16 March 2011

Esteemed Shareholders, Esteemed Investors,

Welcome to our meeting held to discuss operations of Alkim Kağıt in 2010. We would like to extend our best wishes and regards to you all in the name of our Board of Directors.

Our Company completed the year 2010 successfully in terms of production efficiency and sales volume (turnover). Major reason for the fall in our profit compared with the previous year is that the cellulose factories in South America – Chili, accounting for about 10% of the world cellulose production, have been unfortunately epicentered and thus hit hard by the severe earthquake which took place in Chili early in 2010. In this way, as a consequence of the 10% squeeze encountered in global cellulose supply in just one day, prices went up at a rate of 50% in a short period of time and cellulose prices cruising around 650 – 700 $/ton in the ordinary course of business went beyond $1.000s all of a sudden. Of course, we all know that, cellulose prices account for two/thirds of paper production cost (65% on average). This extraordinary rise in cellulose prices – which should be regarded to be a force majeure event owing to earthquake – (after consumption of existing operating stocks) has unfortunately had negative impact on our income statement in June to October, 2010, as the new supply of high-priced celluloses pushed our costs up to an unexpected extent. As cellulose prices began to come back to normal levels slow by slow as from September, our operating profitability is on the way towards achievement of its former level.

To sum up our operations in 2010 :

Our Company realized a gross production of 72.532 tons in various grammages (60 gr/m²-220 gr/m²) in line with market demands during this year and achieved a turnover of TRY103.746.187 TL selling 64.513 tons of paper. We achieved a turnover growth of 11% compared with 2009. Our Company's pre-tax profit for the year 2010 is TRY3.703.703. Net profit for the year is TRY3.022.117 after all taxes are set aside. As you can see in our balance sheet, our Company's credit – debt ratio is so well to such an extent that one might not readily come across in industrial sector and, moreover, cash position is extraordinarily high. Our Board of Directors proposes that all of our profit plus a portion of Extraordinary Reserve Funds be distributed to our shareholders.

Moreover, a revision involving a %20 capacity improvement, an investment programmed for and started up in 2010, will be brought to a completion in March, 2011.

We have full confidence that our Company will keep up good work in 2011, as well. Here, before you all, we would like to extend our thanks to our General Manager, Executive Staff and all other employees, for their significant contributions to all this success.

Yours faithfully,

For and on behalf of Board of Directors of Alkim Kağıt

M. Reha KORA
Chairman

I-INTRODUCTION

I-1. REPORT PERIOD : 01.01.2010- 31.12.2010

I-2. COMPANY'S TRADE NAME : ALKİM KAĞIT SANAYİ VE TİCARET A.Ş.

I-3. COMPANY'S BUSINESS LINE :

Manufacture and sale of offset papers, coated papers and photocopy papers.

I-4. BOARD OF DIRECTORS :

a) Names, surnames and office terms of persons elected as Members of Board of Directors and for a period of 1 year as Members of Board of Auditors for a period of 1 year under Articles 7 and 9 of our Articles of Association are specified below:

Title	Name & Surname	Beginning Date	Ending Date
Chairman of Board of Directors	M. REHA KORA	29.03.2010	29.03.2011
Vice Chairman of Board of Directors	ARKIN KORA	29.03.2010	29.03.2011
Vice Chairman of Board of Directors	FERİT KORA	29.03.2010	29.03.2011
Vice Chairman of Board of Directors	A. HALUK KORA	29.03.2010	29.03.2011
Member of Board of Directors	TÜLAY ÖNEL	29.03.2010	29.03.2011
Member of Board of Directors	ÖZAY KORA	29.03.2010	29.03.2011
Member of Board of Directors	E.HALE KOSİF	29.03.2010	29.03.2011
Member of Board of Directors	NİHAT ERKAN	29.03.2010	29.03.2011
Member of Board of Directors	M.FARUK YÜKSEL	29.03.2010	29.03.2011

Auditor	M.YÜKSEL KADIOĞLU	29.03.2010	29.03.2011

b) Boundaries of Empowerment:

As specified in Turkish Commercial Code and Company's Articles of Association.

I-5. Amendments to Articles of Association During the Year:

Draft amendment to Article 3 of the Articles of Association permitted by Capital Market Board by its clearance letter dated 08.03.2010 and numbered 2304 and approved by Ministry of Industry and Commerce by its approval letter dated 10.03.2010 and numbered 1347, has been discussed and adopted at General Meeting of Shareholders held on 29.03.2010. Draft Amendment to said article is given in final chapter of our Annual Report.

I-6. Capital and Shareholdering Structure (Share Certificates)

I-.6.1 Capital

Our Company's capital is TL52.500.000. No capital increaese has been made in 2010. Share certificates corresponding to 45% of the capital are traded at the Istanbul Stock Exchange.

Paid-in capital and amounts and rates of dividend are shown below by years.

Paid-in Capital (TL)	Year	Dividend Share	Dividend Rate
11,200,000	1999	0.000003	0.33%
14,000,000	2000	(No profit distribution)	-
17,500,000	2001	0.000090	9.00%
17,500,000	2002	0.000165	16.50%
35,000,000	2003	(No profit distribution)	-
52,500,000	2004	(No profit distribution)	-
52,500,000	2005	(No profit distribution)	-
52,500,000	2006	(No profit distribution)	-
52,500,000	2007	(No profit distribution)	-
52.500.000	2008	0,000071	7.14%
52,500,000	2010	0,001462	14.62%
52,500,000	2011	-	-

I-6.2. Share Certificates:

Each of share certificates representing Company's capital has a par value of Kr1.-, and group and number of shares held by each group are as follows:

GROUP A	REGISTERED	375.000	Share	0,01%
GROUP B	REGISTERED	300.000	Share	0,01%
GROUP C	REGISTERED	313.800	Share	0,01%
GROUP D	REGISTERED	11.200	Share	0,00%
GROUP E	REGISTERED	119.000.000	Share	2,27%
GROUP F	REGISTERED	1.000.000.000	Share	19,05%
GROUP F	BEARER	4.130.000.000	Share	78,67%
	TOTAL	**5.250.000.000**	**Share**	

I-6.3. Shareholdering Structure:

Number of shareholders having registered shares is 12. Number of shareholders having public offered bearer shares is unknown.

Shareholders having more than 10% of Company's share capital:

Name	Amount of Shares Held (TL)	Share in Capital (%)
ALKİM ALKALİ KİMYA A.Ş.	41.962.500	79,93

I-7 Affiliated Companies:

Trade investments (equity participations) in affiliates/subsidiaries have been accounted for according to equity method.These are companies in which the Company has, generally, 20% to 50% voting right or on which the Company has a significant impact with respect to their operations.

	Shareholdering Rate (%) 31 December 2010
Alkim Sigorta Aracılık Hiz. Ltd. Şti.	50

ALKİM SİGORTA ARACILIK HİZMETLERİ LTD.ŞTİ.

(01.01.2010 – 31.12.2010)

Activity Report

Alkim Sigorta Aracılık Hiz. Ltd. Şti. is a company co-established on 04.11.2002 by Alkim Alkali Kimya A.Ş. and Alkim Kağıt San. ve Tic. A.Ş., with 50% stake each, with a total capital of TL20.000, and has increased its capital to TL80.000 by virtue of a resolution of Board of Shareholders in 2008. This capital increase has been registered on 24.10.2008 and announced in Trade Registry Gazette dated 31.10.2008 and No.7179.

Mr. Nihat ERKAN has been elected as Company Manager by Board of Shareholders for company dealings and transactions. It has obtained agency authorization as of December, 2002, from Anadolu Sigorta (Anatolian Insurance) and Koç Allianz Sigorta A.Ş.

The company has started insuring operations by getting policies of buildings belonging to Alkim Alkali Kimya A.Ş, Alkim Kağıt San.ve Tic. A.Ş. and Sodaş Sodyum San.A.Ş., as well as to customers of companies concerned , and machine breakdown, fire contents, commodity, transport, motor vehicle traffic – casco insurances, as well as group personal accident and health insurances, issued through insurance companies general directorate and regional administrations, in line with its own apportionment.

Portfolio size of Alkim Sigorta Aracılık Hiz. Ltd. Şti. on gross premium basis is TL1.359.256, and it keeps up its status as "major institutional agency" in insurance sector with about TL208 million on sum insured basis.

Breakdown of Portfolio as end of year 2010 ;

ALKİM KİMYA A.Ş.	**TL86,4 Million**
ALKİM KAĞIT A.Ş.	**TL78,5 Million**
OTHER COMPANIES & PERSONS	**TL43,0 Million**
TOTAL	**TL208,0 Million**

I-8. Securities

No securities such as bond, profit-sharing certificate, commercial paper, remeedable share, etc., have been issued during the operating year.

I-9. Company's business sector:

Our Company deals with and engages in paper manufacturing sector. Our offset, Coated, Photocopy and Office Papers are used by printing-houses, publishing-houses, stationer's trade and the Press, both at home and abroad. Our Company enjoys 22% of the installed capacity in its sector. It has one of the modern plants of the Middle East and the Balkans in terms of technology and capacity.

II- OPERATIONS

II-A. INVESTMENTS

As a result of target set for continuous improvement at existing facilities as well as of efforts made in parallel thereto, our Company has made machinery and equipment investments in the amount of TRY1.494.105 in 2010 as part of refurbishment and improvement activities. Apart from that, our Company has continued to buy lands and premises in the amount of TRY 4.258.250, as part of initiatives started up the last year to responde to a potential expansion in operating volume. Information as to types of investments, both completed and in progress in 2010, and to beginning and ending dates thereof, as well as to their respective values, are given in the table below.

31 December 2010

INVESTMENTS IN PROGRESS	PREDICTED AMOUNT OF INVESTMENT TL	TOTAL EXPENDITURES TL	TOTAL CAPITALISED TL	BEGINNING DATE	ENDING DATE	COMPLETION DEGREE
MEDIUM VOLTAGE LINE INVESTMENT	45.118,76	45.118,76	45.118,76	September 09	October 10	100,00%
COLD STORAGE HOUSE INVESTMENT	7.795,55	7.795,55	7.795,55	June 10	August 10	100,00%
5.5 MW GAS TURBINE & ACCESSORY	1.517.916,05	1.517.916,05	1.517.916,05	July 10	October 10	100,00%
CAPACITY INCREASE	4.953.536,00	50.708,93	0,00	August 10	in Progress	1,02%
TOTAL	**6.524.366,36**	**1.621.539,29**	**1.570.830,36**			

II-B. OPERATIONS FOR PRODUCTION OF GOODS AND SERVICES

II-B.1. ATTRIBUTES OF PRODUCTION UNITS

Alkim Kağıt Sanayi ve Ticaret A.Ş. started doing business within Alkim Alkali Kimya A.Ş. and gained a separate legal personality on 30.06.1999. 20% of our paper manufacturing company's shares have been offered to public on 02.11.2000 and started to be traded at the Istanbul Stock Exchange with trading code ALKA.

Our offset paper - coated paper plants built with a maximum design capacity of 55.000 Tons/Year have been improved further with ongoing technological investments made as from its start-up day and has thus achieved technological superiority and productivity in 10 years to such an extent that they could now compete with major paper manufacturing plants in Europe.

Thanks to revisions made for quality and capacity improvement as from 2000, actual annual capacity reached 80.000 Tons / Year, which is planned to reach 90.000 Tons/year along with capacity-enhancing revision investment to be made in March, 2011.

Each phase of production at Alkim Kağıt Plants is controlled by DCS (Distributed Control System) and QCS (Quality Control System) computer programs. Paper produced by such systems is of high quality in compliance with international paper standards. Ofset paper, photocopy, double- and single-faced coated print papers from 60 g/m^2 to 220 g/m^2 are produced at the plants. Production range also includes label paper, soap packaging paper, envelope paper and blue-print papers.

Produced paper is packed at modern converting plants in rolls in such dimensions as required for printing-house, publishing-house and other similar consumer groups. High-quality photocopy papers prepared on A3-A4 production line, being one of the most important sections of the plant, are the most preferred papers which are in great demand both in home and foreign markets.

Paper produced with mask (finished product warehouse stock control system) in use at our plants is automatically controlled by barcode system from each point of production phase until it is shipped to customer and all precautions are properly taken to ensure customer satisfaction.

Alkim Kağıt generates electricity and steam required for its production activities through its co-generation plant with a production capacity of 5.5 MW.

100% of Alkim Kağıt Plants caring about nature and environment a lot since from the beginning is capable of recovering waste water through biological and chemical treatment. Alkim Kağıt has ISO 9001, ISO 14001 and TS 18001 certificates.

Production for 2010 had been planned in view of home and foreign market conditions. Production so planned has been realized with highest quality under productivity conditions, with customers enjoying such quality.

Gross production quantity and capacity utilisation (availability) rate by years are given below.

CAPACITY

2010 Gross Production : **72.532 Tons**	80.000 TONS	Capacity Utilisation Rate **: %91**
2009 Gross Production : **73.142 Tons**	80.000 TONS	Capacity Utilisation Rate **: %91**

II-B.2. Net production of goods and services realized by the Company during the year, separately for each main production group;

PRODUCTION	**Unit**	**Quantity at 31.12.2010**	**Quantity at 31.12.2009**
a-) Offset paper	Tons	55.444	53.012
b-) Coated paper	Tons	1.014	1.851
c-) Photocopy paper	Tons	8.983	13.409
	TOTAL	**65.441**	**68.272**

II-B.3. Net sales of goods and services realized by the Company during the year, separately for each main sales group;

SALES	**Unit**	**Quantity at 31.12.2010**	**Quantity at 31.12.2009**
a-) Offset paper	Tons	54.451	53.803
b-) Coated paper	Tons	883	1.835
c-) Photocopy paper	Tons	9.179	13.413
	TOTAL	**64.513**	**69.051**

II-B.4. DEVELOPMENTS IN SALES OPERATIONS

Total quantity of sales realized during the 2010 operating year is 64.535 TONS. Home market sales account for 62.310 tons (97%) of such sales, while export sales accounting for 2.225 tons (3%). Total gross sales in 2010 amounted to TL101.174.973.

As to distribution of finished product sales in 2010; offset paper accounts for 85%, while photocopy papers accounting for 14% and coated paper accounting for 2%.

	SALES QUANTITY (TON)	IN HOME MARKET	IN OVERALL SALES	AVERAGE SELLING PRICE (TL/TON)	SALES AMOUNT (TL)
OFFSET	53.472	86%	83%	1.545	82.620.939
COATED	395	1%	1%	1.734	684.819
PHOTOCOPY	8.440	14%	13%	1.698	14.330.753
BLOCKNOTE	0	0%	0%	1.786	243
CONTINUOUS FORM	3	0%	0%	0	4.420
TOTAL HOME MARKET	62.310	100%	97%		97.641.175

	SALES QUANTITY (TON)	IN EXPORTS	IN OVERALL SALES	AVERAGE SELLING PRICE (TL/TON)	SALES AMOUNT (TL)
OFFSET	1.138	51%	2%	1.423	1.619.704
COATED	506	23%	1%	1.971	996.481
PHOTOCOPY	581	26%	1%	1.578	917.612
BLOCKNOTE	0	0%	0%	0	0
CONTINUOUS FORM	0	0%	0%	0	0
TOTAL EXPORTS	2.225	100%	3%		3.533.798

TOTAL TONNAGE	64.535	TOTAL SALES AMOUNT	101.174.973

II-C FINANCIAL STATUS AND LIQUIDITY MANAGEMENT:

The global crisis breaking out two years ago has had minimal impact on our Company thanks to its strong financial structure in its sector and, as is the case in 2009, continued to work at full capacity in 2010, as well, thereby successfully making its products available to its customers in the market.

Alkim Kağıt's stabilized management and product quality provided by its high technology plays a significant role in these achievements. The fact that our Company has a superior position in its sector both in terms of financial structure and total quality not only maintained our reliability in the eyes of customers but also provided a major competitive advantage. The year 2010 has been a year, during which aftershocks caused by the global crisis throughout the World have taken the form of exchange rate instability in money markets and of price fluctuations in commodity markets, in parallel to upward and downward business cycles. In the amidst of all such unfavourable business cycles going on in the market, our Company managed to reach almost full capacity, thereby meeting market demands in a timely manner and concluding its operations with a profitability making use of optimal advantages in market conditions. Our Company achieved a net annual profit of TRY3.022.117 in 2010.

Our Company has been successful in minimizing the effects of high fluctuations caused by such business cycle variations on financial markets and exchange rates, and such factors as purchasing policies adopted, liquid asset management and effective control of foreign currency position have played a significant role in all this.

The liquidity ratio of the company is 1,86 as of the end of 2010.

This ratio is 1,46 considering even the long term debts and shows that only the total cash and commercial receivables of the company is at an adequate level to pay also the long term debts of the company.

II-D RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

Our Company's Risk Management and internal control mechanism is handled by a committee composed of Members of the Board of Directors, which is in charge of Audit. This committee audits internal control mechanism at definite periods under annual audit plans prepared in parallel to its own management and directives and passes its opinions about any findings to Board of Directors and makes suggestions as appropriate. This committee and Board of Directors, in turn, communicate actions that must be taken to Company's executives through the channel of General Manager.

Company's collection risk arises largely from trade receivables and is assessed by Company's management in view of current economic situation. Company's Financial Control unit controls whether transactions have been carried out with predictable limits or not.

Liquidity Risk

Company manages liquidity risk by keeping an adequate amount of cash and similar resources in order to be able to fulfill its existing and potential liabilities in a timely way.

Currency Risk

Company utilises its assets in good match with its liabilities, as far as possible, to avoid from likely effects of revaluation or devaluation of TL against other currencies.

Alkim Kağıt Sanayi ve Ticaret A.Ş.
Consolidated Balance Sheet as at December 31, 2010
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Notes	Current period Audited December 31, 2010	Prior period Audited December 31, 2009
Assets			
Current assets		**69.631.422**	70.664.673
Cash and cash equivalents	4	**27.259.819**	21.994.558
Trade receivables		**17.116.803**	27.323.182
- Due from related parties	25	**-**	-
- Other trade receivables	7	**17.116.803**	27.323.182
Other receivables	8	**2.556.430**	858.385
Inventories	9	**19.013.804**	17.965.738
Other current assets	15	**3.684.566**	2.522.810
Non-current assets		**59.297.000**	55.737.323
Trade receivables	7	**873.000**	-
- Due from related parties	25	**-**	-
- Other trade receivables	7	**873.000**	-
Investment in associates accounted by equity method	10	**76.407**	55.063
Property, plant and equipment	11	**56.580.648**	55.599.678
Intangible assets	12	**50.471**	82.582
Other non-current assets	15	**1.716.474**	-
Total assets		**128.928.422**	126.401.996
Liabilities			
Current liabilities		**24.256.913**	17.237.984
Financial liabilities	5	**4.802.788**	6.795.369
Other financial liabilities	6	**1.235.000**	-
Trade payables		**9.897.953**	8.636.715
- Due to related parties	25	**441.568**	409.855
- Other trade payables	7	**9.456.385**	8.226.860
Current income tax provision	23	**-**	551.587
Other current liabilities	15	**8.321.172**	1.254.313
Non-current liabilities		**6.618.780**	6.287.394
Financial liabilities	5	**1.959.356**	2.595.458
Other financial liabilities	6	**873.000**	-
Provision for employee termination benefits	14	**1.806.004**	1.379.366
Deferred tax liabilities	23	**1.980.420**	2.312.570
Total Liabilities		**30.785.693**	23.525.378
Equity		**98.052.729**	102.876.618
Paid-in share capital	16	**52.500.000**	52.500.000
Inflation adjustment on paid-in share capital	16	**32.414.361**	32.414.361
Restricted reserves	16	**2.394.393**	1.424.163
Prior year profits		**7.721.858**	7.721.858
Net income for the year		**3.022.117**	8.816.236
Total liabilities and equity		**128.928.422**	126.401.996

The accompanying policies and explanatory notes on pages 9 through 53 form an integral part of the financial statements.

Alkim Kağıt Sanayi ve Ticaret A.Ş.
Consolidated statement of comprehensive income
for the year ended December 31, 2010
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Notes	**Current period**	Prior period
		Audited	Audited
		January 1 – December 31 2010	January 1 – December 31 2009
Net sales	17	**103.746.187**	93.181.274
Cost of sales	17	**(95.440.491)**	(78.812.813)
Gross Profit		**8.305.696**	14.368.461
Research and development expenses	18	**(84.419)**	(82.019)
Selling, marketing and distribution expenses	18	**(2.623.086)**	(2.770.389)
General and administrative expenses	18	**(2.954.109)**	(2.933.673)
Other operating income	20	**414.488**	306.464
Other operating expenses	20	**(231.628)**	(292.157)
Operating Profit		**2.826.942**	8.596.687
Share on investment in associates accounted for using equity method	10	**21.344**	14.208
Financial income	21	**2.528.559**	3.030.753
Financial expense	22	**(1.673.142)**	(664.917)
Income before tax		**3.703.703**	10.976.731
Taxation on income		**(681.586)**	(2.160.495)
- Current income tax expense	23	**(1.013.736)**	(2.338.224)
- Deferred tax income	23	**332.150**	177.729
Net income		**3.022.117**	8.816.236
Other comprehensive income / (expense) after tax	-	**-**	-
Total comprehensive income		**3.022.117**	8.816.236
Earnings per share	24	**0,0006**	0,0017

The accompanying policies and explanatory notes on pages 9 through 53 form an integral part of the financial statements.

Alkim Kağıt Sanayi ve Ticaret A.Ş.
Consolidated statement of changes in equity for the year ended December 31, 2010
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Paid-in share capital	Inflation adjustment to paid-in share capital	Restricted Reserves	Prior year Profits	Net profit for the year	Total equity
January 1, 2009	52.500.000	32.414.361	815.050	3.332.607	8.825.598	97.887.616
Dividend payment (Note 25.e)	-	-	327.984	-	(4.155.218)	(3.827.234)
Transfers	-	-	-	4.670.380	(4.670.380)	-
Net profit for the period	-	-	-	-	8.816.236	8.816.236
December 31, 2009 (as previously presented	52.500.000	32.414.361	1.143.034	8.002.987	8.816.236	102.876.618
Reclassification (Note 2.1)	-	-	281.129	(281.129)	-	-
December 31, 2009 (as reclassified)	52.500.000	32.414.361	1.424.163	7.721.858	8.816.236	102.876.618
Dividend payment (Note 25.e)	**-**	**-**	**970.230**	**-**	**(8.816.236)**	**(7.846.006)**
Net profit for the period	**-**	**-**	**-**	**-**	**3.022.117**	**3.022.117**
December 31, 2010	**52.500.000**	**32.414.361**	**2.394.393**	**7.721.858**	**3.022.117**	**98.052.729**

The accompanying policies and explanatory notes on pages 9 through 53 form an integral part of the financial statements.

Alkim Kağıt Sanayi ve Ticaret A.Ş.
Statement of consolidated cash flows for the year ended December 31, 2010
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Notes	Current period Audited January 1 - December 31, 2010	Prior Period Audited January 1 - December 31, 2009
Operating activities:			
Profit before taxation on income		**3.703.703**	10.976.731
Adjustments to reconcile profit before taxation on income to net cash generated from operating activities			
Depreciation and amortization	11-12	**5.221.420**	4.968.039
Provision for employment termination benefits	14	**460.313**	388.500
(Collection of)/allowance for doubtful receivables	20	**(86.347)**	272.370
Share on results of investment in associate	10	**(21.344)**	(14.208)
Loss/(Income) from sales of property, plant and equipment	20	**229.884**	(32.309)
Interest income	21	**(1.087.681)**	(1.275.838)
Interest expense	22	**519.111**	401.341
Taxes paid	23	**(1.565.323)**	(3.443.084)
Operating profit before working capital changes		**7.373.736**	12.241.542
Changes in assets and liabilities			
Short-term trade receivables	7	**10.292.726**	8.254.483
Other receivables	8	**(1.698.045)**	(322.791)
Inventories	9	**(1.048.066)**	647.220
Other current assets	15	**(1.161.756)**	115.469
Increase in long-term trade receivables	7	**(873.000)**	-
Other non-current liabilities	15	**(1.716.474)**	-
Trade payables	7	**1.229.525**	4.730.709
Other short-term liabilities	15-23	**7.066.859**	12.697
Due to related parties	25	**31.713**	18.236
Employment termination benefits paid	14	**(33.675)**	(74.264)
Net cash generated from operating activities		**19.463.543**	25.623.301
Investing activities:			
Interest received		**1.164.885**	1.176.648
Purchases of property, plant and equipment and intangible assets	11-12	**(6.556.171)**	(585.962)
Proceeds from sales of property, plant and equipment	11-12-20	**156.008**	57.231
Net cash (used in)/generated from investing activities		**(5.235.278)**	647.917
Financing activities:			
Dividend paid	16	**(7.846.006)**	(3.827.234)
Repayments of financial liabilities		**(2.642.475)**	(3.839.969)
Factored receivables	9	**2.108.000**	-
Interest paid		**(505.319)**	(389.587)
Net cash used in financing activities		**(8.885.800)**	(8.056.790)
Net increase in cash and cash equivalents		**5.342.465**	18.214.428
Cash and cash equivalents at beginning of the year	4	**21.895.368**	3.680.940
Cash and cash equivalents at end of the year	4	**27.237.833**	21.895.368

The accompanying policies and explanatory notes on pages 9 through 53 form an integral part of the financial statements.

1. Organization and nature of operations

The nature of the operations of Alkim Kağıt Sanayi ve Ticaret A.Ş. (the "Company") is the manufacturing and sales of offset, glossy and photocopy papers. The main shareholder of the Company is Alkim Alkali Kimya A.Ş. ("Alkim Kimya") (Note 16).

The Company is registered in the Turkish Capital Markets Board ("CMB") and its shares have been traded on the Istanbul Stock Exchange ("ISE"). As at December 31, 2010, the shares traded on ISE are 20% (2009: 20%) of the total shares.

As of December 31, 2010, the average number of personnel of the Company is 203 (2009- 201).

The address of the registered office is as follows:

Organize Sanayi Bölgesi Kırovası Mevkii
Kemalpaşa-İzmir

Dividend paid

As decided on the Ordinary General Meeting held on 29 March 2010, the Company distributed gross dividend from profit of 2009 amounting to TL 7.846.006. In accordance with the decision, related amount transferred to the accounts of shareholders.

Approval of Financial Statements

Financial statements are approved for issue by board of directors on February 28, 2011. General Assembly has the power to amend the consolidated financial statements.

2. Basis of presentation of financial statements

2.1 Basis of presentation

The Capital Market Board (CMB) regulated the principles of preparation, presentation and announcement of financial statements prepared by the entities with the Communiqué XI, No: 29, "Principles of Financial Reporting in Capital Markets" (the "Communiqué"). The Communiqué supersedes Communiqué XI, No: 25, "The Accounting Standards in the Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, which do not contradict with the aforementioned standards shall be applied.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year starting from 1 January 2005.

2. Basis of presentation of financial statements (continued)

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these financial statements, the financial statements have been prepared within the framework of Communiqué XI, No: 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcements in weekly newsletters of 2008/16, 2008/18, 2009/02 and 2009/04 including the mandatory disclosures.

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. As a result of the transactions in the normal course of business, revenue other than sales described in "Revenue Recognition" are presented as net provided that if the nature of the transaction or the event qualify for offsetting.

Financial statements have been prepared under the historic cost convention except for the financial assets and liabilities which are stated at fair values and presented in Turkish Lira ("TL"), which is the functional and presentation currency of the Company.

Reclassifications to 2009 financial statements

a) In accordance with the communiqué numbered 2008/18 announced by CMB on April 28, 2008 which announces: "The equity items "Paid-in Capital", "Restricted Reserves" and "Share Premium" which is considered as a reserve item according to Turkish Commercial Code provision 466, should be presented with statutory amounts"; TL 281.129 that was classified in retained earnings as of December 31, 2009 has been reclassified as "restricted reserve" to conform with current year presents from.

b) To be consistent with the financial statements as of December 31, 2010 foreign exchange gain amounting to TL 2.536.747 which had been reported with gross amounts in financial income and financial expense as of December 31, 2009 has been netted off.

2.2 Amendments in International Financial Reporting Standards

The accounting policies adopted in the preparation of the consolidated financial statements as of December 31, 2010 are consistent with those followed in the preparation of the consolidated financial statements of the prior year, except for the adoption of new standards and IFRIC interpretations summarized below. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except those summarized below. The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2010.

2. Basis of presentation of financial statements (continued)

- IFRIC 17 Distributions of Non-cash Assets to Owners
- IAS 39 Financial Instruments: Recognition and Measurement (Amended) – eligible hedged items,
- IFRS 2 Group Cash-settled Share-based Payment Transactions (Amended)
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended),
- Improvements to IFRSs, May 2008-All amendments published are effective for the year ended December 31, 2009 except for the amendment to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations clarifying "An entity that is committed to a sale involving loss of control of a subsidiary that qualifies for held-for-sale classification under IFRS 5 shall classify all of the assets and liabilities of that subsidiary as held for sale".
- Improvements to IFRSs April 2009

Adoption of the standards or interpretations does not have an impact on the financial statements or performance of the Company.

Amendments -resulting from improvements to IFRSs published in April 2009- to the following standards which had or did not have an effect on the accounting policies, financial position or performance of the Company are as follows.

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segment Information
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement –Eligible Hedged Items
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Company as of the date of the authorization of financial statements are as follows:

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
The interpretation is effective for annual periods beginning on or after 1 July 2010. This interpretation addresses the accounting treatment when there is a renegotiation between the entity and the creditor regarding the terms of a financial liability and the creditor agrees to accept the entity's equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies such equity instruments are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Company does not expect that the amendment will have impact on the financial position or performance of the Company.

2. Basis of presentation of financial statements (continued)

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amended)
The amendment is effective for annual periods beginning on or after 1 January 2011. The purpose of this amendment was to permit entities to recognize as an asset some voluntary prepayments for minimum funding contributions. This Earlier application permitted and must be applied retrospectively. The Company does not expect that the amendment will have impact on the financial position or performance of the Company.

IFRS 9 Financial Instruments – Phase 1 financial assets, classification and measurement
The new standard is effective for annual periods beginning on or after 1 January 2013. Phase 1 of this new IFRS introduces new requirements for classifying and measuring financial assets. Early adoption is permitted. This standard has not been approved by the European Union yet. The Company does not expect that the amendment will have impact on the financial position or performance of the Company.

IAS 32 Classifications on Rights Issues (Amended)
The amendment is effective for annual periods beginning on or after 1 February 2010. This amendment relates to the rights issues offered for a fixed amount of foreign currency which were treated as derivative liabilities by the existing standard. The amendment states that if certain criteria are met, these should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is to be applied retrospectively The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

IAS 24 Related Party Disclosures (Revised)
The revision is effective for annual periods beginning on or after 1 January 2011. This revision relates to the judgment which is required so as to assess whether a government and entities known to the reporting entity to be under the control of that government are considered a single customer. In assessing this, the reporting entity shall consider the extent of economic integration between those entities. Early application is permitted and adoption shall be applied retrospectively. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

IFRS 1 First Time Adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS 7 disclosures for first time adopters (Amended)
The amendment is effective for annual periods beginning on or after 1 July 2010. The amendment issued on 28 January 2010 and exempts first time adopters of IFRSs from providing the additional disclosures introduced in 5 March 2009. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2010. Early application is permitted in all cases.

- **IFRS1 First-time Adoption of International Financial Reporting Standards,** effective for annual periods beginning on or after 1 January 2011.

- **IFRS 3 Business Combinations,** effective for annual periods beginning on or after 1 July 2010

2. Basis of presentation of financial statements (continued)

- **IFRS 7 Financial Instruments: Disclosures,** effective for annual periods beginning on or after 1 January 2011.
- **IAS 1 Presentation of Financial Statements,** effective for annual periods beginning on or after 1 January 2011.
- **IAS 27 Consolidated and Separate Financial Statements,** effective for annual periods beginning on or after 1 July 2010.
- **IAS 34 Interim Financial Reporting,** effective for annual periods beginning on or after 1 January 2011.
- **IFRIC 13 Customer Loyalty Programmes,** effective for annual periods beginning on or after 1 January 2011.

IFRS 7 Financial Instruments - Disclosures as part of its comprehensive review of off balance sheet activities (Amended), is effective for annual periods beginning on or after 1 July 2011. The purpose of this amendment is to allow users of financial statements to improve their understanding of transfer transactions of financial assets (e.g. securitizations), including understanding the possible effects of any risks that may remain with the entity which transferred the assets. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

IAS 12 Income Taxes-Deferred Taxation: Recovery of Main assets (Amendment), the amendments are mandatory for annual periods beginning on or after 1 January 2012, but earlier application is permitted. IAS 12 has been updated to include (i) a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale and (ii) a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. The Company does not expect that this amendment will have an impact on the financial position or performance of the Company.

2.3 Basis of consolidation

The financial statements include the accounts of the Company and its associate, using the equity accounting method basis set out in the “Investment in Associates” section below. The financial statements of the associate included in these financial statements in accordance with equity accounting method have been prepared as of the same date.

Investments in Associates

The investments in associates are accounted for using the equity method. These investments are the entities that the Company has a voting right of between 20% and 50% or exercises significant influence on their operations although no controlling power exists. The unrealized profits arising from the operations between the Company and its associate are taken into account in line with the participation ratio of the Company. Similarly, the unrealized losses are taken into account if the transactions do not imply impairment loss on the transferred assets. As long as the Company has not undertaken any commitment or liability in the mentioned manner, the equity method is not applied following the decrease of investments in associates down to zero or at the end of the Company’s significant influence on the operations. The carrying value of the investments in associate at the date when significant influence ceases is regarded as cost thereafter.

(Currency – Turkish Lira (TL) unless otherwise indicated

2. Basis of presentation of financial statements (continued)

The following table shows all the investments in associates and their participation rates of the Company as of December 31, 2010 and 2009:

	Participation rate (%)	
	December 31 , 2010	December 31, 2009
Alkim Sigorta Aracılık Hiz. Ltd. Şti. ("Alkim Sigorta")	**50,00**	50,00

2.4 Summary of significant accounting policies

The significant accounting policies applied in the preparation of the financial statements are summarized below:

2.4.1 Revenue recognition

Revenues are recognized on an accrual basis at the time deliveries are made, services are given and significant risks and rewards are transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped less sales returns, sales discounts and commissions and exclude related taxes (Note 17). Rent income is recognized on an accrual basis, interest income is recognized on an accrual basis with effective yield basis calculation. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Dividend income is recognized when the right to receive is possessed.

2.4.2 Inventories

Inventories are mainly comprised of cellulose, work-in-progress and finished goods either sized or in bobbin forms, chemicals, operational materials and spare parts. Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost of inventories consists of purchase of raw materials, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is determined on the process costing method and the Company values its inventories based on the weighted average method (Note 9).

2.4.3 Property, plant and equipment

Property, plant and equipment acquired before 1 January 2005 are carried at cost in purchasing power of TL as at 31 December 2004; less accumulated depreciation and impairment losses, if any. Property, plant and equipment acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipments are capitalized and depreciated when they are fully commissioned and in a physical state to meet their designated production capacity. Residual values of property, plant and equipment are considered to be immaterial.

(Currency – Turkish Lira (TL) unless otherwise indicated

2. Basis of presentation of financial statements (continued)

Depreciation is provided using the straight-line method based on the estimated useful lives of the assets (Note 11). Land is not depreciated as it is deemed to have an indefinite life. The annual depreciation rates accordingly the estimated useful lives for property, plant and equipment are as follows:

	Rates (%)
Land improvements	2-13
Buildings	2-4
Machinery and equipment	4-25
Motor vehicles	10-25
Furniture and fixtures	5-20

Where the carrying amount of a property, plant and equipment is greater than its estimated recoverable amount, it is written down to its recoverable amount. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the other income and expense accounts, as appropriate (Note 20).

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company derecognizes the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value or recognized as separate asset, are depreciated based on their useful lives.

2.4.4 Intangible assets

Intangible assets comprise of acquired rights, information systems and software. Those acquired before 1 January 2005 are carried at cost in the purchasing power of TL as at 31 December 2004; less accumulated depreciation and impairment losses, if any; those acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses, if any, which are depreciated using the straight-line method over 10 – 20 years following the acquisition date in either case. Residual values of intangible assets are deemed as negligible. In case of impairment, the carrying amount of an intangible asset is written down to its recoverable amount (Note 12).

2.4.5 Impairment of assets

At each reporting date, the Company assesses whether there is an impairment indication for the assets, except for the deferred income tax assets and financial assets stated at fair values. An impairment loss is recognized for the amount by which the carrying amount of the asset or any cash generating unit of that asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. Impairment losses are accounted for in the statement of comprehensive income. Impairment loss on assets can be reversed, to the extent of previously recorded impairment losses, in cases where increases in the recoverable value of the asset can be associated with events that occur subsequent to the period when the impairment loss was recorded.

2. Basis of presentation of financial statements (continued)

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- For economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets.

2.4.6 Borrowings and borrowing costs

If the maturity of these instruments is less than 12 months, these loans are classified in current liabilities and if more than 12 months, classified in non-current liabilities (Note 5). Borrowings are stated at amortized cost using the effective yield method. Any proceeds and the redemption value are recognized in the statement of comprehensive income as borrowing cost over the period of the borrowings. Borrowing costs are recognized in the statement of comprehensive income as incurred (Note 22).

Assets that necessarily take a substantial period of time to get ready for its intended use or sale are defined as qualifying assets. The Company has no qualifying assets during the reporting periods.

2.4.7 Trade Payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 7).

2.4.8 Financial assets

Loans and receivables constitute non-derivative financial instruments, which are not quoted in active markets and have fixed or scheduled payments. Loans and receivables arise, without held-for-sale intention, from the Company's supply of goods, service or direct fund to any debtor. They are classified as current assets when they have a maturity less than 12 months, and non-current assets when they have a maturity more than 12 months as of balance sheet date. Loans and receivables are recognized initially at their fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. These loans and receivables are included in trade receivables and other receivables in the balance sheet. Loans and receivables are recorded at the proceeds received, net of any transaction costs incurred. In subsequent periods, loans and receivables are stated at amortized cost using the effective yield method.

2.4.9 Foreign currency transactions and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of comprehensive income.

2. Basis of presentation of financial statements (continued)

2.4.10 Earnings per share

Earnings per share indicated in the statements of comprehensive income are determined by dividing net profit for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 24).

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

2.4.11 Subsequent events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue (Note 28).

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and not require a correction to be made are disclosed in accompanying notes, when they may affect decision of making of users of financial statements.

2.4.12 Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

In cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to honor the liability. The rate used to discount provisions to their present values is determined taking into account the interest rate in the related markets and the risk associated with the liability. This discount rate does not consider risks associated with future cash flow estimates.

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 Company are treated as contingent assets or liabilities. The Company does not recognize contingent assets and liabilities (Note 13).

2.4.13 Accounting policies, changes in accounting estimates and errors

If appropriate, significant changes in accounting policies and errors are applied on a retrospective basis and reflected upon previous periods' financial statements. Changes in accounting estimates involving single periods are reflected upon the current period when the change occurs; changes involving future periods are reflected both upon the current period when the change occurs and the future period, on a prospective basis.

2. Basis of presentation of financial statements (continued)

2.4.14 Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases (Note 5). Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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 comprehensive income on a straight-line basis over the period of the lease.

2.4.15 Related parties

Parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party:
  (i) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the Company that gives it significant influence over the Company; or
  (ii) has joint control over the Company;
(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venturer;
(d) the party is member of the key management personnel of the Company as its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

For the purpose of these financial statements, Company’s shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties (Note 25).

2.4.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided the chief operating decision makers. The chief operating decision makers, who are responsible for allocation resources and assessing performance of the operating segments, have been identified as the senior management that makes strategic decisions.

2. Basis of presentation of financial statements (continued)

The senior management of the Company makes strategic decisions as a whole over the operations of the Company as the Company operates in a single industry and operations outside Turkey do not present an important portion in overall operations. Based on those reasons, there is a single reportable segment in accordance with the provisions in IFRS 8 and segment reporting is not applicable.

2.4.17 Taxation on income

Taxation on income includes current period tax liability and deferred income taxes. Current period tax liability includes the taxes payable calculated on the taxable portion of period income with tax rates enacted on the balance sheet date and the correction adjustments related to prior period tax liabilities (Note 23). The adjustments related to prior period tax liabilities are recognized in other operating income and expenses.

Deferred tax assets and liabilities are provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes with the enacted tax rates as of the balance sheet date (Note 23).

Deferred tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will reverse. Deferred tax liabilities are recognized for all taxable temporary differences, where deferred income 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. To the extent that deferred tax assets will not be utilized, the related amounts have been deducted accordingly.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, if current tax assets can be offset against current tax liabilities (Note 23).

2.4.18 Provision for employment termination benefits

According to the enacted law, the Company is liable to make a lump sum payment to employees when employment is terminated for reasons other than retirement, resignation and others disclosed in the Labor Law. Provisions for employment termination benefits have been calculated estimating the present value of the future probable obligations arising from the retirement of the employees accordingly actuarial assumptions and reflected in the financial statements (Note 14).

2.4.19 Statement of cash flow

In the statement of cash flows, cash flows are classified into three categories as operating, investing and financing activities. Cash flows from operating activities are those resulting from the Company's main operations. Cash flows from investing activities indicate cash inflows and outflows resulting from fixed asset and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand accounts, bank deposits, mutual funds and loans originated by the Company by providing money directly to a bank under reverse repurchase agreements with a predetermined sale price at fixed future dates of less than or equal to 3 months.

2. Basis of presentation of financial statements (continued)

2.4.20 Trade receivables and impairment of receivables

Trade receivables that are realized by the Company by way of providing goods or services directly to a debtor are carried 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 original invoice amount unless the effect of imputing interest is significant.

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

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income in the statement of comprehensive income (Note 20).

Trade receivables from certain customers that are assigned to a factor by the Company, are followed as long and short term trade receivables in the accompanying balance sheet and commission paid to factoring company as a result of the mentioned transaction. Payable to factoring company is followed as long and short term other financial liabilities in the balance sheet (Note 7 and 9).

2.4.21 Share capital and dividends

Share capital is classified as capital and dividends distributed from common stocks are deducted at the period of the declaration from the retained earnings. Dividend income is recognized when the Company's right to receive the payment is established.

2.5 Significant accounting estimates and judgments

Preparation of financial statements requires disclosure of reported assets and liabilities, contingent assets and liabilities as at balance sheet date and utilization of estimates and assumptions that can effect income and expense balances of the reporting period. Estimations and assumptions can differ from actual results in spite of these estimations and assumptions are based on the Company management's best estimate. Significant accounting estimates are as follows:

a) There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Company recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

b) Retirement pay liability is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). As of December 31, 2010 and 2009, retirement pay liability amounts to TL 1.806.004 and TL 1.379.366, respectively.

c) Allowance for doubtful receivables is an estimated amount that the Company's management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions.

(Currency – Turkish Lira (TL) unless otherwise indicated

3. Segment reporting

None (Please refer to Note 2.4.16).

4. Cash and cash equivalents

	December 31, 2010	December 31, 2009
Cash on hand	**7.591**	14.481
Banks	**27.252.228**	21.980.077
- TL denominated time deposits	**7.908.612**	18.600.000
- TL denominated demand deposits	**211.694**	1.048.128
- Foreign currency denominated time deposits	**18.239.570**	-
- Foreign currency denominated demand deposits	**892.352**	2.331.949
	27.259.819	21.994.558
Less: interest accrual	**(21.986)**	(99.190)
Total cash and cash equivalents base for cash flow statement	**27.237.833**	**21.895.368**

As of December 31, 2010, maturity of TL denominated time deposits is less than one month (2009 – less than one month) and the effective interest rate is 8,6% per annum (“p.a.”) (2009 – 9,7% p.a.).

As of December 31, 2010, maturity of foreign currency denominated time deposits is between 3 days and 32 days and the effective interest rate is 0,3% p.a. (2009 – None).

The details of the foreign currency denominated demand deposits are disclosed in Note 26.c. Based on the independent data with respect to the credit risk assessment of the banks at which the Company has deposits, are sufficient in terms of credit quality of the banks. The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

5. Financial liabilities

	December 31, 2010	December 31, 2009
Short-term bank borrowings	**164.715**	11.076
Short-term portion of long-term bank borrowings	**4.638.073**	6.604.607
Short-term finance lease obligations	**-**	179.686
Short-term financial liabilities	**4.802.788**	6.795.369
Long-term bank borrowings	**1.959.356**	2.595.458
Long-term financial liabilities	**1.959.356**	2.595.458
Total financial liabilities	**6.762.144**	9.390.827

(Currency – Turkish Lira (TL) unless otherwise indicated

5. Financial liabilities (continued)

a) Bank borrowings:

	December 31, 2010		December 31, 2009	
	Effective weighted average interest rate p.a. (%)	**Amount**	Effective weighted average interest rate p.a. (%)	Amount
Short-term bank borrowings:				
TL bank borrowings (*)	**0,00**	**164.715**	0,00	11.076
		164.715		11.076
Short-term portion of long-term bank borrowings :				
USD bank borrowings (**)	**0,84**	**4.638.073**	0,94	6.604.607
		4.638.073		6.604.607
Long-term bank borrowings:				
USD bank borrowings (**)	**0,93**	**1.959.356**	1,15	2.595.458
		1.959.356		2.595.458

(*) TL denominated short-term bank borrowings are comprised of spot borrowings without interest charge at December 31, 2010.

(**) The interest rates of the USD denominated GSM bank borrowings vary between Libor+0,25% p.a. with six month contractual reprising dates (2009 - Libor+0,15%) and the Company did not provide any guarantees for the mentioned bank borrowings.

The redemption schedules of long-term bank borrowings at December 31, 2010 and 2009 are as follows:

	December 31, 2010	December 31, 2009
2011	**-**	2.595.458
2012	**1.959.356**	-
	1.959.356	2.595.458

(Currency – Turkish Lira (TL) unless otherwise indicated

5. Financial liabilities (continued)

The carrying amounts of the financial liabilities with floating and fixed rates which were classified in terms of periods remaining to contractual reprising dates as of December 31, 2010 and 2009 are as follows:

	Up to 3 Months	3 months - 1 year	Total
- December 31, 2010:			
Financial liabilities with floating interest rate	**2.393.912**	**4.203.517**	**6.597.429**
Financial liabilities with fixed interest rate	**164.715**	**-**	**164.715**
Total	**2.558.627**	**4.203.517**	**6.762.144**
- December 31, 2009:			
Financial liabilities with floating interest rate	5.508.504	3.691.561	9.200.065
Financial liabilities with fixed interest rate	11.076	179.686	190.762
Total	5.519.580	3.871.247	9.390.827

b) Lease obligations:

	December 31, 2010		December 31, 2009	
	USD	**TL equivalent**	USD	TL equivalent
Short term	**-**	**-**	119.337	179.686
Long term	**-**	**-**	-	-
	-	**-**	119.337	179.686

As of December 31, 2009, lease obligations are related with the purchase of gas turbine with an effective average interest rate of 8,5% p.a. (2009 - 8,5% p.a.) and mature on 1 September 2010.

6. Other financial liabilities

Other financial liabilities consist of the liabilities of the Company in connection with its receivables factored under revocable factoring agreements as of December 31, 2010 amounting to TL 2.108.000. TL 1.235.000 is classified as short-term other financial liabilities whereas TL 873.000 is classified as long-term other financial liabilities (2009 – None).

(Currency – Turkish Lira (TL) unless otherwise indicated

7. Trade receivables and payables

	December 31, 2010	December 31, 2009
a) Short-term trade receivables		
Cheques and notes receivables, net	**11.173.693**	22.042.503
Customer current accounts, net	**4.708.110**	5.280.679
Factored receivables (Note 6 and 9)	**1.235.000**	-
Doubtful receivables	**257.703**	344.050
	17.374.506	27.667.232
Less: Allowance for doubtful receivables	**(257.703)**	(344.050)
	17.116.803	27.323.182

As of December 31, 2010, the effective weighted average interest rates used in the calculation of discounted carrying value of TL, USD and EUR denominated short-term trade receivables are 7,43% p.a., 0,33% p.a. and 0,09% p.a., respectively (2009: 6,86% p.a., 0,28% p.a. and 0,44% p.a., respectively). Trade receivables mature within 2 months (2009: 2 months).

The aging analysis of trade receivables as of December 31, 2010 and 2009 is as follows:

	December 31, 2010	December 31, 2009
Overdue receivables	**734.118**	328.627
0-30 days	**11.207.503**	6.680.862
31-60 days	**1.602.298**	7.374.136
61-90 days	**2.309.104**	5.111.823
91-120 days	**468.277**	6.260.676
121 days and over	**795.503**	1.567.058
	17.116.803	27.323.182

The aging and credit risk analysis of overdue receivables as of December 31, 2010 and 2009 are disclosed in Note 26.a.

The movement in the provision for doubtful receivables during the year is as follows:

	2010	2009
January 1	**344.050**	78.350
Additions during the year (Note 20)	**-**	272.370
Collected in the current year (Note 20)	**(86.347)**	-
Written-off in the current year	**-**	(6.670)
December 31	**257.703**	344.050

The Company has accounted allowance for doubtful receivables based on its past experiences. Therefore, the management believes that no additional credit risk exists beyond the Company's trade receivables, which have been identified as doubtful receivable and allowance have been accounted for.

(Currency – Turkish Lira (TL) unless otherwise indicated

7. Trade receivables and payables (continued)

	December 31, 2010	December 31, 2009
b) Long-term trade receivables		
Factored receivables (Note 6 and 9)	**873.000**	-
	873.000	-

The aging analysis of trade receivables as of December 31, 2010 and 2009 is as follows:

	December 31, 2010	December 31, 2009
Overdue receivables	**-**	-
1-2 years maturity	**873.000**	-
	873.000	-

	December 31, 2010	December 31, 2009
c) Short-term trade payables		
Supplier current accounts	**9.456.385**	8.226.860
	9.456.385	8.226.860

As of December 31, 2010, the effective weighted average interest rates used in the calculation of discounted carrying value of TL, USD and EUR denominated short-term trade payables are 7,43% p.a., 0,33% p.a. and 0,09% p.a., respectively (2009 - 6,86% p.a., 0,23% p.a. and 0,48%p.a., respectively). Trade payables mature within 2 months (2009 - 2 months).

8. Other receivables

	December 31, 2010	December 31, 2009
Other short-term receivables		
Value Added Tax (“VAT”) receivables	**2.538.645**	847.680
Deposits and guarantees given	**17.785**	10.705
	2.556.430	858.385

(Currency – Turkish Lira (TL) unless otherwise indicated

9. Inventories

	December 31, 2010	December 31, 2009
Raw materials	**5.659.885**	9.765.284
Work-in-progress	**2.025.104**	423.229
Finished goods	**3.375.263**	2.004.698
Other inventories	**957**	98.387
Goods in transit	**7.952.595**	5.674.140
	19.013.804	17.965.738

Inventories are carried at their cost.

10. Investment in associates accounted by equity method

Investment in Associate:

	December 31, 2010		December 31, 2009	
	Carrying value	**Share (%)**	Carrying value	Share (%)
Alkim Sigorta	**76.407**	**50,00**	55.063	50,00
	76.407		55.063	

Movement of investment in associate during the years is as follows:

	2010	2009
January 1	**55.063**	40.855
Capital increase in investment in associate	**-**	-
Share of results of investment in associate	**21.344**	14.208
December 31	**76.407**	55.063

Financial information of Alkim Sigorta that is incorporated into financial statements using equity accounting method is summarized as follows:

	December 31, 2010	December 31, 2009
Total assets	**890.663**	754.529
Total liabilities	**737.849**	644.403
Net sales	**192.371**	181.965
Net profit for the year	**42.687**	28.415

(Currency – Turkish Lira (TL) unless otherwise indicated

11. Property, plant and equipment

The movements of property, plant and equipment for the period between January 1 and December 31, 2010 were as follows:

	January 1, 2010 Opening	Additions	Disposals	Transfers	December 31, 2010 Closing
Cost:					
Land	**3.566.240**	**3.750.000**	**-**	**-**	**7.316.240**
Land improvements	**1.666.648**	**7.402**	**-**	**7.796**	**1.681.846**
Buildings	**10.189.514**	**508.250**	**-**	**-**	**10.697.764**
Machinery and equipments	**81.575.354**	**392.174**	**(1.034.704)**	**1.563.034**	**82.495.858**
Motor vehicles	**878.210**	**-**	**(141.007)**	**132.593**	**869.796**
Furniture and fixtures	**2.041.346**	**138.427**	**(6.415)**	**-**	**2.173.358**
Construction in progress	**1.319**	**1.753.163**	**-**	**(1.703.423)**	**51.059**
	99.918.631	**6.549.416**	**(1.182.126)**	**-**	**105.285.921**
Accumulated depreciation:					
Land improvements	**(366.638)**	**(83.594)**	**-**	**-**	**(450.232)**
Buildings	**(4.112.746)**	**(395.114)**	**-**	**-**	**(4.507.860)**
Machinery and equipments	**(37.716.119)**	**(4.454.102)**	**724.656**	**-**	**(41.445.565)**
Motor vehicles	**(434.929)**	**(139.134)**	**65.674**	**-**	**(508.389)**
Furniture and fixtures	**(1.688.521)**	**(110.610)**	**5.904**	**-**	**(1.793.227)**
	(44.318.953)	**(5.182.554)**	**796.234**	**-**	**(48.705.273)**
Net book value	**55.599.678**				**56.580.648**

The movements of property, plant and equipment for the period between January 1 and December 31, 2009 were as follows:

	January 1, 2009 Opening	Additions	Disposals	Transfers	December31, 2009 Closing
Cost:					
Land	1.496.240	2.070.000	-	-	3.566.240
Land improvements	1.657.198	9.450	-	-	1.666.648
Buildings	10.187.264	2.250	-	-	10.189.514
Machinery and equipments	81.300.845	72.162	(52.141)	254.488	81.575.354
Motor vehicles	713.656	164.554	-	-	878.210
Furniture and fixtures	1.956.480	84.866	-	-	2.041.346
Construction in progress	3.127	252.680	-	(254.488)	1.319
	97.314.810	2.655.962	(52.141)	-	99.918.631
Accumulated depreciation:					
Land improvements	(283.580)	(83.058)	-	-	(366.638)
Buildings	(3.715.788)	(396.958)	-	-	(4.112.746)
Machinery and equipments	(33.565.427)	(4.177.911)	27.219	-	(37.716.119)
Motor vehicles	(327.789)	(107.140)	-	-	(434.929)
Furniture and fixtures	(1.529.870)	(158.651)	-	-	(1.688.521)
	(39.422.454)	(4.923.718)	27.219		(44.318.953)
Net book value	57.892.356				55.599.678

TL 5.097.839 (2009 - TL 4.871.937) of the current year depreciation charge has been allocated to cost of production, TL 98.376 (2009 - TL 69.691) to general and administrative expenses (Note 29), and TL 25.235 (2009 - TL 26.411) to marketing, selling and distribution expenses (Note 29).

As of December 31, 2010 and 2009, there are no pledges or liens on property, plant and equipment.

(Currency – Turkish Lira (TL) unless otherwise indicated

11. Property, plant and equipment (continued)

As of December 31, 2010 and 2009, cost of fully depreciated items which are still in use is as follows:

	December 31, 2010	December 31, 2009
Buildings	**74.711**	68.347
Machinery and equipment	**680.111**	636.906
Motor vehicles	**59.664**	59.664
Furniture and fixtures	**1.341.880**	1.180.762
	2.156.366	1.945.679

12. Intangible assets

The movements of intangible assets for the period between January 1 and December 31, 2010 were as follows:

	January 1, 2010		**December 31, 2010**
	Opening	**Additions**	**Closing**
Rights – software	**665.628**	**6.755**	**672.383**
Less: accumulated amortization	**(583.046)**	**(38.866)**	**(621.912)**
Net book value	**82.582**		**50.471**

The movements of intangible assets for the period between 1 January and December 31, 2009 were as follows:

	January 1, 2009		December 31, 2009
	Opening	Additions	Closing
Rights - software	665.628	-	665.628
Less: accumulated amortization	(538.725)	(44.321)	(583.046)
Net book value	126.903		82.582

As of December 31, 2010 and 2009, cost of fully amortized items which are still in use is as follows:

	December 31, 2010	December 31, 2009
Rights - software	**325.857**	307.756
	325.857	307.756

(Currency – Turkish Lira (TL) unless otherwise indicated

13. Provisions, contingent assets and liabilities

	December 31, 2010	December 31, 2009
a) Guarantees received:		
Bails	**12.000.000**	12.000.000
Mortgage	**9.750.000**	9.750.000
Bank guarantee letters	**3.929.911**	5.357.148
Trade receivables protection (*)	**1.872.877**	4.884.438
Guarantee notes	**37.000**	597.000
Guarantee cheques	**321.200**	240.912
	27.910.988	32.829.498

(*) It is a service received from an international professional organization in order to cover credit risks like customer insolvency, bad debts, overdue accounts, commercial risks and political risks.

	December 31, 2010	December 31, 2009
b) Guarantees given:		
Bank guarantee letters	**7.395.450**	11.750.409
	7.395.450	11.750.409

Collaterals, Pledges and Mortgages ("CPM") positions of the Company as of December 31, 2010 and 2009 are summarized as follows;

CPM given by the Company

A. Total amount of CPM given for the Company's own legal personality	7.395.450	11.750.409
B. Total amount of CPM given on behalf of fully consolidated companies	-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM	-	-
i) Total amount of CPM given on behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C.	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-
	7.395.450	**11.750.409**
Ratio of other CPMs given by the Company to the equity of the Company	%0	%0

(Currency – Turkish Lira (TL) unless otherwise indicated

14. Employee termination benefits

	December 31, 2010	December 31, 2009
Provision for employment termination benefits	**1.806.004**	1.379.366
	1.806.004	1.379.366

Provision for employment termination benefits has been calculated in accordance with explanations below :

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 2.517 for each year of service as of December 31, 2010 (December 31, 2009: TL 2.365). The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The Communiqué requires actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

Discount rate (%)	**4,66**	5,92
Turnover rate to estimate the probability of retirement (%)	**98,54**	98,43

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.

Effective from January 1, 2011, the retirement pay liability ceiling is increased from TL 2.517 to TL 2.623.

Movements of the provision for employment termination benefits during the year are as follows:

	2010	2009
January 1	**1.379.366**	1.065.130
Interest cost	**64.278**	63.056
Actuarial losses	**61.824**	106.459
Increase during the year	**334.211**	218.985
Paid during the year	**(33.675)**	(74.264)
December 31	**1.806.004**	1.379.366

Total provision expense for employee termination benefits of TL 460.313 (2009 - TL 388.500) for the year has been allocated; to cost of production amounting to TL 391.347 (2009 - TL 328.571), to marketing, selling and distribution expenses amounting to TL 34.471 (2009 - TL 29.612) (Note 29) and to general and administrative expenses amounting to TL 34.495 (2009 - TL 30.317) (Note 29).

(Currency – Turkish Lira (TL) unless otherwise indicated

15. Other assets and liabilities

	December 31, 2010	December 31, 2009
a) Other current assets:		
VAT to be transferred	**2.468.098**	1.603.127
Prepaid expenses	**614.567**	453.448
Prepaid taxes and funds	**482.000**	-
Job advances given	**54.562**	371.743
Due from personnel	**65.292**	94.492
Other	**47**	-
	3.864.566	2.522.810

Prepaid expenses are mainly comprised of insurance premiums paid by the Company.

b) Other current liabilities:

Taxes, funds and social security premiums payable	**570.485**	605.711
Due to personnel	**500.008**	475.524
Advances received	**7.035.442**	126.824
Other	**215.236**	46.254
	8.321.172	1.254.313

As of December 31, 2010, advances received is amounted to TL 7.035.3442 and TL 6.950.728 of total amount comprised of cash received from the customers (As of December 31, 2009, advances received is amounted to TL 126.824 and TL 47.240 of total amount comprised of cheques received from the customers).

c) Other non-current assets:

Advances given for fixed assets	**1.690.555**	-
Prepaid expenses	**25.919**	-
	1.716.474	-

16. Equity

The Company's shareholders and their shareholding percentages as of December 31, 2010 and 2009 are as follows:

	December 31, 2010		December 31, 2009	
Shareholder	**Participation (%)**	**Amount (TL)**	Participation (%)	Amount (TL)
Alkim Kimya	**79,93**	**41.962.500**	79,93	41.962.500
Public quotation	**20,00**	**10.500.000**	20,00	10.500.000
Other	**0,07**	**37.500**	0,07	37.500
Total paid-in share capital	**100,00**	**52.500.000**	100,00	52.500.000
Adjustment to share capital (*)		**32.414.361**		32.414.361
		84.914.361		84.914.361

(*) "Adjustment to share capital" represents the difference between the amounts of cash and cash equivalents contributions, restated for inflation, to share capital and the amounts before the restatement.

16. Equity (continued)

The Company's capital consists of bearer shares of A, B, C, D, E and F groups; and F group shares are traded on ISE. Shareholders of A, B, C, D and E groups have privileges concerning voting rights in the General Assembly and recommending candidates to management board.

As of December 31, 2010, the capital of the Company consist of 5,25 million shares with TL 0,01 par value each (2009 – 5.25 million and TL 0,01 par value each.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The aforementioned amounts shall be classified in "Restricted Reserves" in accordance with CMB Financial Reporting Standards. At December 31, 2010, the restricted reserves of the Company amount to TL 2.394.393 (2009 - TL 1.424.163).

Listed companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the Capital Market Board Communiqué IV, Nr: 27, article 5th, in the listed companies, the first dividend shall not be below %20 of the distributable profit deducted the accumulated losses. Based on their decisions taken in the ordinary general boards, listed joint-stock companies have their right to distribute dividends in cash, in share certificates, in partial distribution within cash or share certificates while retaining a portion in the partnership.

Based on the CMB Decree 7/242, dated 25 February 2005, if the amount of profit distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the whole amount of distributable profit should be distributed. If it exceeds the statutory net distributable profit, the whole amount of the statutory net distributable profit should be distributed. It is stated that dividend distributions should not be made if there is a loss in either the financial statements prepared in accordance with CMB regulations or in the statutory financial statements.

Complying with the decision related to the profit distribution principles for the operating profits made in 2008 by the publicly traded companies; which is announced in the CMB communiqué numbered 1/6 and dated January 9, 2009; the companies which are obliged to prepare consolidated financial statements are allowed to calculate the profits to be distributed by considering the net profit amount included in the financial statements which are prepared according to the CMB communiqué Serial:XI, No:29 – Communiqué on Principles of Financial Reporting in Capital Markets; regardless of the decision taken by the general assembly to distribute the profit, as long as the profit portions transferred from the subsidiaries, joint managing companies and affiliates shown under the profit presented in the consolidated financial statements, to the parent's consolidated financial statements are afforded by the companies' sources according to legal bookings.

(Currency – Turkish Lira (TL) unless otherwise indicated

16. Equity (continued)

Based on the decision of CMB dated January 27, 2010, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies.

Inflation adjustments to shareholders' equity and book value of extraordinary reserves can be used as an internal source in share capital increase, dividend distribution in cash or net-off against prior years' loss. In case the inflation adjustment to shareholders' equity is used for dividend distribution in cash, the distribution is subject to corporate tax.

Balances of shareholders equity items (as per Statutory Financial Statements of the Company) are as follows:

	December 31, 2010	December 31, 2009
Legal reserves (1st and 2nd legal reserves)	**2.394.393**	1.424.163
Extraordinary reserves	**3.838.606**	3.692.273
Net profit for the year	**3.506.506**	8.962.569
	9.739.505	14.079.005

Dividend paid

As decided on the Ordinary General Meeting held on 29 March 2010, the Company distributed gross dividend from profit of 2009 amounting to TL 7.846.006. In accordance with the decision, related amount transferred to the accounts of shareholders.

17. Sales and cost of sales

	1 January - December 31, 2010	1 January - December 31, 2009
Domestic sales	**100.485.419**	84.860.890
Export sales	**3.533.798**	8.747.857
	104.019.217	93.608.747
Less: Discounts	**(233.525)**	(311.509)
Returns	**(39.505)**	(115.964)
Net sales	**103.746.187**	93.181.274
Cost of sales	**(95.440.491)**	(78.812.813)
Gross profit	**8.305.696**	14.368.461

(Currency – Turkish Lira (TL) unless otherwise indicated

18. Research and development expenses, marketing, selling and distribution expenses, general administrative expenses

	January 1 - December 31, 2010	January 1 - December 31, 2009
Research and development expenses:		
Staff cost	**82.202**	79.267
Other	**2.217**	2.752
	84.419	82.019
Marketing, selling and distribution expenses:		
Transportation	**915.639**	1.070.665
Staff cost	**912.200**	861.483
Taxes and funds	**120.524**	93.887
Rent	**97.812**	84.940
Advertising	**64.937**	112.204
Insurance	**53.023**	55.261
Travel	**36.709**	85.444
Employment termination benefits	**34.471**	29.612
Commission	**27.410**	79.775
Communication	**26.526**	33.262
Depreciation and amortization	**25.235**	26.411
Other	**308.570**	237.445
	2.623.086	2.770.389
General administrative expenses:		
Staff cost	**1.834.941**	1.745.893
Consultancy	**356.816**	513.272
Taxes and funds	**138.903**	110.184
Depreciation and amortization	**98.376**	69.691
Employment termination benefits	**34.495**	30.317
Communication	**14.252**	18.130
Other	**476.326**	446.186
	2.954.109	2.933.673
	5.661.614	5.786.081

19. Expenses by nature

	January 1 - December 31, 2010	January 1 - December 31, 2009
Raw materials	**70.245.073**	56.529.763
Energy	**8.597.098**	10.096.268
Staff cost	**9.012.702**	8.451.719
Depreciation and amortization	**5.221.420**	4.968.039
Transportation	**948.040**	1.105.568
Consultancy	**408.444**	513.272
Employment termination benefits	**460.313**	388.500
Other	**6.209.015**	2.545.765
	101.102.105	84.598.894

(Currency – Turkish Lira (TL) unless otherwise indicated

20. Other operating income/ (expense)

	January 1 - December 31, 2010	January 1 - December 31, 2009
a) Other operating income:		
Scrap sales income	**89.673**	77.164
Compensation income from insurance companies	**88.297**	126.188
Gain from sales of property, plant and equipment	**-**	32.309
Provisions no longer required	**86.347**	6.670
Other	**150.171**	64.133
	414.488	306.464
b) Other operating expense:		
Allowance for doubtful receivables	**-**	(272.370)
Loss from sales of property, plant and equipment	**(229.884)**	-
Other	**(1.744)**	(19.787)
	(231.628)	(292.157)

21. Finance income

	January 1- December 31, 2010	January 1- December 31, 2009
Foreign exchange gain	**1.136.115**	817.248
Interest income	**1.087.681**	1.275.838
Income from overdue charges	**151.089**	437.875
Interest income from sale on credit term	**153.674**	499.792
	2.528.559	3.030.753

22. Finance expense

	January 1- December 31, 2010	January 1- December 31, 2009
Foreign exchange loss	**1.153.982**	30.586
Interest expense	**519.111**	401.341
Interest expense on credit purchases	**49**	232.990
	1.673.142	664.917

(Currency – Turkish Lira (TL) unless otherwise indicated

23. Tax assets and liabilities

As of December 31, 2010 and 2009, corporation taxes currently payable are as follows:

	December 31, 2010	December 31, 2009
Corporation taxes currently payable	**1.013.736**	2.338.224
Less: Prepaid income taxes	**(1.495.736)**	(1.786.637)
Current income tax (assets)/liabilities	**(482.000)**	551.587

Breakdown of taxation on income for the years ended December 31, 2010 and 2008 are as follows:

	January 1 - December 31, 2010	January 1 - December 31, 2009
Current corporation tax expense	**1.013.736**	2.338.224
Deferred tax income	**(332.150)**	(177.729)
Total tax expense	**681.586**	2.160.495

Corporation tax is payable at a rate of 20% for 2010 (2009 - 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income (e.g income from associates exemptions, investment incentive allowance exemptions) and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (2009 - 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% (2009 – 20%) on their corporate income. Advance tax is declared by 14th and payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to be set off against other liabilities to the government.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to 5 years. However, tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

(Currency – Turkish Lira (TL) unless otherwise indicated

23. Tax assets and liabilities (continued)

The reconciliations of the taxation on income for the years ended December 31, 2010 and 2009 are as follows:

	January 1 - December 31, 2010	January 1 - December 31, 2009
Profit before tax	**3.703.703**	10.976.731
Taxes calculated on profit before tax	**(740.741)**	(2.195.346)
Expenses not deductible for tax purposes	**(21.140)**	(175.072)
Income not subject to tax	**43.479**	97.006
Other	**36.816**	112.917
Taxes on income	**(681.586)**	(2.160.495)

Deferred income taxes

The Company calculates deferred income 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. Deferred income taxes are calculated on temporary differences that are expected to be realized or settled based on the taxable income in the following periods under the liability method using the enacted tax rate of 20% (2009 - 20%).

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of December 31, 2010 and 2009 were as follows:

	Taxable temporary differences		**Deferred income tax assets/ (liabilities)**	
	December 31, 2010	December 31, 2009	**December 31, 2010**	December 31, 2009
Difference on property, plant and equipment and intangible assets	**(12.641.285)**	(13.466.710)	**(2.528.257)**	(2.693.342)
Provision for employment termination benefits (Note 14	**1.806.004**	1.379.366	**361.201**	275.873
Allowance for doubtful receivables	**236.255**	322.600	**47.251**	64.520
Other	**696.926**	201.895	**139.385**	40.379
Deferred tax liabilities – net	**(9.902.100)**	(11.562.849)	**(1.980.420)**	(2.312.570)

Movement for deferred tax liability can be analyzed as follows:

	2010	2009
January 1	**(2.312.570)**	(2.490.299)
Credited to statements of comprehensive income	**332.150**	177.729
December 31	**(1.980.420)**	(2.312.570)

(Currency – Turkish Lira (TL) unless otherwise indicated

24. Earnings per share

In order to ensure the distribution of profit; it is required to allocate reserve over the statutory records, in accordance with the arrangements of Turkish Commercial Code. Net distributable profit calculated through financial statements adjusted in accordance with Communiqué should be distributed if it would be covered by statutory distributable profit; otherwise total amount calculated through statutory financial statements will be subject to distribution of profit.

		January 1 - December 31, 2010	January 1 - December 31, 2009
Net profit for the period	A	**3.022.117**	8.816.236
Weighted average number of the shares	B	**5.250.000.000**	5.250.000.000
Earnings per share (TL)	**A/B**	**0,0006**	0,0017

There are no differences between basic and diluted earnings per share.

25. Transactions and balances with related parties

Summary of the intercompany balances as of December 31, 2010 and 2009 and significant intercompany transactions were as follows:

	December 31, 2010	December 31, 2009
a) Due to related parties:		
Alkim Sigorta	**440.866**	403.839
Alkim Kimya	**702**	6.016
	441.568	409.855

As of December 31, 2010, the effective weighted average interest rates used in the calculation of discounted carrying value of TL and USD denominated due to related parties are 7,43% p.a. and 0,09% p.a., respectively (2009: 7,01% p.a., 0,28% p.a. and 0,25% p.a., respectively). Due to related parties mature within 3 months (2009: 3 months).

	January 1 - December 31, 2010	January 1 - December 31, 2009
b) Product sales:		
Alkim Kimya	**7.129**	3.692
Sodaş	**883**	-
	8.012	3.692

(Currency – Turkish Lira (TL) unless otherwise indicated

25. Transactions and balances with related parties (continued)

c) Service taken:

Alkim Sigorta	**538.975**	488.930
Alkim Kimya	**88.388**	81.220
	627.363	570.150

d) Purchases of property, plant and equipment:

Alkim Kimya	**2.150.000**	-
	2.150.000	-

Pursuant to the expertise valuation report dated on June 2, 2010 prepared by Vakıf Gayrimenkul Değerleme A.Ş. (appraisal company), the Company purchased land amounting to TL 1.650.000 from Alkali Kimya A.Ş., which is located in İzmir province, Kemalpaşa district.

In 2010, the Company also purchased two immovables amounting to TL 500.000 from Alkali Kimya A.Ş., which are located in İzmir province, Çeşme district.

e) Dividends paid:

Alkim Kimya	**6.137.431**	2.995.950
Other	**1.708.575**	831.284
	7.846.006	3.827.234

f) Key management compensations:

Key management is comprised of the general manager, vice general manager and members of Board of Directors. The benefits provided to key management are as follows:

Short term benefits provided to key management	**1.159.935**	1.100.900
Bonus and profit-sharing	**167.362**	78.950
Other long term benefits	**10.290**	7.123
	1.337.587	1.186.973

26. Financial instruments and financial risk management

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

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational (mainly due to the changes in cellulose prices) risks.

26. Financial instruments and financial risk management (continued)

The financial risk management objectives of the Company are defined as follows:

- safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk;
- effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures;
- effective monitoring and minimizing risks sourced from counterparts.

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are managed by collecting the Company's deposits at financially strong banks, by restricting risk from counterside (excluding related parties) through collecting collateral. The Company manages the credit risk from the direct customers by regularly updating their credit limits. The use of credit limits is regularly monitored and financial position of the customers, past experiences, reputation in the market and other factors are considered by the Management in order to evaluate the quality of the credits. The credit risk exposure in terms of financial instruments as of December 31, 2010 and 2009 were as follows:

(Currency – Turkish Lira (TL) unless otherwise indicated

26. Financial instruments and financial risk management (continued)

December 31, 2010:

	Receivables					
	Trade Receivables (1)		**Other Receivables**			
	Related parties	**Third parties**	**Related parties**	**Third parties**	**Bank deposits**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	-	**17.116.803**	-	**2.556.430**	**27.252.228**	**46.925.461**
- The part of maximum credit risk covered with guarantees	-	**9.156.685**	-	-	-	**9.156.685**
A. Net book value of financial assets not due or not impaired (3)	-	**16.382.685**	-	**2.556.430**	**27.252.228**	**45.182.955**
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3,4)	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (5)	-	**734.118**	-	-	-	**734.118**
- The amount covered by guarantees.	-	**(734.118)**	-	-	-	**(734.118)**
D. Net book value of financial assets impaired						
- Past due (gross book value)	-	**257.703**	-	-	-	**257.703**
- Impairment (-)	-	**(257.703)**	-	-	-	**(257.703)**
- The amount covered with guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The amount covered with guarantees	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Trade receivables of the Company are mainly composed of offset, glossy and photocopy paper sales.
(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.
(3) Considering the past experiences, the Company management believes that no additional credit risk for the collection of these receivables.

(Currency – Turkish Lira (TL) unless otherwise indicated

26. Financial instruments and financial risk management (continued)

December 31, 2009:

	Receivables					
	Trade Receivables (1)		Other Receivables			
	Related parties	Third parties	Related parties	Third parties	Bank deposits	Total
Maximum amount of credit risk exposed as of reporting date						
(A+B+C+D+E) (2)	-	27.323.182	-	858.385	21.980.077	50.161.644
- The part of maximum credit risk covered with guarantees	-	12.749.043	-	-	-	12.749.043
A. Net book value of financial assets not due or not impaired (3)	-	23.640.680	-	858.385	21.980.077	46.479.142
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3,4)	-	3.353.875	-	-	-	3.353.875
C. Net book value of assets past due but not impaired (5)	-	328.627	-	-	-	328.627
- The amount covered by guarantees.	-	(328.627)	-	-	-	(328.627)
D. Net book value of financial assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	344.050	-	-	-	344.050
- Impairment (-)	-	(344.050)	-	-	-	(344.050)
- The amount covered with guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The amount covered with guarantees	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Trade receivables of the Company are mainly composed of offset, glossy and photocopy paper sales.
(2) Factors increasing credit reliability such as guarantees received are not taken into consideration while determination of aforementioned amounts.
(3) Considering the past experiences, the Company management believes that no additional credit risk for the collection of these receivables.
(4) The Company rescheduled its trade receivables due in June 2009 amounting to TL 3.353.875 as to be collected in first six months of 2010 based on verbal negotiations with the related customers.

(Currency – Turkish Lira (TL) unless otherwise indicated

26. Financial instruments and financial risk management (continued)

December 31, 2010

		Trade receivables	
	Related parties	**Third Parties**	**Total**
1-30 days overdue	**-**	**734.118**	**734.118**
The amount covered with guarantees	**-**	**(734.118)**	**(734.118)**
	-	**-**	**-**

December 31, 2009

		Trade receivables	
	Related parties	Third Parties	Total
1-30 days overdue	-	328.627	328.627
The amount covered with guarantees	-	(328.627)	(328.627)
	-	-	-

b) Liquidity risk:

Prudent liquidity risk management comprises maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company. The Company's financial liabilities and liquidity analysis into relevant maturity groupings based on the remaining period as of December 31, 2010 and 2009 are as follows:

December 31, 2010:

Contractual maturity dates	**Carrying value**	**Total cash outflows per agreeemnt (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**
Non-derivative financial liabilities					
Bank borrowings	**6.762.144**	**6.771.923**	**2.074.259**	**2.738.308**	**1.959.356**
Trade payables to related parties	**441.568**	**442.667**	**442.667**	**-**	**-**
Other trade payables	**9.456.385**	**9.470.315**	**9.470.315**	**-**	**-**
Other current liabilities	**8.321.172**	**8.321.172**	**8.321.172**	**-**	**-**
	24.981.269	**25.006.077**	**20.308.413**	**2.738.308**	**1.959.356**

(Currency – Turkish Lira (TL) unless otherwise indicated

26. Financial instruments and financial risk management (continued)

December 31, 2009:

Contractual maturity dates	Carrying value	Total cash outflows per agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Non-Derivative Financial liabilities					
Bank borrowings	9.211.141	9.249.420	2.182.382	4.432.516	2.634.522
Lease obligations	179.686	183.596	76.439	107.157	-
Trade payables to related parties	409.855	410.512	410.512	-	-
Other trade payables	8.226.860	8.241.610	8.125.162	116.448	-
Other current liabilities	1.254.313	1.254.313	1.254.313	-	-
	19.281.855	19.339.451	12.048.808	4.656.121	2.634.522

c) Market risk:

i) Foreign exchange risk

The Company is exposed to currency risk on assets or liabilities denominated in foreign currencies. Management has set up a balancing policy to manage their foreign exchange risk. Existing risks are followed in meetings held by the Company’s Audit Committee and Board of Directors and foreign currencies are followed closely in terms of the Company’s foreign exchange position.

26. Financial instruments and financial risk management (continued)

Table of foreign currency position

	December 31, 2010				December 31, 2009			
	TL equivalent	**USD**	**EUR**	**Other**	TL equivalent	USD	EUR	Other
1. Trade Receivables	**7.285.802**	**4.595.125**	**88.692**	**-**	12.777.567	7.844.379	447.292	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	**19.510.465**	**11.892.791**	**548.636**	**-**	2.337.277	1.355.595	137.091	-
2b. Non-Monetary Financial Assets	**-**	**-**	**-**	**-**	-	-	-	-
3. Other	**-**	**-**	**-**	**-**	-	-	-	-
4. Current Assets (1+2+3)	**26.796.267**	**16.487.916**	**637.328**	**-**	15.114.844	9.199.974	584.383	-
5. Trade Receivables	**-**	**-**	**-**	**-**	-	-	-	-
6a. Monetary Financial Assets	**-**	**-**	**-**	**-**	-	-	-	-
6b. Non-Monetary Financial Assets	**1.394.413**	**-**	**680.500**	**-**	-	-	-	-
7. Other	**-**	**-**	**-**	**-**	-	-	-	-
8. Non-Current Assets (5+6+7)	**1.394.413**	**-**	**680.500**	**-**	-	-	-	-
9. Total Assets (4+8)	**28.190.680**	**16.487.916**	**1.317.828**	**-**	15.114.844	9.199.974	584.383	-
10. Trade Payables	**7.775.907**	**4.838.409**	**143.924**	**340**	6.328.466	3.956.737	171.439	447
11. Financial Liabilities	**4.638.073**	**3.000.047**	**-**	**-**	6.784.293	4.505.740	-	-
12a. Monetary Other Liabilities	**6.978.565**	**4.513.949**	**-**	**-**	79.584	13.744	27.260	-
12b. Non-Monetary Other Liabilities	**-**	**-**	**-**	**-**	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**19.392.545**	**12.352.405**	**143.924**	**340**	13.192.343	8.476.221	198.699	447
14. Trade Payables	**-**	**-**	**-**	**-**	-	-	-	-
15. Financial Liabilities	**1.959.356**	**1.267.371**	**-**	**-**	2.595.458	1.723.755	-	-
16a. Monetary Other Liabilities	**-**	**-**	**-**	**-**	-	-	-	-
16b. Non-Monetary Other Liabilities	**-**	**-**	**-**	**-**	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**1.959.356**	**1.267.371**	**-**	**-**	2.595.458	1.723.755	-	-
18. Total Liabilities (13+17)	**21.351.901**	**13.619.776**	**143.924**	**340**	15.787.801	10.199.976	198.699	447
19. Net Asset/(Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	-	-	-	-
19a. Amount of Hedged Asset	**-**	**-**	**-**	**-**	-	-	-	-
19b. Amount of Hedged Liability	**-**	**-**	**-**	**-**	-	-	-	-
20. Net Foreign Asset/(Liability) Position (9-18+19)	**6.838.779**	**2.868.140**	**1.173.904**	**(340)**	(672.957)	(1.000.002)	385.684	(447)
21. Net Foreign Currency Asset/(Liability) Position of (Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	**5.444.366**	**2.868.140**	**493.404**	**(340)**	(672.957)	(1.000.002)	385.684	(447)
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**	-	-	-	-
23. Export	**3.308.282**	**2.211.288**	**-**	**-**	8.747.859	5.736.949	-	-
24. Import	**66.832.013**	**44.423.256**	**-**	**-**	41.049.151	26.521.500	-	-

26. Financial instruments and financial risk management (continued)

December 31, 2010				Table of sensitivity analysis of foreign currency risk	
		Profit/Loss			
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Equity
Change of USD by 10% against TL:					
1- Asset/ Liability denominated in USD - net	**443.414**	**(443.414)**	**-**	**-**	
2- The part hedged for USD risk (-)	**-**	**-**	**-**	**-**	
3- USD effect - net (1+2)	**443.414**	**(443.414)**	**-**	**-**	
Change of EUR by 10% against TL:					
4- Asset/ Liability denominated in EUR - net	**101.103**	**(101.103)**	**-**	**-**	
5- The part hedged for EUR risk (-)	**-**	**-**	**-**	**-**	
6- EUR effect - net (4+5)	**101.103**	**(101.103)**	**-**	**-**	
Change of Other Currencies by 10% against TL					
7- Assets/ Liabilities denominated in other foreign currencies - net	**(81)**	**81**	**-**	**-**	
8- The part hedged for other foreign currency risk (-)	**-**	**-**	**-**	**-**	
9- Other Foreign Currency effect - net (7+8)	**(81)**	**81**	**-**	**-**	
Total (3+6+9)	**544.517**	**(544.517)**	**-**	**-**	

The Company does not hedge foreign currency denominated liabilities by using hedge instruments.

26. Financial instruments and financial risk management (continued)

December 31, 2009 — Table of sensitivity analysis of foreign currency risk

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/ Liability denominated in USD - net	(150.570)	150.570	-	-
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	(150.570)	150.570	-	-
Change of EUR by 10% against TL:				
4- Asset/ Liability denominated in EUR - net	83.319	(83.319)	-	-
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	83.319	(83.319)	-	-
Change of Other Currencies by 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies - net	(45)	45	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	(45)	45		
Total (3+6+9)	(67.296)	67.296	-	-

(Currency – Turkish Lira (TL) unless otherwise indicated

26. Financial instruments and financial risk management (continued)

ii) Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The interest rate risk of the Company is mainly resulted from bank borrowings. The interest rate risk of bank borrowings with floating interest rates is partially offset by financial assets with floating rates. These exposures are managed by balancing interest rate sensitive assets and liabilities.

	Table of Interest Rate Position	
	December 31, 2010	December 31, 2009
Financial instruments with fixed interest rate		
Financial assets	**7.908.612**	18.600.000
Financial liabilities	**164.715**	190.762
Financial instruments with floating interest rate		
Financial assets	**17.116.803**	27.323.182
Financial liabilities	**16.495.382**	17.836.780

According to interest rate sensitivity analysis performed by the Company as of December 31, 2010, if interest rates had been 1% higher while all other variables being constant, income for the period would be TL 166.601 (2009 - TL 180.308) lower as a result of additional interest expense that would be incurred on financial instruments with floating rates.

iii) Price risk

The Company's operational profitability and cash inflows from its operations are exposed to risk arising from fluctuations in paper prices which are affected from the competition in the raw material prices. The Company management manages the risk by regularly reviewing the amount of inventory held on hand and takes action for cost reduction to decrease the pressure of cost on the prices. The Company has not used derivative instruments or entered into a similar agreement. Existing risks are monitored through regular meetings by the Company's Board of Directors.

d) Capital risk management:

The Company's objectives when managing capital are safeguarding the Company's ability to continue as a going concern in order to provide returns for shareholders and providing benefits for other stakeholders and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may change the dividend amount to be distributed, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of debt/equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (including borrowings, trade payables, due to related parties and other payables, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

	December 31, 2010	December 31, 2009
Total debt	**26.216.269**	19.833.442
Less: Cash and cash equivalents (Note 4)	**(27.259.819)**	(21.994.558)
Net dept	**-**	-
Total equity	**98.052.729**	102.876.618
Dept / equity ratio	**%0**	%0

27. Financial instruments (fair value and financial risk management disclosures))

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables are considered to approximate their respective carrying values due to their short-term nature.

Financial liabilities

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values.

The carrying amounts and the fair values of the borrowings are as follows:

	Carrying Amount			**Fair Value**
	December 31, 2010	December 31, 2009	**December 31, 2010**	December 31, 2009
Bank borrowings	**6.762.144**	9.211.141	**6.748.898**	9.183.355

Fair value of the bank borrowings denominated in USD has been calculated regarding the discounted cash flow method using yearly effective weighted average interest rates of 0,71 % p.a. (2009 – 0,64% p.a.)

28. Subsequent events

None.

29. Other matters which are significant to the financial statements or which should be disclosed for the purpose of true and fair interpretation of the financial statements

None (2009 - None).

II-E. RATIOS OF THE OPERATING PERIOD

The basic ratios indicating the performance and the financial structure of the company are presented in the following tables in TL in comparison with the previous period.

				2010				2009			
1	**LİQUIDITY RATIOS**										
aa.	**Current Ratio**										
	Current Assets	/	Current Liabilities	69.631.422	/	24.256.913	**2,87**	70.664.673	/	17.237.984	**4,10**
bb.	**Acid – Test Ratio (Quick Ratio**										
	Current Assets -Inventory	/	Current Liabilities	45.235.007	/	24.256.913	**1,86**	50.176.125	/	17.237.984	**2,91**
cc.	**Cash Ratio (Availability Ratio**										
	Cash & Cash Equivalents	/	Current Liabilities	27.259.819	/	24.256.913	**1,12**	21.994.558	/	17.237.984	**1,28**
2	**FINANCIAL STRUCTURE ANALYSIS RATIOS**										
aa.	**Financial Leverage (Debt Ratio)**										
	Total Liabilities	/	Total Assets	30.785.693	/	128.928.422	**0,24**	23.525.378	/	126.401.996	**0,19**
bb.	**Equity Ratio**										
	Total Owner's Equity	/	Total Assets	98.052.729	/	128.928.422	**0,76**	102.876.618	/	126.401.996	**0,81**
cc.	**Current Liability Ratio**										
	Current Liability	/	Total Assets	24.256.913	/	128.928.422	**0,19**	17.237.984	/	126.401.996	**0,14**
dd.	**Long Term Debt to Total Assets**										
	Long Term Debt	/	Total Assets	6.618.780	/	128.928.422	**0,05**	6.287.394	/	126.401.996	**0,05**
ee.	**Fixed Assets to Equity**										
	Fixed Assets	/	Total Owner's Equity	59.297.000	/	98.052.729	**0,60**	55.737.323	/	102.876.618	**0,54**
ff.	**Fixed Assets to Long Term Sources**										
	Fixed Assets	/	Equity + Long Term Debt	59.297.000	/	91.433.949	**0,65**	55.737.323	/	109.164.012	**0,51**
3	**ACTIVITY RATIOS**										
aa.	**Iventory Turnover Ratio**										
	Cost of Goods Sold	/	Average Inventory	95.440.491	/	18.489.771	**5,16**	78.812.813	/	18.289.348	**4,31**
bb.	**Receivables Turnover Ratio**										
	Net Sales	/	Average Receivables	103.746.187	/	22.219.993	**4,67**	93.181.274	/	32.621.609	**2,86**
cc.	**Cash Turnover Ratio**										
	Net Sales	/	Average Cash & Cash Equivalents	103.746.187	/	24.627.189	**4,21**	93.181.274	/	12.837.749	**7,26**
dd.	**Net Working Capital Turnover**										
	Net Sales	/	Average Net Working Capital	103.746.187	/	49.400.599	**2,10**	93.181.274	/	49.968.958	**1,86**
ee.	**Current Assets Turnover**										
	Net Sales	/	Average Current Assets	103.746.187	/	70.148.048	**1,48**	93.181.274	/	67.026.240	**1,39**
ff.	**Fixed Assets Turnover**										
	Net Sales	/	Average Fixed Assets	103.746.187	/	57.517.162	**1,80**	93.181.274	/	56.898.719	**1,64**
gg.	**Asset Turnover**										
	Net Sales	/	Average Total Assets	103.746.187	/	127.665.209	**0,81**	93.181.274	/	123.924.958	**0,75**
hh.	**Equity Turnover**										
	Net Sales	/	Average Equity	103.746.187	/	100.464.674	**1,03**	93.181.274	/	100.382.117	**0,93**

4 PROFITABILITY RATIOS

aa.	**Profit to Net Sales**											
	Gross Margin	/	Net Sales	8.305.696	/	103.746.187	**0,08**	14.368.461	/	93.181.274	**0,15**
	Operating Profit	/	Net Sales	2.826.942	/	103.746.187	**0,03**	8.596.687	/	93.181.274	**0,09**
	Income Before Tax	/	Net Sales	3.703.703	/	103.746.187	**0,04**	10.976.731	/	93.181.274	**0,12**
	Net Income	/	Net Sales	3.022.117	/	103.746.187	**0,03**	8.816.236	/	93.181.274	**0,09**
bb.	**Return on Investment (ROI)**										
	Net Income	/	Owner's Equity	3.022.117	/	98.052.729	**0,03**	8.816.236	/	102.876.618	**0,09**
cc.	**Economik Rentability Ratio**										
	Net Income + Interest Expense	/	Total Sources	4.222.814	/	128.928.422	**0,03**	11.378.072	/	126.401.996	**0,09**

II ADMINISTRATIVE OPERATIONS

II-F.1. Top managers:

TITLE | **NAME AND SURNAME**

General Manager : Halil Sönmez
Ass. General Manager : M. Tekin Salt

II.F.2. Status of Personnel and Severance Pay

The average number of our personnel per month basis during 2010 is 193.

Average number of our personnel working in the year per category:

	31 December 2010 Person		31 December 2009 Person	
Total employees at the beginning of the period		193		192
White collar (not a trade union member)	52		51	
Blue collar (not a trade union member)	141		141	
Total employees at the end of the period		193		193
White collar (not a trade union member)	52		52	
Blue collar (not a trade union member)	141		141	

II-F.3. Our company does not execute a Collective Labor Agreement.

II-F.4. As of the end of 2010 provision for employment termination benefits of TL 1,806.004 has been allocated.

II-F.5. Rights and benefits to the personnel

The working personnel is entitled to monthly salaries as well as traveling and food grants and children and family grants.

III- - THE BOARD OF DIRECTORS PROPOSAL FOR THE PROFIT DISTRIBUTION

As required for the resolution of Board of Directors dated 28.02.2011 dated and Nr.2011/05 and special situation declaration made on the same day, the proposal for the dividend payment of net 0,06877 TL and gross 0,08091 TL for the share with a par value of 1 TL will be brought in the ordinary general assembly as to be confirmed.

TABLE OF THE PROFIT DISTRIBUTED BY ALKİM KAĞIT SANAYİ VE TİCARET A.Ş. FOR THE YEAR 2010 (in TL)			
1.	**Paid-in / İssued Capital**		**52.500.000,00**
2.	**Total Legal Reserves (as per legal records)**		**1.158.467,14**
Whether any precedence has been granted for distribution of profits as per articles of association:			**None**
		As Per the Capital Market Board	**As Per Legal Records (LR)**
3.	**Profit for the Period**	**3.703.703,00**	**4.520.241,62**
4.	**Taxation on Income (-)**	**681.586,00**	**1.013.735,62**
5.	**Net Profit for the Period (=)**	**3.022.117,00**	**3.506.506,00**
6.	**Accumulated Losses (-)**		
7.	**Legal reserves of first Class (-)**	**175.325,30**	**175.325,30**
8.	**NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)**	**2.846.791,70**	**3.331.180,70**
9.	Donations granted during the year (+)	0,00	
10.	**Net distributable profit for the period with the donations added, on which the first dividends are to be calculated.**	**2.846.791,70**	
11.	First dividends to shareholders - Cash - Free - Total	 569.358,34 0,00 569.358,34	
12.	Dividends distributed to holders of preference shares	0,00	
13.	Dividends to members of the board of directors employees, and etc.	56.935,83	
14.	Dividend to holders of redeemed shares	0,00	
15.	Second dividends to shareholders	2.052.542,37	
16.	Legal reserves of second Class (-)	167.955,15	
17.	Statuory Reserves	0,00	0,00
18.	Special Reserves	0,00	0,00
19.	**EXTRAORDINARY RESERVES**	**0,00**	**484.389,00**
20.	**Other resources to be distributed** - Profits of the previous years - Extraordinary Reserves - As required for the Association or legal legislations Other distributable reserves	**1.625.715,00** 0,00 1.625.715,00 0,00 0,00	**0,00** 0,00 0,00 0,00 0,00

DETAILS OF PERCENTAGES OF PROFIT SHARES DISTRIBUTED (1)			
DETAILS OF DIVIDENS OF PER SHARE			
	TOTAL AMOUNT OF DIVIDENS (TL)	**ORDINARY SHARE WITH A PAR VALUE OF TL 1**	
		AMOUNT (in TL)	**Percentage (in %)**
GROSS	4.247.615,71	0,08091	8,091
NET	3.610.473,35	0,06877	6,877

RATIO OF PROFIT SHARES DISTRIBUTED TO THE DISTRIBUTABLE PROFIT FOR THE PERIOD WITH DONATIONS ADDED	
AMOUNT OF PROFIT SHARES DISTRIBUTED TO SHAREHOLDERS (in TL)	**RATIO OF PROFIT SHARES DISTRIBUTED TO THE DISTRIBUTABLE PROFIT FOR THE PERIOD WITH DONATIONS ADDED (%)**
2.621.900,71	92,100

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi

Introduction

We have audited the accompanying consolidated balance sheet of Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi (the "Company") as of December 31, 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with financial reporting standards published by the Capital Market Board in Turkey. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error and/or fraud; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Market Board in Turkey. Those standards require that ethical requirements are complied and independent audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

An independent audit involves performing independent audit procedures to obtain independent audit evidence about the amounts and disclosures in the financial statements. The independent audit procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error and/or fraud. In making those risk assessments, the Company's internal control system is considered. Our purpose, however, is not to express an opinion on the effectiveness of internal control system, but to design independent audit procedures that are appropriate for the circumstances in order to identify the relation between the financial statements prepared by the Company and its internal control system. Our independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly the financial position Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi as at December 31, 2010 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with financial reporting standards published by the Capital Market Board in Turkey.

Other matters

The consolidated balance sheet and the consolidated statement of comprehensive income of Alkim Kağıt Sanayi ve Ticaret Anonim Şirketi prepared in accordance with financial reporting standards issued by Capital Market Boards as of December 31, 2009 and for the year then ended, were audited by another audit firm whose independent auditor's report thereon dated March 11, 2010 expressed an unqualified opinion.

The financial reporting standards adopted by the Turkish Capital Market Board as described in Note 2 to the accompanying financial statements differ from International Financial Reporting Standards (''IFRS'') issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period between 1 January - 31 December 2005. Accordingly, the accompanying financial statements are not intended to present the financial position, financial performance and cash flows of the Company in accordance with IFRS.

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

Metin Canoğulları, SMMM
Engagement Partner

February 28, 2011
Istanbul, Turkey

ALKİM KAĞIT SANAYİ VE TİCARET A.Ş.
INDEPENDENT AUDITORS REPORT

Audited Company's

Corporate Name	:	Alkim Kağıt Sanayi Ve Ticaret A.Ş.
Headquarter	:	Kırovası Mevkii 35170Kemalpaşa/İZMİR
Capital	:	52.500.000,00 TL.
Nature of Activities	:	First quality print on coated paper.
Name of the Auditor and Term of Office, weather a partner or a staff	:	M.Yüksel KADIOĞLU (for 1 year) is not a partner or a staff..
Number of Board of Directors' meetings contributed	:	Attended to the Board of Directors' meetings four times.
Scope of the audit on Partners Accounts, Books and Documents, Date of the Audit and the Conclusion	:	In accordance with Tax Legislations and Turkish Commercial Code, revision is made at the end of the 3, 6, 9 and 12. months and there are no matters to criticise.
In accordance with Turkish Commercial Code Article No.353 1st Paragraph 3rd clause, number of cash counts made and the results	:	Company's cash counted 4 times and the amounts matches to the company records.
Audit dates and results in accordance with Turkish Commercial Code Article No.353 1st Paragraph 4th clause	:	In audits made by the last day of each month, current letter of guarantees and securities' congruencies to the records tested.
Complainants and corruptions perceived and procedures	:	No complainants perceived.

We have audited the accounts and transactions of ALKİM KAĞIT SANAYI VE TİCARET A.Ş. for the period January 01, 2010-December 31, 2010 in accordance with Turkish Commercial Code, main agreement of the partnership, Generally Accepted Principles of Accounting and other legislations.

Balance Sheet referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2010 and the Income Statement for the period January 01, 2010 –December 31,2010 present the results of its operations.

Earnings before tax for the peroid January 01, 2010 – December 31, 2010 is 4.520.241,62 TL as can be seen in the enclosed Balance Sheet and Income Statements.

We request the confirmation of the Balance Sheet and Income Statements and acquittal of Board of Directors to be voted in the General Board of Directors.

Auditor
M.Yüksel KADIOĞLU

CORPORATE MANAGEMENT ADAPTATION REPORT

1. DECLARATION TO APPLY THE CORPORATE MANAGEMENT PRINCIPLES

Our Company applies the corporate management principles announced by the Capital Market Board, in the period ending on 31 December 2010.

PART I – SHAREHOLDERS

2. Shareholder relations unit

Information about our Company's shareholder's service departmant is as follows;

Mustafa Nafiz Güresti (m.guresti@alkimkagit.com.tr)
Murat Balpınar (m.balpinar@alkimkagit.com.tr)

Address : Kemalpaşa Organize Sanayi Bölgesi Kırovası Mevkii Kemalpaşa / İZMİR
Tel : 0232 877 06 06
Fax : 0232 877 06 05

3. Information Acquiring Rights of the Shareholders

Our company has not received any application within 2010 in written by the shareholders with the purpose to use the right of the vote. As for using this right, it has been limited to use and exchange of the information and news available in our portal. Our articles of association does not include any provision stating that assigning a private auditor is an individual right .

4. Info about General Assembly

Announcements in relation to the Ordinary General Assembly Meeting and Privileged Shareholders Ordinary General Assembly Meeting held on 29.03.2010 and have been published on Posta and Radikal newspapers dated 12.03.2010. Extraordinary General Assembly Meeting and Privileged Shareholders Extraordinary General Assembly Meeting in 2010 was not held. All the relevant documents of the agenda, annual report, financial tables, profit distribution suggestion, agenda of the General Assembly Meeting, are presented to all the shareholders who wish to have. The questions of the shareholders are answered one by one, applying the equality principle. The result of the meeting is presented to Istanbul Stock Exchange and published at the web site. Shareholders have a right to vote on behalf of others. Every decision regarding the amendment of articles of association is reached at the general Assembly meeting. No time limit to register has been brought in the share book for those the shareholders held the shares registered to name so that they would attend the meeting. Articles of association does not include an article in relation to important decisions to be taken at the General Assembly, such as diversification, huge amount asset selling, purchasing, renting.

5. Voting Rights and Minority Rights

In the meetings of General Assembly the shareholders of group A, B, C, D and E have 100 voting rights for each share, the shareholders of group F have 1 voting right for each share. Alkim Alkali Kimya A.Ş. has voted at the meeting. Minority rights have not been represented at the management. Cumulative voting method has not been applied.

6. Profit Distribution Policy and Profit Distribution Term

There is no privilege on the profit distribution. Our profit distribution policy is as stated in our articles of association, general expenses, compulsory accruals are deducted from the revenues of the year-end, and net profit stated at the balance sheet is distributed as follows, after offsetting from the previous year loss if any.

First Allotment Legal Reserve
a) 5% legal reserve is allocated.

First Dividend

b) From the residual, first dividend is allocated at the rate and amount stated by Capital Market Board. From the residual, with the condition of not affecting the first dividend, an amount up to 3% of net profit is distributed to Board Members after the decision of General Assembly. That amount can not be more than 10% of the paid-in capital.

Second Dividend

c) General assembly is authorized to distribute the residual amount from articles a and b, totally or partially as second dividend or allocate as extraordinary reserve.

Second Allotment Legal Reserve

d) One tenth of the amount found after the deduction of 5% profit share of the paid-in capital from the decided profit distribution is allocated as second allotment legal reserve in accordance with the part 3, item 2 of article 466 of Turkish Commercial Code.

e) No decision may be taken to allocate other reserves, carry forward the profit, distribute profit to Board Members, employees, workers, privileged shareholders, institutions and foundations found for different aims, unless legal reserves and first dividend is allocated

Profit distribution has been made within March 2010. Company is keen on distributing the profit until the end of the 5th month that follows the each operating year.

7. Transfer of Shares

Our articles of association includes the following articles in relation of the transfer and sale of shares

a. Transfer and sale of registered to name shares:

Shareholder who want to sell all or any of the registered shares have to offer the shares firstly to other registered share owners. While using the option, shareholder will notify the company about the share he will sell, the amount offered to himself, the identification and address of the buyer nominee by a notary public announcement. The Company will at once deliver this sale demand to the partners by registered letter. If this letter is not received by the partners by any reason, the sale option is announced at a daily newspaper published around where the Company is located.
A partner who does not announce his wish to use purchasing option within 15 days of the delivery of the registered letter and within 7 days of the publishment and who does not block the necessary money to the Company within the same time limits will be presumed that he does not want to buy the shares. In any case, if the purchasing option is not used within 30 days after the notary public announcement, the partner has the right to sell the shares to nominee buyer freely. The sale of the shares either to existing partners or to nominee is realized by registration to share book.

b. Transfer of the registered shares to relatives and legal transfers

Partners may sell or transfer all or any of his shares to his wife, children, sisters and brothers by only registering to the share book.
Legal rules apply in the case of inheritance.
Sale of bearer owned shares are subject to Turkish Commercial Code and Capital Market Law.
Rules of article 416 of Turkish Commercial Code are preserved.

PART II - INFORMING THE PUBLIC AND TRANSPARENCY

8. Company informing Policy

Company informing policy, composed by the Capital Market Boards with communiqué No:VIII, article No:54 has been announced to public from our web site at the investor relations section. Also, shareholders department has been formed to inform the public and answer the questions to the Company. Responsible people of execution of informing policy are Nihat Erkan, Executive General Manager, Member of the Board of Directors and shareholders service department.

9. Donations and contributions

No donation and contribution have been made in 2010 as to be in accordance with the principles set in the article No.7 of the communique IV No.27 regulating the guadlines to be followed by the companies whose shares have been publicly traded on ISE.

10. Special Condition Explanations

Company has made 9 special condition explanations within this period. Capital Market Board and Stock Exchange have not demanded additional explanations. All these explanations have been made on time. Our shares are not marketed in the foreign markets. No sanction has been applied to our Company by CMB because of not making the special condition explanations on time.

11. Company web site and its content

The address of our web site is www.alkimkagit.com.tr. Corporate Management Principles have a special page at the site.

12. Explanation for ultimate owners as real person

Shareowners within the ultimate ownership frame are as follows after the exclusion of Alkim Alkali Kimya A.Ş. (31.12.2010)

Name Surname	Share on Capital (TL)	Share on Capital (%)
Offered to public	23.162.999,92	44,12
Arkın Kora	8.404.267,50	16,01
Cihat Kora	6.247.546,88	11,90
M.Reha Kora	4.513.781,25	8,60
A.Haluk Kora	4.117.950,00	7,84
Ferit Kora	1.946.580,31	3,71
Özay Kora	1.786.781,25	3,40
Tülay Önel	1.784.531,25	3,40
E.Şükran Tutaş	341.739,91	0,65
Gülen Kora	160.361,56	0,31
Mithat Kora	29.798,44	0,06
Z.Ayşegül Kora	2.812,50	0,01
Nihat Erkan	849,23	0,00
TOTAL	**52.500.000,00**	**100,00**

13. Informing the public about the possible insiding traders

Our Company has taken necessary precautions to obey the legal adjusments for insiding traders.A list of persons which "enables information from inside" is maintained and updated in accordance with principles set in the article of the communiqué VIII, No:54 of the Capital Maket Board.

PART III BENEFIT OWNERS

14. Informing the benefit owners

Our company informs the benefit owners in accordance with the article 8 of Company informing policy and uses web site stock exchange and public informing platform for that aim. The benefit owners have not directly or indirectly applied to our Company in order to be informed.

15. Participation of benefit owners to management

Our Company has not applied a rule about the participation of benefit owners to management apart from the ones stated in the shareholders agreement.

16. Human Resources Policy

Our human resources policy sees our employees as the most valuable resource of our Company. Selection, recruitment and education in order to obtain the continous performance at the top level is an important part of this policy. Relations with the personnel are kept with Administration and Personnel Managers apart from their first seniors. In case they need they can also communicate with the General Manager. No complaint has been received from the employees about discrimination. Personnel manager is Burhanettin İpek.

17. Info about the relations with the customers and suppliers

Our Company has adopted a policy of customer satisfaction at marketing and sale of goods and services. The customer relations department with adequate personnel and equipment has reached a performance to give the pre-answers to customer complaints within 24 hours. The complaints are delivered to the factory with the notebooks and digital cameras of all personnel and the matter is analyzed by the experts. The most detailed answer is given to the customer by taking all the records of the product in question. In addition to these sale personnel are educated often.

18. Social Responsibility

Under social responsibility, our Company is making substantial contributions to its community with regard to training and employment, in particular. Our Company does care about environmental factors and did not get any criticism in this respect during controls. Becoming a sponsor for cultural publications, our Company also tries to provide necessary support in this sphere, too, primarily in its community. Our treatment plants got many recognitions and awards with respect to environmental responsiveness.

PART IV – BOARD OF DIRECTORS

19. The structure and organization of Board of Directors and independent members

The executive member of our Board of Director is Nihat Erkan. Members of board of directors are as follows:

Chairman of the Board of Directors	M.REHA KORA
Vice Chairman of the Board of Directors	H.ARKIN KORA
Vice Chairman of the Board of Directors	FERİT KORA
Vice Chairman of the Board of Directors	A.HALUK KORA
Member of the Board of Directors	TÜLAY ÖNEL
Member of the Board of Directors	ÖZAY KORA
Member of the Board of Directors	E.HALE KOSİF
Member of the Board of Directors	NİHAT ERKAN
Member of the Board of Directors	M.FARUK YÜKSEL

No restriction is applied to the members to obtain duties outside the Company.

20. The characteristics of the members of Board of Directors

The minimum characteristics required at the election of members are in accordance with the CMB Corporate Management Principles. This is not stated at the terms of association.

21. Vision, mission and strategic goals of the Company

Our Board of Directors has stated mission and vision of our Company and announced to public by different means. Mission and vision of our Company

1- To reach the world's best quality in its sector,
2- To reach the best quality with the most economic conditions,
3- To keep and increase the export potential achieved in Europe and other foreign countries,
4- To keep the productivity at the top level,,
5- To execute the team and group working at the top level,,
6- To keep the motivation of our employees at the top level and to improve their life standards.

Strategic goals are stated by the managers, approved and quarterly audited by the Board of Directors.

22. Risk management and internal control mechanism

Necessary principles have been stated by the board of directors and relevant professionals have been determined. Follow-up of this issue will be made by two members of the Board of Directors and general manager.

23. The authority and responsibilities of the members of Board of Directors

The authority and responsibilities of the members of Board of Directors and managers are stated by the Board of Directors decision in accordance with the article 8 of articles of association. According to this;

Chairman of the Board of Directors	M.REHA KORA	(setting of general strategies)
Vice Chairman of the Board of Dir.	ARKIN KORA	(Member of Audit committee)
Vice Chairman of the Board of Dir.	FERİT KORA	(Commercial and financial issues)
Vice Chairman of the Board of Dir.	A.HALUK KORA	(Abroad relations, New projects)
Member of the Board of Directors	NİHAT ERKAN	(Financial and Administrative Issues)
Member of the Board of Directors	ÖZAY KORA	(Member of Audit committee)
Member of the Board of Directors	E.HALE KOSİF	(Corporate communication)
Member of the Board of Directors	TÜLAY ÖNEL	(Public Relations)
Member of the Board of Directors	M.FARUK YÜKSEL	(Acounting and legislation of tax, CMB, CRA and ISE)

24. Operating basis of Board of Directors

16 meetings were held in 2010. Actual presence majorities have been achieved. Decisions are given by plurality. No right for veto has been privileged.

25. Operating and rivalry prohibition with the company

Board of Directors have been authorized by the General Assembly to operate pursuant to articles 334 and 335 of Turkish Commercial Code.

26. Ethic Rules

Our Company adopts the principles rooted to a 50 years business life of our group. Except the understanding of everything may be done in order to achieve success, accepts the way to success as a route where all human values and generally accepted ethic rules are taken into account and acts accordingly.

27. Number, structure and independence of the committees formed at the Board of Directors

Committee responsible from the audit of our Company has been formed within the legal time limits and acts in accordance with the CMB legislation. Members of this committee are Özay Kora and Arkın Kora.

28. Financial Rights granted to Board of Directors

Members of our Board of Directors are paid a monthly fixed amount, while they have been paid TL 800 per month within 2010. They have not been granted debt, loan and warranties.