayii A.Ş. ve Paşabahçe Cam Sanayii A.Ş. 'de Independent member of Board of Directors. Anadolu Cam Sanayii A.Ş. committee member responsible for auditing and Early Risk Identification System Committee, Erdem-Erdem Ortak Law office and Erdem-Erdem Danışmanlık A.Ş.co-founder, Galatasaray University academic member, CMA-CGM ve Yilport Holding A.Ş. Member of Independent Board of Director.
Üzeyir Baysal	Member	Şeker Leasing Independent Board of Directors and member of audit committee, Denizli Cam member of Board of Directors.

* Cihan Sirmatel has retired from his position because of retirement as of 02.01.2016.

5.2. Fundamentals of Activities of Board of Directors

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

The number of decisions made by the Board of Directors during the period is 49 and the decisions are made at the consensus of the available members. There has not been any opponent member of the board. The meeting and decision quorums of Turkish Commercial Code, Capital Markets Board and related legislations are considered in making Board of Directors' meeting.

The information and documents related to topics included in the Board meeting agenda are made available for review by Board members allowing sufficient amount of time before the meeting and ensuring equal availability of information. Before a meeting, Board members may present the Chairman of the Board with proposed changes to the agenda. The opinion of any member who is unable to participate in the meeting but who submits his/her opinion to the Board of Directors in writing is presented for the information of other members. Each Board member has a right of one vote.

At Board meetings, topics included in the agenda are discussed openly, addressing all relevant aspects. Participation rate of members of the board of Directors to the Board of Directors meeting is 95.6% in 2015. The Chairman of the Board spends his/her best efforts to ensure active participation of non-executive members in the Board meetings. Reasonable, detailed grounds for the dissenting votes of Board members are entered into the decision report. The reasons for dissenting votes are publicly disclosed. However, no such public disclosure was made in 2014 since such an opposition or dissenting opinion was not expressed in any Board meeting held during the reporting period. Board meetings are generally held at the Company's head office, and Board decisions of material nature are publicly disclosed via PDP, which are then posted on the corporate website. The powers and responsibilities of the members of the Board of Directors are clearly set out in the Articles of Association. The powers are exercised in accordance with the principles specified in the internal guidelines, which were drawn up in accordance with the Board of Directors decision no. 59 dated 21 November 2014 pursuant to Articles 367 and 371 of the Turkish Commercial Code, registered on 28 November 2014, and promulgated on 04 December 2014. The Board of Directors works in close cooperation with the Investor Relations Department for maintaining efficient communication between the Company and shareholders and for settlement of possible disputes, and leads the resolution of conflicts.

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

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

Audit Committee members are selected from the independent members of the board. The chairmans of the Corporate Governance and Early Risk Identification System and Committee are independent Board members. The Corporate Governance Committee, the Early Risk Identification System Committee and the Audit Committee formed of five, three and two members, respectively.

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

The Board of Directors provides the necessary resources and support to the committees for the fulfillment of their functions. The committees are free to invite any manager they deem necessary to their meetings and seek his/her opinions. The committees meet at adequate frequency, and all their activities are documented in writing and recorded. Reports covering information about their activities and meeting outcomes are presented to the Board of Directors.

The Audit Committee oversees the operation and efficiency of the Company's accounting system, public disclosure of financial information, independent audit, internal control and internal audit system. The Committee also defines the methods and criteria for the handling and resolution of complaints received in relation to the Company's accounting and internal control system

and independent audit, as well as for ensuring that Company employees adhere to the confidentiality principle regarding the Company's notifications on accounting and independent audit. The Audit Committee reports its determinations in relation to its field of responsibility and duty, along with its assessments and suggestions to the Board of Directors in writing, and presents a written report to the Board of Directors covering its assessment of the accuracy and truthfulness of annual and interim financial statements to be publicly disclosed and their conformity to the accounting principles followed by the Company, incorporating the opinions of the Company's managers responsible for these subjects and of independent auditors.

The members of the Audit Committee possess the qualifications defined in the Corporate Governance Principles. The details related to the activities of the Audit Committee and the minutes of meetings have been disclosed in the annual report. The Audit Committee held 5 meeting in 2015. The determination of independent auditors is performed in a way that the Audit Committee suggests an audit firm to the Board of Directors, considering the circumstances related to the competence and independence of independent audit firms.

The members of the Audit Committee possess the qualifications defined in the Communiqué on Corporate Governance. The activities of the Audit Committee and the results of their meetings have been disclosed in the annual report. Taking into consideration the competence and independence criteria of independent auditors, the Audit Committee proposes the independent audit firm it deems appropriate to the Board of Directors, which then designates the independent audit firm. Additionally, it traces the activities of "Investor Relations Department. The Corporate Governance Committee held 5 meeting in 2015.

The Nomination Committee and the Remuneration Committee have not been set up; the functions of these committees are incorporated within the activities of the Corporate Governance Committee. The candidates nominated for independent member seats on the Board of Directors have been evaluated in view of the satisfaction of independence criteria under the applicable legislation and these evaluations have been reported.

The operating principles set out the following as the committee's duties: creating a transparent system for the identification, assessment and training of appropriate candidates for the seats on the Board of Directors; determining relevant policies and strategies; making regular assessments regarding the structure and efficiency of the Board of Directors; and making proposals to the Board of Directors in relation to possible changes to these aspects. The wages policy including the principles of determination of wages of managers involved in the administrative responsibilities and the members of Board of Directors was defined and announced to public in the corporate website.

Early Risk Identification System and Committee performs activities related to early identification of the risks concerning the company's going concern and taking necessary precautions related to detected risks with the purpose of risk management and preparing reports by reviewing the risk management systems of Group companies. Early Risk Identification System and Committee held 8 meetings in 2015.

As the Corporate Governance Principles stipulate that all members of the Audit Committee and the heads of other committees must be independent Board members, and since there are two independent members on the Board of Directors, Board members inevitably serve on several committees.

The Audit Committee;

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

The Corporate Governance Committee;

Chairman Prof. Dr. Halil Ercüment Erdem (Independent)
Üzeyir Baysal (Independent)
Zeynep Hansu Uçar
Cihan Sirmatel*
Asuman Durak

* Cihan Sirmatel has resigned from his position due to the retirement as of 02.01.2016.

Early Risk Identification System and Committee;

Chairman Üzeyir Baysal (Independent)
Prof. Dr. Halil Ercüment Erdem (Independent)
Zeynep Hansu Uçar

5.4. Risk Management and Internal Control Mechanism

Operating in an intensely competitive environment, the Company implements efficient risk management and internal audit processes in order to provide adequate risk assurance to its stakeholders.

financial crisis which started in 2008 and effects are still being felt today, intense international conflicts of interest, security problems triggered by geopolitical factors, technological developments which are also called fourth industry revolution, changes to business models resulting from digitalisation, and dramatic results of climate change caused different political, economic, and environmental risks globally compared to those of the past.

The fact that global risks started affecting people, companies, and states in new and unusual ways changed perspectives on risks around the world. The importance of risk management as a discipline increased considerably. In parallel with these developments, the efficiency of risk management and internal audit processes were reviewed in 2015 and these two functions, which form important elements of corporate governance, were closely managed.

The Group continues its audit activities at a risk-based perspective and evaluates the available and potential risks proactively, under this structure.

During the activities carried out with the aim of establishing a corporate structure, providing the required assurance to stakeholders, protecting the tangible and intangible assets of the Company, minimizing the losses caused by uncertainties and maximizing benefit from potential opportunities, communication between the internal audit and risk management functions is maintained at the maximum level and is directed toward the goal of supporting decision-making processes and increasing management efficiency.

Risk Management in Şişecam Group:

Risk management activities in Soda Sanayii A.Ş. are executed fundamentally on the corporate risk management principles and a comprehensive and proactive approach is maintained. The group focused on increasing the efficiency of risk management processes, and invested in human resources and technology in 2015, with the aim of increasing the risk security it provides to stakeholders in a sharply competitive internal and external environment which is a result of the conditions above, and also with the aim of efficiently managing the uncertainties lead by global developments.

Accordingly, the risk management function, which has been managed centrally for years, was revisited so as to focus on micro and local risks. Technological support in the form of an integrated risk management platform named "MicroSCOPE, which will help effect the changes necessary due to this new focus, was provided.

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

Internal Audit in Şişecam Group:

The internal audit activities at the Şişecam Group have been structured under the Parent Company. The Company's internal audit activities that have been long carried out by the Parent Company are aimed at helping the companies affiliated to the Parent Company thrive soundly, ensuring uniformity in practice, guaranteeing that all activities are carried out in accordance with internal and external legislation, and corrective measures are taken in a timely manner. In line with these objectives, audit activities are undertaken on an ongoing basis at the Şişecam Group's domestic and overseas establishments. Internal audit is carried out in accordance with periodic audit programs that are approved by the Parent Company's Board of Directors. The audit programs are prepared using the results of risk management activities, meaning that risk-based audit practices are implemented.

5.5. Strategic Goals of the Company

The process by which the Company establishes, reviews and updates its strategic goals starts with the Vision statement spelled out by the Şişecam Board of Directors. Şişecam Board of Directors defined the 2020 target for the Chemicals Group as follows: "The Chemicals Group is a business that ranks among the world leaders in its key areas of competence, capitalizes on new opportunities creating synergy with its existing activities, and produces global solutions with its customers through environment-friendly technologies." The vision of Soda Sanayii A.Ş. operating under the Chemicals Group is as follows: "Being one of the world's leading soda ash suppliers, Soda Sanayii aims to strengthen its solid position in the soda ash industry, and to maintain and further consolidate its leader position in the chromium chemicals sector in all product groups that it is engaged in."

The second step is a series of analyses aimed at understanding the conditions under which operations will be pursued in order to fulfill the requirements of the vision. The analysis that is directed towards the organization is carried out under the

name Internal Analysis, whereas the other one covering a broad area including the market, competition, industries from/to which inputs are procured/supplied, various geographies, consumers and suppliers, etc. is carried out under the name External Analysis. These analyses are followed by the creation and/or updating of Strategic Maps. A Strategic Map determines the topics Soda Sanayii will focus on under the headings Finance, Customers, Processes and Intangible Assets, as well as the differentiating (strategic) elements that it will excel in. A Strategic Map is diversified on the basis of business lines, thus creating the future roadmap for the activities. Each strategy defined on the map is linked to a Performance Indicator, the level of success desired to be reached by this indicator, and the projects and organizational structure necessary for the said effectiveness.

The Corporate Performance Program is used to measure and monitor the success of the strategy in practice. The program provides opportunity for performance assessment through monitoring meetings held during the year. Performance is scaled down from a corporate level to employee level by linking the Individual Performance Management System to the Strategic Plan.

5.6. Fiscal Rights

As indicated in the Articles of Association; rights, benefits and wages that are procured to the Members of the Board of Directors are established by the General Assembly. The monthly wages of the Members of the Board of Directors are determined and declared to the public in Ordinary General Assembly Meeting of year 2014 which was held on 23 March, 2015.

Wage policy principles for the high level executives of the Company are stated in written form in the Ordinary General Assembly Meeting for Shareholders which was held on March 23, 2015 and are declared to the Shareholders of the company and posted to the website of the Company.

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

Within this scope, total payments made to the members of the Board of Directors and senior executives within the frame of the remuneration policy are disclosed in the notes to the financial statements. Non-disclosure of the benefits provided on the basis of individuals has not led to a conflict of interests. The Company does not lend any money or extend credit to the Board members and executives, does not grant any personal loans through a third party, or furnish any collateral such as guarantee in their favor.

AGENDA FOR 2015 ORDINARY GENERAL ASSEMBLY

1. Election of the Presiding Board and authorization of the Presiding Board to sign the General Assembly meeting minutes,
2. Reading out the Board of Directors' Activity Report regarding the Company's 2015 operations, and the summary of the Independent Auditor's Report,
3. Examination, deliberation and ratification of the balance sheet and income statements for 2015,
4. Acquittal of the Members of the Board of Directors,
5. Election of the Members of the Board of Directors,
6. Determination of the remuneration to be paid to the Members of the Board of Directors,
7. Authorizing the Board of Directors Members pursuant to Articles 395 and 396 of the Turkish Commercial Code (TCC),
8. Decision on the distribution manner and timing of 2015 profit,
9. Decision on the designation of the independent audit firm pursuant to the Turkish Commercial Code (TCC) and the CMB regulations,
10. Provision of information to shareholders regarding the donations made during the reporting period and determination of the upper limit of donations to be made in 2016,
11. Provision of information to shareholders regarding guarantees, pledges and mortgages provided in favor of third parties.

Soda Sanayii A.Ş.

CAPITAL INCREASE IN THE PERIOD, AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROFIT DISTRIBUTION

It has been decided at the Company's 23 March 2015 dated Shareholders Ordinary General Assembly meeting to distribute 60,000,000 TRY worth gross dividend, corresponding to 11,92842% of the current issued capital, in cash; and 96,000,000 TRY worth dividend corresponding to 19.08548% in bonus shares, and to distribute bonus shares within the legal period stipulated in the Capital Markets Board regulations.

At the company's Board of Directors' 25 May 2015 dated meeting, it has been decided to raise the Company's issued capital of 503,000,000 TRY within current 1,000,000,000 TRY registered capital limit to 660,000,000 TRY, and to meet 96,000,000 TRY portion of the 157,000,000 TRY raise from 2014 dividend, 59,988,498.41 TRY portion from income generated under Corporate Tax Law 5.1 Article and the remaining 1,011,501.59 TRY portion from extraordinary reserves, the capital increase permit has been issued at the Capital Markets Boards' 23.06.2015 dated an 16/771 no board meeting and the capital increase transactions and capital increase related Articles of Incorporation amendment has been registered on 1 July 2015 , and share distribution has been completed on 3 July 2015.

Other Subjects

The conclusion section of the "Affiliation Report"

All transactions made with the holding company and its subsidiaries have been performed in line with the provisions of the distinguish profit distribution through transfer pricing regulation in 2015 and the abovementioned transactions did not cause any loss compensation issue in 2015.

Legal Basis of Annual Activity Report

Annual Activity Report of the Company for the year 2015, has been issued in line with third sub-article of the Article 516 of the Turkish Commercial Code, provisions of the "Regulations regarding Determination of Minimum Content of Annual Activity Report of Companies" that is prepared by Ministry of Customs and Trade as per the Article 518 of said code and provisions of the "Communique of Principles Regarding Financial Reporting in Capital Market" of the Capital Market Board.

Preparation Principles of Annual Activity Report

Annual Activity Report presents the flow of work and transactions to the year 2015, financial position at all points fairly, right, reliably and the way that observe the company's rights and advantages. Misleading, exaggerated and contrary to fact statements is not included.

Annual Activity Report is prepared that shareholders access for all detailed information about operations of the company completely.

Approval of Annual Activity Report

Annual Activity Report of the Company for the year 2015, has been approved by signing by members of the Board of Directors on 1 March 2016.



CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Soda Sanayii A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2015.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué, whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 1 March 2016 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

We believe that the independent audit evidences we have obtained during our independent audit, are sufficient and appropriate to provide a basis for our opinion.



Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of Soda Sanayii A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising From Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 “Going Concern”, we have not encountered any significant issue which we are required to be reported with regard to the inability of Group to continue its operations for the foreseeable future.

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

Gökhan Yüksel, SMMM
Partner

Istanbul, 1 March 2016

DIRECTORY

Soda Sanayii A.Ş. Management and Sales Center

İş Kuleleri, Kule 3, 34330
4. Levent - İstanbul
Tel: (0212) 350 50 50
Fax: (0212) 350 58 88
www.sisecamkimyasallar.com

Soda Plant

Kazanlı Bucağı Yanı P.K. 654
33004 Mersin
Tel: (0324) 241 66 00
Fax: (0324) 221 90 15
www.sisecamkimyasallar.com

Kromsan Chromium Compounds Plant

Kazanlı Bucağı Yanı P.K. 421
33003 Mersin
Tel: (0324) 241 66 00
Fax: (0324) 451 36 52
www.sisecamkimyasallar.com

Oxyvit Kimya Sanayii ve Ticaret A.Ş.

Mersin-Tarsus Organize Sanayi Bölgesi,
1. Cad No. 6 P.K. 13
33400 Mersin
Tel: (0324) 676 43 25 Pbx
Fax: (0324) 676 43 34
www.oxyvit.com

Cromital S.p.A

Administrative Office

Via Quarta Strada Palazzo A7 20090
Assago (Milano), Italy
Tel: (0039) 02 57606070
Fax: (0039) 02 57609175

Plant

Via Giotto,4-Localita Sipro-44020
S. Giovanni Ostellato (FE), Italy
Tel: (0039) 0533 57548
Fax: (0039) 0533 57391

Solvay Şişecam Holding A.G.

Stattermayergasse 28-30 A-1150
Vienna, Austria
Tel: (0043) 1 71 6 8 8 0
Fax: (0043) 1 7102426

Şişecam Bulgaria Ltd.

27 Bratya Miladinovi Str.
FL. 4 Apt.14 9002 Varna Bulgaria
Tel: (00359) 52 608 963
Fax: (00359) 52 608 964

Şişecam Soda Lukavac D.O.O

Prva Ulica 1 75300
Lukavac, Bosnia and Herzegovina
Tel: (00387) 35 552 323
Fax: (00387) 35 552 696
www.sisecam.ba
www.sisecamchemicals.com

Şişecam Shanghai Trading Co. Ltd.

93 Huaihai Zhong Road Shanghai
Times Square Office Tower 1106
200021 Shanghai, China
Tel: (0086) 216 391 03 52
Fax: (0086) 216 391 03 54

Şişecam Chem Investment B.V.

Strawinskylaan 1265
1077XX Amsterdam, Netherland
Tel: (0031) 20 820 1120
Fax: (0031) 20 890 8645
www.sisecam.com.tr



ŞİŞECAM
CHEMICALS