Dear Shareholders,

Welcome.

Now we're giving a start to our meeting during which we would discuss operations of our Company, Alkim Kağıt, in 2008.

Economic crisis going on with a growing momentum both in the world and our country diverts attention of all of us towards this direction, first of all. Unlike previous small economic troubles, this time, the United States of America and European Union Countries, regarded to be the strongest economies of the world, as well as China, the shining star of recent years, began to suffer from this extraordinary financial trouble all of a sudden. Giant financial institutions with a size larger than Turkey's national budget have collapsed and found themselves in a position to take asylum in their governments for nationalisation in order to survive and, which were followed by industrial enterprises and companies. We began to witness with sorrow that gigantic corporations once regarded to be unbeatable castles found themselves in a position to beg for government support and bailout package amounting to exorbitant costs, while, despite this, some of them going down to such an extent that they couldn't be rescued.

After a short while, this crisis began to be felt heavily in our country, as well, as from November, 2008, evidenced by factories shot down, growing number of the unemployed people, bankruptcies and huge balance sheet losses posted by unexpected companies. Even closing the year 2008 with a small loss figure began to be covered in the media as a measurement of success. All of us witnessed all this and we are still going through it.

Under all these circumstances, Alkim Kağıt managed to increase its net profitability in 2008 and thus achieved a profitability of TL8.825.598 with an increase of 41,5% compared with the last year and this is a concrete indicator of the success achieved by our Company. Our turnover increased and our profitability improved at a substantial rate. None of our employees has found himself or herself jobless. Quality and productivity are foundation stones of industry and production. And this involves utilisation of modern and advanced technology at production plants and knowledgeable, experienced and self-sacrificing efforts of all executives and all administrative and technical staff from highest level, starting from General Manager, as well as of our employees. We are producing highest-quality paper with maximum efficiency and we are marketing our products in a successful way under current market circumstances and we are procuring necessary raw materials with a logical planning and we are caring about logistics order in making our products available to customers and market. We believe that this significant success achieved by Alkim Kağıt amidst the biggest economic crisis experienced in the last 50 years would be appreciated by our investors in a careful way.

After all this overall assessment:

Alkim Kağıt kept up its 2007 success in 2008, as well, with a growing momentum, breaking production and sales records as a result. Our turnover and tonnage reflect these positive and successful results. We sold 64.293 tons of paper reaching a turnover of TL89.453.027. Our company's net profit in 2008 is TL8.825.598.

We believe that our Company would achieve successful results in 2009, as well.

The Board of Director would like to pay respect to our Shareholders, Investors and whole Alkim Community.

The Board of Directors of Alkim Kağıt

I- INTRODUCTION

I-1. REPORT PERIOD : **01.01.2008- 31.12.2008**

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. Ms Tülay Önel has been appointed as new member of Board of Directors in place of the outgoing member, Mr Kadri Önel, who tendered his resignation as member of Board Directors, by virtue of a resolution of Board of Directors, dated 18/07/2008 and No.2008/09.

Title	Name & Surname	Beginning Date	Ending Date
Chairman of Board of Directors	M. REHA KORA	25.03.2008	25.03.2009
Vice Chairman of Board of Directors	ARKIN KORA	25.03.2008	25.03.2009
Vice Chairman of Board of Directors	FERİT KORA	25.03.2008	25.03.2009
Vice Chairman of Board of Directors	A. HALUK KORA	25.03.2008	25.03.2009
Member of Board of Directors	ÖZAY KORA	25.03.2008	25.03.2009
Member of Board of Directors	E.HALE KOSİF	25.03.2008	25.03.2009
Member of Board of Directors	TÜLAY ÖNEL	18.07.2008	25.03.2009
Member of Board of Directors	NİHAT ERKAN	25.03.2008	25.03.2009
Member of Board of Directors	M.FARUK YÜKSEL	25.03.2008	25.03.2009
Auditor	M.YÜKSEL KADIOĞLU	25.03.2008	25.03.2009

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:

I-4.1. No amendment has been made to the Articles of Association during the year.

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 2008. 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	-	-

I-6.2. Share Certificates:

Each of share certificates representing Company's capital has a par value of YKr1.-, 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.

	Shareholding Rate (%) 31 December 2008
Alkim Sigorta Aracılık Hiz. Ltd. Şti.	50

(01.01.2008 – 31.12.2008)
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 YTL20.000, 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 (as of end of 2008), 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 YTL1.085.664, and it keeps up its status as "major institutional agency" in insurance sector with about TL163 million on sum insured basis.

Breakdown of Portfolio ; **(on Sum Insured Basis)**

ALKİM KİMYA A.Ş.	YTL 52 Million
ALKİM KAĞIT A.Ş.	YTL 85 Million
OTHER COMPANIES & PERSONS	YTL 26 Million
TOPLAM	YTL **163** 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
With an eye to improving productivity in existing plants in a continuous way and as a part of refurbishment and improvement efforts in paralel to this, our Company has made machinery and equipment investment in an amount of TL395,717 in 2008. Types, beginning and ending dates and values of investments completed and in progress in 2008 are given in the following table.

31 December 2008

INVESTMENTS IN PROGRESS	PREDICTED AMOUNT OF INVESTMENT TL	TOTAL EXPENDITURES TL	TOTAL CAPITALISED TL	BEGINNING DATE	ENDING DATE	COMPLETION DEGREE
DCS SYSTEM	326.266,99	326.266,99	326.266,99	Aug. 04	Feb. 08	100%
FELT TENSION SYSTEM	179.575,77	179.575,77	179.575,77	May. 07	Feb. 08	100%
CAUGH PULPER INVESTMENT	46.321,35	46.321,35	46.321,35	Nov. 07	Feb. 08	100%
PRIVATE WAREHOUSE AREA	59.080,20	59.080,20	59.080,20	May. 08	Jul. 08	100%
GAMA BOILER N.GAS RET. SYSTEM	67.455,60	67.455,60	67.455,60	Jul. 08	Sep. 08	100%
OTHER	4.000,00	3.126,4	3.126,4	Jun. 08	In Progress	78%
TOTAL	**682.699,91**	**681.826,65**	**681.826,65**			

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.

Actual annual capacity reached 80.000 Tons/Year as the result of revision efforts made as from 2000 onwards for quality and capacity improvement, and it is possible to enhance such capacity up to 90.000 Tons/Years depending on type and grammage produced.

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. Offset paper, photocopy, double- and single-faced coated print papers from 60 g/m^2 to 160 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 2008 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	
2008 Gross production: **72.965 Tons**	80.000 TONS	Capacity Utilisation Rate: **%91**
2007 Gross production: **71.596 Tons**	75.000 TONS	Capacity Utilisation Rate: **%95**

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

	Unit	Quantity at 31.12.2008	Quantity at 31.12.2007
a-) Offset paper	Tons	54.713	48.120
b-) Coated Paper	Tons	1.639	4.511
c-) Photocopy paper	Tons	9.445	13.546
	TOTAL	**65.797**	**66.177**

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

	Unit	Quantity at 31.12.2008	Quantity at 31.12.2007
a-) Offset paper	Tons	53.497	49.234
b-) Coated paper	Tons	1.466	4.986
c-) Photocopy paper	Tons	9.330	13.870
	TOTAL	**64.293**	**68.090**

II-B.4. DEVELOPMENTS IN SALES OPERATIONS

Total quantity of sales realized during the 2008 operating year is 64.312 TONS. Home market sales account for 58.522 tons (91%) of such sales, while export sales accounting for 5.791 tons (9%). Total gross sales in 2008 amounted to TL88.719.478.

As to distribution of finished product sales in 2008; offset paper accounts for 85%, while photocopy papers accounting for 15% and coated paper accounting for 2%.

	SALES QUANTITY TON	IN HOME MARKET	IN OVERALL SALES	AVERAGE SELLING PRICE (YTL/TON)	SALES AMOUNT (YTL)
OFFSET	51.939	89%	81%	1.348	70.009.916
COATED	815	1%	1%	1.516	1.234.836
PHOTOCOPY	5.769	10%	9%	1.513	8.729.036
BLOCKNOTE	0	0%	0%	1.691	198
CONTINUOUS FORM	0	0%	0%	0	0
TOTAL HOME MARKET	**58.522**	**100%**	**91%**		**79.973.985**

	SALES QUANTITY TON	IN EXPORTS	IN OVERALL SALES	AVERAGE SELLING PRICE (YTL/TON)	SALES AMOUNT (YTL)
OFFSET	1.578	27%	2%	1.382	2.180.411
COATED	652	11%	1%	1.669	1.087.240
PHOTOCOPY	3.561	61%	6%	1.538	5.477.843
BLOCKNOTE	0	0%	0%	0	0
CONTINUOUS FORM	0	0%	0%	0	0
TOTAL EXPORTS	**5.791**	**100%**	**9%**		**8.745.493**

TOTAL TONNAGE	**64.312**	**TOTAL SALES AMOUNT**	**88.719.478**

II-C FINANCIAL POSITION AND LIQUIDITY MANAGEMENT:

Our Company escaped consequences of the global crisis breaking out in international financial markets in the first months of the year and intensifying as from September onwards despite high fluctuations in financial markets and exchange rates, and this has been achieved thanks to purchasing policies followed and to liquid asset management as well as to effective control on currency position. Company's liquidity ratio is 2.65 as of end of 2008.

This rate is 1.90 even when long-term payables are considered, and this indicates that Company's total cash and trade receivables alone are of such level which is sufficient to pay both short- and long-term payables.

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 Boand 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ALKİM KAĞIT SANAYİ VE TİCARET A.Ş.

BALANCE SHEETS AT
31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated).

	Notes	31 December 2008	31 December 2007
ASSETS			
Current Assets		**63.387.806**	**50.886.355**
Cash and Cash Equivalents	6	3.680.940	6.702.451
Trade Receivables	10	37.920.035	22.140.302
Other Receivables	11	535.594	699.060
Inventories	13	18.612.958	18.805.570
Other Current Assets	26	2.638.279	2.538.972
Non-Current Assets		**58.060.114**	**62.927.508**
Investment in Associates Accounted by Equity Accounting	16	40.855	23.007
Property, Plant and Equipment	18	57.892.356	62.727.094
Intangible Assets	19	126.903	177.407
TOTAL ASSETS		**121.447.920**	**113.813.863**

The financial statements prepared as at and for the year ended 31 December 2008 have been approved and signed by the Board of Directors on 16 March 2009.

The accompanying notes form an integral part of these financial statements

ALKİM KAĞIT SANAYİ VE TİCARET A.Ş.

BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated).

	Notes	31 December 2008		31 December 2007	
LIABILITIES					
Current Liabilities			**16.876.579**		**17.280.014**
Financial Liabilities	8		10.090.746		10.797.966
Trade Payables			3.887.770		5.384.947
- Due to Related Parties	37	391.619		307.956	
- Other Trade Payables	10	3.496.151		5.076.991	
Current Income Tax Liability	35		1.656.447		-
Other Current Liabilities	26		1.241.616		1.097.101
Non-Current Liabilities			**6.683.725**		**7.471.831**
Financial Liabilities	8		3.128.296		5.011.357
Provision for Employee Termination Benefits	24		1.065.130		917.500
Deferred Tax Liabilities	35		2.490.299		1.542.974
TOTAL LIABILITIES			**23.560.304**		**24.751.845**
EQUITY			**97.887.616**		**89.062.018**
Share Capital	27		52.500.000		52.500.000
Adjustment to Share Capital	27		32.414.361		32.414.361
Restricted Reserves	27		815.050		815.050
Retained Earnings/ (Accumulated Losses)	27		3.332.607		(2.901.912)
Net Profit for the Year			8.825.598		6.234.519
TOTAL EQUITY AND LIABILITIES			**121.447.920**		**113.813.863**

The accompanying notes form an integral part of these financial statements

ALKİM KAĞIT SANAYİ VE TİCARET A.Ş.

STATEMENTS OF INCOME FOR THE YEARS THEN ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated).

	Notes	1 January - 31 December 2008	1 January - 31 December 2007
Net Sales	28	89.453.027	90.397.791
Cost of Sales	28	(76.451.705)	(76.944.661)
GROSS PROFIT		**13.001.322**	**13.453.130**
Research and Development Expenses	29	(80.686)	(71.457)
Marketing, Selling and Distribution Expenses	29	(2.415.283)	(2.703.033)
General Administrative Expenses	29	(2.256.675)	(2.218.460)
Other Income	31	278.591	473.728
Other Expense	31	(133.781)	(491.550)
OPERATING PROFIT		**8.393.488**	**8.442.358**
Share of Results of Investment in Associates Accounted by Equity Accounting	16	10.348	143
Finance Income	32	11.370.384	4.786.426
Finance Expense	33	(8.240.518)	(5.425.145)
PROFIT BEFORE TAX		**11.533.702**	**7.803.782**
Taxation on Income		(2.708.104)	(1.569.263)
- Current Income Tax Expense	35	(1.760.779)	-
- Deferred Tax Expense	35	(947.325)	(1.569.263)
NET PROFIT FOR THE YEAR		**8.825.598**	**6.234.519**
EARNINGS PER SHARE	36	**0,0017**	**0,0012**

ALKİM KAĞIT SANAYİ VE TİCARET A.Ş.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS THEN ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated).

	Share capital	Adjustment to share capital	Restricted reserves	(Accumulated losses)/ Retained earnings	Net (loss)/profit for the year	Total equity
1 January 2007	**52.500.000**	**32.414.361**	**815.050**	**(776.523)**	**(2.125.389)**	**82.827.499**
Transfers	-	-	-	(2.125.389)	2.125.389	-
Net profit for the period	-	-	-		6.234.519	6.234.519
31 December 2007	**52.500.000**	**32.414.361**	**815.050**	**(2.901.912)**	**6.234.519**	**89.062.018**
Transfers	-	-	-	6.234.519	(6.234.519)	-
Net profit for the period	-	-	-		8.825.598	8.825.598
31 December 2008	**52.500.000**	**32.414.361**	**815.050**	**3.332.607**	**8.825.598**	**97.887.616**

The accompanying notes form an integral part of these financial statements

ALKİM KAĞIT SANAYİ VE TİCARET A.Ş.
STATEMENTS OF CASH FLOWS FOR THE YEARS THEN ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated).

	Notes	1 January - 31 December 2008	1 January - 31 December 2007
Operating activities:			
Net profit before tax		11.533.702	7.803.782
Adjustments to reconcile net profit before tax to net cash generated from operating activities			
Depreciation and amortisation	18-19	5.142.679	5.230.830
Provision for employment termination benefits	24	306.712	307.744
Share from results of investment in associate	16	(10.348)	(143)
Loss from sales of property, plant and equipment	31	108.569	31.337
Interest income	32	(530.231)	(421.306)
Interest expense	33	807.079	952.731
Taxes paid	35	(104.332)	(54.071)
		17.253.830	13.850.904
Changes in assets and liabilities			
Increase in trade receivables	10	(15.779.733)	(3.328.305)
Decrease in other receivables	11	163.466	173.155
Decrease in inventories	13	192.612	1.356.984
(Increase)/ decrease in other current assets	26	(160.262)	202.146
(Decrease)/ increase in other trade payables	10	(1.580.840)	41.556
Increase in other current liabilities	26	144.515	274.040
Increase/ (decrease) in due to related parties	37	83.663	(51.806)
Decrease in financial investments		-	380.359
Employment termination benefits paid	24	(159.082)	(124.246)
Net cash generated from operating activities		**158.169**	**12.774.787**
Investing activities:			
Interest received	32	591.186	424.860
Capital increase in investment in associate	16	(7.500)	-
Purchases of property, plant and equipment and intangible assets	18-19	(381.580)	(904.318)
Proceeds from sales of property, plant and equipment	18-19-31	15.574	320.550
Net cash generated from/ (used in) investing activities		**217.680**	**(158.908)**
Financing activities:			
Decrease in financial liabilities		(2.624.630)	(6.853.957)
Interest paid	33	(772.730)	(1.060.015)
Net cash used in financing activities		**(3.397.360)**	**(7.913.972)**
Net (decrease)/ increase in cash and cash equivalents		**(3.021.511)**	**4.701.907**
Cash and cash equivalents at beginning of the year	6	6.702.451	2.000.544
Cash and cash equivalents at end of the year	6	**3.680.940**	**6.702.451**

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Amounts expressed in New Turkish lira (YTL) unless otherwise indicated).

NOTE 1 - ORGANISATION 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 27).

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 31 December 2008, the shares traded on ISE are 20% (2007: 20%) of the total shares.

The address of the registered office is as follows:

Organize Sanayi Bölgesi Kırovası Mevkii
Kemalpaşa-İzmir

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

The CMB regulated the principles of preparation, presentation and announcement of financial statements prepared by the entities with the Communique XI, No: 29, "Principles of Financial Reporting in Capital Markets" (the "Communique"). The Communique is effective for the annual periods starting from 1 January 2008 and supersedes Communique XI, No: 25, "The Accounting Standards in the Capital Markets". According to the Communique, 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 financial reporting standards issued by CMB ("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.

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 Communique XI, No: 29 and related promulgations to this Communique 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 and 2009/2, including the mandatory disclosures. In this respect, the Company made the necessary reclassifications in the statements of income, changes in equity, cash flows for the year ended 31 December 2007 and balance sheet as of 31 December 2007 in accordance with the requirements of the Communique.

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 YTL, which is the functional and presentation currency of the Company.

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.

2.2 Amendments in International Financial Reporting Standards

a) Interpretations effective in 2008:

- IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction", provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Company's financial statements.

b) Standards and amendments early adopted by the Company:

None.

c) Interpretations effective in 2008 but not relevant to the Company's operations:

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008 but is not relevant to the Company's operations:

- IFRIC 11, "IFRS 2 – Group and treasury share transactions"
- IFRIC 12, "Service concession arrangements"

d) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Company will apply IAS 23 (Amended) from 1 January 2009, but it is not expected to have a material effect on the financial statements as the Company does not have any qualifying asset.

- IAS 38 (Amendment), "Intangible assets" (effective from 1 January 2009). The amendment requires an asset to be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Company will apply IAS 38 (Amended) from 1 January 2009, but it is not expected to have a material effect on the financial statements.

- IAS 36 (Amendment), "Impairment of assets" (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures requires for the value-in-use calculation should be made. The Company will apply IAS 36 (Amended) from 1 January 2009, but it is not expected to have a material effect on the financial statements.

Within the framework of the IASB's annual improvements project published in May 2008, there are some amendments in the following standards. Since, it is not expected to have a material impact on the Company's financial statements, these amendments have not been explained in detail:

- IAS 1 (Revised), "Presentation of Financial Statements"
- IFRS 2 (Amendment), "Share-based Payment"
- IAS 32 (Amendment), "Financial Instruments: Presentation"
- IFRS 1 (Amendment) "First Time Adoption of IFRS", and IAS 27 "Consolidated and Separate Financial Statements"
- IFRS 3 (Revised), "Business Combinations"
- IFRS 5 (Amendment), "Non-current Assets Held-for-sale and Discontinued Operations"
- IAS 19 (Amendment), "Employee Benefits"
- IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement"
- IFRS 7, "Financial Instruments: Disclosures"
- IAS 8, "Accounting policies, Changes in Accounting Estimates and Errors"
- IAS 10, "Events After the Balance Sheet Date"
- IAS 18, "Revenue"
- IAS 34, "Interim Financial Reporting"

e) Interpretations to existing standards that are not yet effective and not relevant for the Company's operations

- IAS 16 (Amendment), "Property, Plant and Equipment"
- IAS 27 (Amendment), "Consolidated and Separate Financial Statements"
- IAS 28 (Amendment), "Investments in Associates"
- IAS 29 (Amendment), "Financial Reporting in Hyperinflationary Economies"
- IAS 31 (Amendment), "Interests in Joint Ventures"
- IAS 38 (Amendment), "Intangible Assets"
- IAS 40 (Amendment), "Investment Property"
- IAS 41 (Amendment), "Agriculture"
- IAS 20 (Amendment), "Accounting for Government Grants and Disclosure of Government Assistance"
- IFRIC 13, "Customer Loyalty Programmes"
- IFRIC 15, "Agreements for Construction of Real Estates"

2.3 Group Accounting

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 recognised using the equity method. These investments are the firms 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 unrealised 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 unrealised 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.

The following table shows all the investments in associates and their participation rates as of 31 December 2008 and 2007:

	Participation Rate (%)	
	31 December 2008	**31 December 2007**
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 summarised below:

2.4.1 Revenue recognition

Revenues are recognised 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 (Note 28). Rent income are recognized on an accrual basis, interest income are recognized on an accrual basis with effective yield basis calculation. Dividend income are recognized when the right to receive is possessed.

2.4.2 Inventories

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

2.4.3 Property, plant and equipment

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

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 deemed as negligible.

Depreciation is provided using the straight-line method based on the estimated useful lives of the assets (Note 18). 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	3 - 20
Motor vehicles	10
Furniture and fixture	5 - 30

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 31).

Repair and maintenance expenditures are charged to the income statement as they are incurred. Repair and maintenance expenditures are capitalised if they result in an enlargement or substantial improvement of the respective assets and depreciated over remaining useful life of related asset.

2.4.4 Intangible assets

Intangible assets comprise of computer software programmes and development costs. Those acquired before 1 January 2005 are carried at cost in the purchasing power of YTL as at 31 December 2004; less accumulated depreciation and impairment losses; those acquired after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses, which are depreciated using the straight-line method over 3-10 years following the acquisition date in either case. Residual values of intangible assets are deemed as negligible. In case of an impairment, the carrying amount of an intangible asset is written down to its recoverable amount (Note 19).

2.4.5 Impairment of assets

Except for deferred tax assets each class of assets are reviewed for impairment losses at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 income. Impairment loss on an 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.

2.4.6 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 8). Borrowings are stated at amortised cost using the effective yield method. Any proceeds and the redemption value is recognised in the statement of income as borrowing cost over the period of the borrowings. Borrowing costs are expensed as incurred (Note 39).

2.4.7 Financial assets

Receivables constitute non-derivative financial instruments, which are not quoted in active markets and have fixed or scheduled payments. 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. Receivables are recognised initially at their fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset. These receivables are included in trade receivables and other receivables in the balance sheet. Receivables are recorded at the proceeds received, net of any transaction costs incurred. In subsequent periods, loans are stated at amortised cost using the effective yield method.

2.4.8 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 YTL 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 recognised in the statement of income.

2.4.9 Earnings per share

Earnings per share indicated in the statements of 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 36).

In Turkey, 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.

2.4.10 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 authorised for issue (Note 40).

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.

2.4.11 Provisions, contingent assets and contingent liabilities

Provisions are recognised 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 recognise contingent assets and liabilities (Note 22).

2.4.12 Accounting policies, changes in accounting estimates and errors

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.

2.4.13 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 8). Finance leases are capitalised 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 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 income on a straight-line basis over the period of the lease.

2.4.14 Related parties

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 37).

2.4.15 Segmented reporting

As the Company performs significant portion of its operations in Turkey and is engaged solely in the production and sales of paper, financial information is not presented on segment basis (Note 5).

2.4.16 Taxes 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 35).

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 35).

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 utilised. To the extent that deferred tax assets will not be utilised, 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 35).

2.4.17 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 Labour 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 acturial assumptions and reflected in the financial statements (Note 24).

2.4.18 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.

2.4.19 Trade receivables and impairment of receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortised 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 income (Note 31).

2.4.20 Share capital and dividends

Share capital are classified as capital and dividends distributed from common stocks are deducted at the period of the declaration from the retained earnings.

2.5 Significant Accounting Estimates and Judgements

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 Company management's best estimate. Significant accounting estimates are as follows:

Income taxes

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.

NOTE 3 - BUSINESS COMBINATIONS

None (2007: None).

NOTE 4 - JOINT VENTURES

None (2007: None).

NOTE 5 - SEGMENT REPORTING

As the Company performs significant portion of its operations in Turkey and is engaged solely in the production and sales of paper, financial information is not presented on segment basis.

NOTE 6 - CASH AND CASH EQUIVALENTS

	31 December 2008	31 December 2007
Cash on hand	4.200	3.251
Banks	3.676.740	6.699.200
- YTL denominated time deposits	3.300.000	5.992.000
- YTL denominated demand deposits	142.735	586.134
- Foreign currency denominated demand deposits	234.005	121.066
	3.680.940	**6.702.451**

As of 31 December 2008, maturity of YTL denominated time deposits is less than one month (2007: one month) and the effective interest rate is 18% per annum ("p.a.") (2007: 18% p.a.). The details of the foreign currency denominated demand deposits are disclosed in Note 38.c.

NOTE 7 - FINANCIAL INVESTMENTS

None (2007: None).

NOTE 8 - FINANCIAL LIABILITIES

	31 December 2008	31 December 2007
Short-term bank borrowings	62.939	-
Short-term portion of long-term bank borrowings	9.739.163	10.594.376
Short-term finance lease obligations	288.644	203.590
Short term financial liabilites	**10.090.746**	**10.797.966**
Long-term bank borrowings	2.947.822	4.650.065
Long-term finance lease obligations	180.474	361.292
Long term financial liabilites	**3.128.296**	**5.011.357**
Total financial liabilities	**13.219.042**	**15.809.323**

NOTE 8 - FINANCIAL LIABILITIES (Continued)

a) **Bank borrowings:**

	31 December 2008		31 December 2007	
	Effective weighted average interest rate p.a. %	Amount	Effective weighted average interest rate p.a. %	Amount
Short-term bank borrowings: YTL bank borrowings (*)	0,00	62.939	-	-
		62.939	-	-
Short-term portion of long-term bank borrowings: USD bank borrowings (**)	3,13	9.739.163	5,27	10.594.376
		9.739.163		**10.594.376**
Long-term bank borrowings: USD bank borrowings (**)	3,01	2.947.822	5,14	4.650.065
		2.947.822		**4.650.065**

(*) YTL denominated short-term bank borrowings are comprised of spot borrowings without interest charge at 31 December 2008.

(**) The interest rates of the USD denominated bank borrowings vary between Libor+1% p.a. with six month conractual repricing dates (2007: Libor+1%).

The redemption schedules of long-term bank borrowings at 31 December 2008 and 31 December 2007 are as follows:

	31 December 2008	31 December 2007
2009	-	4.650.065
2010	2.947.822	-
	2.947.822	**4.650.065**

b) Lease obligations:

	31 December 2008		31 December 2007	
	USD	**YTL equivalent**	**USD**	**YTL equivalent**
Short term	190.864	288.644	174.800	203.590
Long term	119.337	180.474	310.201	361.292
	310.201	**469.118**	**485.001**	**564.882**

Lease obligations are related with the purchase of gas turbine with an effective average interest rate of 8,5% p.a. (2007: 8,5% p.a.) and mature on the 1st of September 2010.

NOTE 9 - OTHER FINANCIAL LIABILITIES

None (2007: None).

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables

	31 December 2008	31 December 2007
Cheques and notes receivables	32.008.002	16.356.241
Customer current accounts	6.475.424	6.272.700
	38.483.426	22.628.941
Less: Unearned credit finance income	(485.041)	(410.289)
Provision for doubtful receivables	(78.350)	(78.350)
	37.920.035	**22.140.302**

As of 31 December 2008, the effective weighted average interest rates used in the calculation of unearned credit finance income of YTL, USD and EUR denominated short-term trade receivables are 16,56% p.a., 1,10% p.a. and 2,02% p.a., respectively (2007: 15,47% p.a., 4,50% p.a. and 3,99%, respectively). Trade receivables mature within 2 months (2007: 2 months).

The aging analysis of trade receivables as of 31 December 2008 and 2007 is as follows:

	31 December 2008	31 December 2007
Overdue receivables	232.070	919.931
0-30 days	12.860.526	6.046.018
31-60 days	8.948.174	4.795.276
61-90 days	7.391.941	5.880.693
91-120 days	6.788.220	3.831.746
121 days and over	1.699.104	666.638
	37.920.035	**22.140.302**

The aging and credit risk analysis of overdue receivables as of 31 December 2008 and 2007 are disclosed in Note 38.a.

b) Short-term trade payables

Supplier current accounts	3.526.931	5.117.414
Less: Unincurred credit finance expense	(30.780)	(40.423)
	3.496.151	**5.076.991**

As of 31 December 2008, the effective weighted average interest rates used in the calculation of unincurred credit finance expense of YTL, USD and EUR denominated short-term trade payables are 16,30% p.a., 0,65% p.a. and 2,63% p.a., respectively (2007: 16,06% p.a., 4,51% p.a. and 3,09% p.a., respectively). Trade payables mature within 2 months (2007: 1 month).

NOTE 11 - OTHER RECEIVABLES

Other short-term receivables	31 December 2008	31 December 2007
Value Added Tax ("VAT") receivables	522.213	696.052
Deposits and guarantees given	13.381	3.008
	535.594	**699.060**

NOTE 12 - RECEIVABLES AND PAYABLES FROM FINANCE SECTOR OPERATIONS

None (2007: None).

NOTE 13 - INVENTORIES

	31 December 2008	31 December 2007
Raw materials	12.254.439	16.341.068
Work-in-progress	2.669.957	486.831
Finished goods	3.551.093	1.653.832
Other	137.469	323.839
	18.612.958	**18.805.570**

Inventories are valued at their cost. YTL 2.893.355 of raw materials is comprised of goods in transit as of 31 December 2008 (2007: YTL 2.401.225).

The cost of inventories recognized as expense and included in cost of goods sold amounted to YTL 55.276.990 (2007: 55.367.938 YTL) (Note 30).

NOTE 14 - BIOLOGICAL ASSETS

None (2007: None).

NOTE 15 - CONSTRUCTION CONTRACT ASSETS

None (2007: None).

NOTE 16 - INVESTMENT IN ASSOCIATES ACCOUNTED BY EQUITY METHOD

Investment in Associate:

	31 December 2008		31 December 2007	
	Carrying value	**Share (%)**	**Carrying value**	**Share (%)**
Alkim Sigorta	40.855	50,00	23.007	50,00
	40.855		**23.007**	

Movement of investment in associate in the current year is as follows:

	2008	2007
1 January	**23.007**	**22.864**
Capital increase in investment in associate	7.500	-
Share of results of investment in associate	10.348	143
31 December	**40.855**	**23.007**

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

	31 December 2008	31 December 2007
Total assets	706.902	541.020
Total liabilities	625.192	495.006
Net profit for the year	20.696	285

NOTE 17 - INVESTMENT PROPERTY

None (2007: None).

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

Movements of property, plant and equipment for the period between 1 January- 31 December 2008 were as follows:

	1 January 2008 Opening	Additions	Disposals	Transfers	31 December 2008 Closing
Cost:					
Land	1.496.240	-	-	-	1.496.240
Land improvements	1.592.402	14.952	-	49.844	1.657.198
Buildings	10.186.014	1.250	-	-	10.187.264
Machinery and equipments	81.027.416	100.125	(151.037)	324.341	81.300.845
Motor vehicles	759.904	-	(46.248)	-	713.656
Furniture and fixtures	1.854.149	102.914	(583)	-	1.956.480
Construction in progress	217.909	159.403	-	(374.185)	3.127
	97.134.034	**378.644**	**(197.868)**	**-**	**97.314.810**
Accumulated depreciation:					
Land improvements	(202.377)	(81.203)	-	-	(283.580)
Buildings	(3.317.785)	(398.003)	-	-	(3.715.788)
Machinery and equipments	(29.315.197)	(4.284.033)	33.803	-	(33.565.427)
Motor vehicles	(255.830)	(111.528)	39.569	-	(327.789)
Furniture and fixtures	(1.315.751)	(214.472)	353	-	(1.529.870)
	(34.406.940)	**(5.089.239)**	**73.725**		**(39.422.454)**
Net book value	**62.727.094**				**57.892.356**

The movements of property, plant and equipment for the period between 1 January-31 December 2007 were as follows:

	1 January 2007 Openning	Additions	Disposals	31 December 2007 Closing
Cost:				
Land	1.496.240	-	-	1.496.240
Land improvements	1.556.045	36.357	-	1.592.402
Buildings	10.084.374	101.640	-	10.186.014
Machinery and equipments	81.338.155	174.228	(484.967)	81.027.416
Motor vehicles	646.339	319.046	(205.481)	759.904
Furniture and fixtures	1.802.368	67.017	(15.236)	1.854.149
Construction in progress	21.486	196.423	-	217.909
	96.945.007	**894.711**	**(705.684)**	**97.134.034**
Accumulated depreciation:				
Land improvements	(126.174)	(76.203)	-	(202.377)
Buildings	(2.922.183)	(395.602)	-	(3.317.785)
Machinery and equipments	(25.159.323)	(4.354.729)	198.855	(29.315.197)
Motor vehicles	(296.755)	(102.373)	143.298	(255.830)
Furniture and fixtures	(1.105.226)	(222.169)	11.644	(1.315.751)
	(29.609.661)	**(5.151.076)**	**353.797**	**(34.406.940)**
Net book value	**67.335.346**			**62.727.094**

YTL 5.020.011 (2007: YTL 5.094.502) of the current year depreciation charge has been allocated to cost of production, YTL 87.818 (2007: YTL 109.405) to general and administrative expenses (Note 29), and YTL 34.850 (2007: YTL 26.923) to marketing, selling and distribution expenses (Note 29).

NOTE 19 - INTANGIBLE ASSETS

The movements of intangible assets for the period between 1 January and 31 December 2008 were as follows:

	1 January 2008 Openning	Additions	31 December 2008 Closing
Rights and software	662.692	2.936	665.628
Less: accumulated amortization	(485.285)	(53.440)	(538.725)
Net book value	**177.407**		**126.903**

The movements of intangible assets for the period between 1 January and 31 December 2007 were as follows:

	1 January 2007 Openning	Additions	31 December 2007 Closing
Rights and software	653.085	9.607	662.692
Less: accumulated amortization	(405.531)	(79.754)	(485.285)
Net book value	**247.554**		**177.407**

NOTE 20 - GOODWILL

None (2007: None).

NOTE 21 - GOVERNMENT GRANTS

None (2007: None).

NOTE 22 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees received:

	31 December 2008	31 December 2007
Mortgage	6.000.000	-
Bank guarantee letters	4.582.900	3.745.226
Bails	2.000.000	2.000.000
Guarantee notes	597.000	585.000
Guarantee cheques	241.968	186.352
Other	5.345.578	3.671.799
	18.767.446	**10.188.377**

b) Guarentees given:

Bank guarantee letters	10.018.884	7.066.973
	10.018.884	**7.066.973**

c) Contingent assets:

The Company has engaged in a lawsuit against J and A International Resources Inc. amounting to USD 124.786 related to quality problems in raw material purchased. Court does not come to a conclusion as of reporting date of financial statements dated 31 December 2008.

NOTE 23 - COMMITMENTS

None (2007: None).

NOTE 24 - EMPLOYEE TERMINATION BENEFITS

	31 December 2008	31 December 2007
Provision for employment termination benefits	1.065.130	917.500
	1.065.130	**917.500**

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

Under the Turkish Labour 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 YTL 2.173,18 for each year of service as of 31 December 2008 (31 December 2007: YTL 2.030,19). 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 Communique 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.

	31 December 2008	31 December 2007
Discount rate (%)	6,26	5,71
Turnover rate to estimate the probability of retirement (%)	98,90	98,10

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. The maximum amount of YTL 2.260,05 which is effective from 1 January 2009 (1 January 2008: YTL 2.087,92) has been taken into consideration in calculating the provision for employment termination benefits of the Company.

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

	2008	2007
1 January	**917.500**	**734.002**
Interest cost	57.436	41.912
Actuarial losses	70.663	82.334
Increase during the year	178.613	183.498
Paid during the year	(159.082)	(124.246)
31 December	**1.065.130**	**917.500**

Total provision for employee termination benefits of YTL 306.712 (2007: YTL 307.744) has been allocated to cost of production amounting to YTL 258.536 (2007: YTL 231.689), to marketing, selling and distribution expenses amounting to YTL 19.160 (2007: YTL 25.061) (Note 29) and to general and administrative expenses amounting to YTL 29.016 (2007: YTL 50.994) (Note 29).

NOTE 25 - PENSION PLANS

None (2007: None).

NOTE 26 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2008	31 December 2007
VAT deductible	2.086.559	1.978.057
Prepaid expenses	425.630	328.006
Receivables from personnel	117.701	109.493
Other	8.389	123.416
	2.638.279	**2.538.972**

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

b) Other current liabilities:

Taxes and funds payable	524.251	505.748
Payables to personnel	448.465	362.834
Advances received	268.894	226.813
Other	6	1.706
	1.241.616	**1.097.101**

As of 31 December 2008, advances received is amounted to YTL 268.894 (2007: YTL 226.813) and YTL 132.836 of advances received comprised of cheques received from customer (2007: YTL 226.813).

NOTE 27 - EQUITY

The Company fulfills principal share capital framework the Company's authorized and issued share capital consists of 5.250.000.000 shares of 1 Ykr each paid in full (2007: 5.250.000.000). The Company's shareholders and their shareholding percentages as of 31 December 2008 and 2007 are as follows:

	31 December 2008		31 December 2007	
Shareholder	**Participation (%)**	**Amount (YTL)**	**Participation (%)**	**Amount (YTL)**
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.

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. In Ordinary and Extraordinary General Meetings of Shareholders, each of the A, B, C, D and E group shares, grants 100 (a hundred) voting rights to each bearer and bearer's attorney, F group shares grants 1 (one) voting rights to each bearer and bearer's attorney. The Board of Directors of the Company are selected by General Assembly, among the candidates, three from A group, two from B group, 2 from C group, one from E group, one from F group. Shares do not carry any other privilages.

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 31 December 2008, the restricted reserves of the Company amount to YTL 815.050 (2007: YTL 815.050).

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In addition, in accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communique No: XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premium" shall be carried at their statutory amounts. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

- the amount has not been utilised in dividend distribution or capital increase yet, shall be classified under "Retained earnings". Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

In accordance with the decision of Capital Markets Board on 8 February 2008 No. 4/138, the minimum profit distribution ratio shall be applied as 20% (2007: 20%) in relation to publicly listed companies/corporations as of 1 January 2008. Accordingly, based on the decision taken in general assemblies of the companies, distribution can be made in cash or non-cash by bonus shares or a combination of both as partially in cash and non-cash. In the event that the initial dividend to be determined is less than 5% of paid-in/issued capital, it is also allowed to retain the relevant amount within the Company instead of distribution. However, for those companies which are going to distribute dividends over the profits generated from 2007 operations and which increased their share capitals without distributing dividends in the previous year and thus have allocated their shares as "new" and "old" shares, it is enforced to make the distribution of initial dividends in cash..

In addition, 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.

In this respect, since the Company does not have distributable profit in 2007, it is unanimously approved in the General Assembly of the Company dated 28 March 2008 that the Company shall not distribute dividends in relation to 2007 to its shareholders.

NOTE 28 - SALES AND COST OF SALES

	1 January - 31 December 2008	1 January - 31 December 2007
Domestic sales	80.955.485	77.762.854
Export	8.745.493	13.172.386
	89.700.978	90.935.240
Less: Discounts	(229.902)	(501.920)
Returns	(18.049)	(35.529)
Net Sales	**89.453.027**	**90.397.791**
Cost of sales	(76.451.705)	(76.944.661)
Gross profit	**13.001.322**	**13.453.130**

NOTE 29 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2008	1 January - 31 December 2007
Research and development expenses:		
Staff cost	74.897	66.475
Other	5.789	4.982
	80.686	**71.457**
Marketing, selling and distribution expenses:		
Transportation	786.102	1.058.792
Staff cost	735.877	659.597
Commission	235.556	200.948
Taxes and funds (other than taxes on income)	83.423	69.716
Rent	65.024	80.370
Advertising	64.729	256.241
Travel	58.415	60.474
Insurance	50.534	55.303
Communication	36.543	45.871
Depreciation and amortisation	34.850	26.923
Employment termination benefits	19.160	25.061
Other	245.070	163.737
	2.415.283	**2.703.033**
General administrative expenses:		
Staff cost	1.630.843	1.478.809
Consultancy	282.380	239.851
Depreciation and amortisation	87.818	109.405
Taxes and funds (other than taxes on income)	43.303	88.741
Employment termination benefits	29.016	50.994
Communication	10.320	10.141
Other	172.995	240.519
	2.256.675	**2.218.460**
	4.752.644	**4.992.950**

NOTE 30 - EXPENSES BY NATURE

	1 January - 31 December 2008	1 January - 31 December 2007
Raw materials	55.276.990	55.367.938
Energy	9.767.819	8.531.048
Staff cost	8.391.130	7.755.526
Depreciation and amortisation	5.142.679	5.230.830
Transportation	863.097	1.113.359
Employment termination benefits	306.712	307.744
Other	1.455.922	3.631.166
	81.204.349	**81.937.611**

NOTE 31 - OTHER INCOME/ (EXPENSE)

	1 January - 31 December 2008	1 January - 31 December 2007
a) Other income:		
Compensation income from insurance companies	138.098	80.392
Scrap sales income	106.147	183.758
Other	34.346	209.578
	278.591	**473.728**
b) Other expense:		
Loss from sales of property, plant and equipment	(108.569)	(31.337)
Tax penalty	-	(154.455)
Other	(25.212)	(305.758)
	(133.781)	**(491.550)**

NOTE 32 - FINANCE INCOME

	1 January - 31 December 2008	1 January - 31 December 2007
Foreign exchange gain	9.638.487	3.509.160
Income from overdue charges	759.749	388.811
Interest income	530.231	421.306
Other	441.917	467.149
	11.370.384	**4.786.426**

NOTE 33 - FINANCE EXPENSE

	1 January - 31 December 2008	1 January - 31 December 2007
Foreign exchange loss	6.780.244	3.859.603
Interest expense	807.079	952.731
Interest expense on credit purchases	525.464	478.728
Other	127.731	134.083
	8.240.518	**5.425.145**

NOTE 34 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (2007: None).

NOTE 35 - TAX ASSETS AND LIABILITIES

As of 31 December 2008 and 2007, prepaid income taxes and deferred tax liabilities are as follows:

	31 December 2008	31 December 2007
Current income tax liabilities	1.760.779	-
Less: Prepaid income taxes	(104.332)	(54.071)
Current income tax liabilities/ (Prepaid income taxes)	**1.656.447**	**(54.071)**

Breakdown of taxation on income for the years ended 31 December 2008 and 2007 are as follows:

	1 January - 31 December 2008	1 January - 31 December 2007
Current corporation tax expense	1.760.779	-
Deferred tax expense	947.325	1.569.263
Total tax expense	**2.708.104**	**1.569.263**

Corporation tax is payable at a rate of 20% for 2008 (2007: 20%) on the total income of the Company after adjusting for certain disallowable expenses, exempt income (e.g income from associates exemptions) and investment and other allowances (e.g. research and development allowance). No further tax is payable unless the profit is distributed.

In accordance with Tax Law No. 5479 "Law Related to Changes in Income Tax Law, Law for Collection of Public Revenue, Special Consumption Tax Law and Tax Procedural Law" that was published in the Official Gazette on 8 April 2006, income and corporate taxpayers that could not offset their investment incentive allowances against 2005 taxable income, can offset their existing investment incentive allowances at 31 December 2005 against taxable income of the years 2006, 2007 and 2008. In addition to this, the capital expenditures after 1 January 2006 related to the investments that begin prior to 1 January 2006 within the scope of repealed 19th article of Income Tax Law No. 193 and the capital expenditures related to the investment certificates granted prior to 24 April 2003, can also be offset against taxable income of the years 2006, 2007 and 2008. In this respect, the corporate tax is payable at a rate of 30% for the income generated in 2007 (2007: 30%).

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 10%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

According to Turkish Corporate Income Tax Law numbered 5520, effective from 21 June 2006, a 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property, which has remained in assets for more than two full years are exempt from corporate tax. To be entitled to the exemption, the relevant gain is required to be held in a fund account in the liabilities and it must not be withdrawn from the entity for a period of five years. The sales consideration has to be collected up until the end of the second calendar year following the year the sale was realised.

The dividend income obtained from the companies that are corporate taxpayers in share capital of which has been invested, are exempted from the corporate tax, except for the income retrieved from investment fund contribution certificates and investment fund shares.

Profits from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax..

Accordingly, the aforementioned gains/ (losses) which have been included in trade profit/ (loss) have been taken into consideration in calculation of Company's corporate tax.

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 14th and recurring 14th articles of Corporate Tax Law and 40th article of the Income Tax Law have been taken into consideration in calculation of the Company's corporate tax.

Transfer Pricing

The Law numbered 5520 article 13, which made new arrangements to transfer pricing was effective from 1 January 2007. With the aforementioned law, considerable amendments have been made to transfer pricing regulations by taking EU and OECD transfer pricing guidelines as a basis. In this respect, corporations should set the prices in accordance with the arm's length principle while entering into transactions regarding the sale or purchase of goods and services with related parties. Under the arm's length principle within the new legislation related parties must set the transfer prices for purchase and sale of goods and services as if they would have been agreed between third parties. Depending on the circumstances, a choice of accepted methods in aforementioned law of arm's length transaction, has to be made by corporations for transactions with related parties. Corporations should keep the documentary evidence within the company representing how arm's length price has been determined and the methodology that has been chosen by use of any fiscal records and calculations in case of any request by tax authorities. Besides, corporations must report transactions with related parties in a fiscal period.

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. The profit distributed in a disguised manner through transfer pricing completely or partially, will be assessed as distributed profit share or transferred amount to headquarter for limited taxpayers.

After the distributed profit share is considered as net profit share and complemented to gross amount, deemed profit will be subject to corporate tax. Previous taxation processes will be revised accordingly by taxpayer who distributes disguised profit. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalized and paid.

The reconciliations of the taxation on income for the years ended 31 December 2008 and 2007 are as follows:

	1 January - 31 December 2008	1 January - 31 December 2007
Profit before tax	**11.533.702**	**7.803.782**
Taxes calculated on net profit before tax	(2.306.740)	(1.560.756)
Expenses not deductible for tax purposes	(234.344)	(279.884)
Income not subject to tax	114.225	102.287
Tax effect of unused investment tax credits	-	31.116
Other	(281.245)	137.974
Taxes on income	**(2.708.104)**	**(1.569.263)**

Deffarred 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 realised or settled based on the taxable income in the following periods under the liability method using the enacted tax rate of 20% (2007: 20%).

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2008 and 2007 were as follows:

	Taxable temprorary differences		Deferred income tax assets/ (liabilities)	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Difference on property, plant and equipment and intangible assets	(13.932.681)	(14.542.260)	(2.786.536)	(2.908.452)
Provision for employment termination benefits (Note 24)	1.065.130	917.500	213.026	183.500
Carry-forward tax losses and unutilized investment tax credits	-	6.759.380	-	1.167.642
Other	416.055	71.680	83.211	14.336
Deferred tax liabilities - net			**(2.490.299)**	**(1.542.974)**

Movement for deferred tax liability can be analysed as follows:

	2008	2007
1 January	**(1.542.974)**	**26.289**
Charged to statements of income	(947.325)	(1.569.263)
31 December	**(2.490.299)**	**(1.542.974)**

NOTE 36 - 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.

		1 January - 31 December 2008	1 January - 31 December 2007
Net profit for the period	A	8.825.598	6.234.519
Weighted average number of the shares	B	5.250.000.000	5.250.000.000
Earnings per share	**A/B**	**0,0017**	**0,0012**

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

NOTE 37 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Summary of the intercompany balances as of 31 December 2008 and 2007 and significant intercompany transactions were as follows:

a) Due to related parties:

	31 December 2008	31 December 2007
Alkim Sigorta Alkim Kimya	378.141 14.326	302.670 5.286
	392.467	**307.956**
Less: Unincurred credit finance expense	(848)	-
	391.619	**307.956**

As of 31 December 2008, the effective weighted average interest rate applied to YTL and USD denominated due to related parties is 16,35% p.a. and 0,60% p.a., respectively (2007: None). Due to related parties mature within 3 months (2007: 3 months).

	1 January - 31 December 2008	1 January - 31 December 2007
b) Product sales:		
Alkim Kimya	**12.325**	**46.893**
c) Service sales:		
Alkim Kimya	**-**	**1.500**
d) Service purchases:		
Alkim Kimya Alkim Sigorta	62.002 384.304	66.396 333.854
	446.306	**400.250**

e) 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 Other long term benefits	1.070.911 7.505	891.310 5.412
	1.078.416	**896.722**

NOTE 38 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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 31 December 2008 and 2007 were as follows:

31 December 2008:

	Receivables					
	Trade Receivables(1)		Other Receivables			
	Related Parties	Other Parties	Related Parties	Third parties	Bank Deposits	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	-	37.920.035	-	535.594	3.676.740	42.132.369
- The part of maximum credit risk covered with guarantees	-	12.559.496	-	-	-	12.559.496
A. Net book value of financial assets not due or not impaired (3)	-	30.699.938	-	535.594	3.676.740	34.912.272
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired (3,4)	-	6.988.027	-	-	-	6.988.027
C. Net book value of assets past due but not impaired (5)	-	232.070	-	-	-	232.070
- The amount covered by guarantees.	-	232.070	-	-	-	232.070
D. Net book value of financial assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	78.350	-	-	-	78.350
- Impairment (-)	-	(78.350)	-	-	-	(78.350)
- The amount covered with guarantees	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The amount covered with guarantees	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

31 December 2007:

	Receivables					
	Trade Receivables(1)		Other Receivables			
	Related Parties	Other Parties	Related Parties	Third parties	Bank Deposits	Total
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	-	**22.140.302**	-	**699.060**	**6.699.200**	**29.538.562**
- The part of maximum credit risk covered with guarantees	-	7.239.028	-	-	-	7.239.028
A. Net book value of financial assets not due or not impaired (3)	-	21.220.371	-	699.060	6.699.200	**28.618.631**
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)	-	919.931	-	-	-	919.931
- The amount covered by guarantees	-	919.931	-	-	-	919.931
D. Net book value of financial assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	78.350	-	-	-	78.350
- Impairment (-)	-	(78.350)	-	-	-	(78.350)
- 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 November and December 2008 amounting to YTL 6.988.027 as to be collected in first six months of 2009 based on verbal negotiatons with the related customers.

(5) Considering the past experiences, the Company management does not foresee any collection problem for the overdue receivables which are one month overdue.

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 31 December 2008 and 2007 are as follows:

31 December 2008: **Agreement terms** **Non-Derivative Financial Liabilities**	**Carrying Value**	**Total cash outflows per agreement (=I+II+III)**	**Less than 3 monts (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**
Bank borrowings	12.749.924	12.990.155	873.309	9.032.981	3.083.865
Lease obligations	469.118	504.750	76.062	242.489	186.199
Trade payables to related parties	391.619	392.467	222.277	170.190	-
Trade Payables	3.496.151	3.526.931	3.526.931	-	-
	17.106.812	**17.414.303**	**4.698.579**	**9.445.660**	**3.270.064**

31 December 2007: **Agreement terms** **Non-Derivative Financial Liabilities**	**Carrying Value**	**Total cash outflows per aggreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 monts (II)**	**1 - 5 years (III)**
Bank borrowings	15.244.441	15.455.120	524.836	10.215.235	4.715.049
Lease obligations	564.882	634.066	84.012	161.320	388.734
Trade payables to related parties	307.956	307.956	33.027	274.929	-
Trade Payables	5.076.991	5.117.414	4.986.743	130.671	-
	21.194.270	**21.514.556**	**5.628.618**	**10.782.155**	**5.103.783**

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.

Schedule for Foreign Currency Position

	31 December 2008				31 December 2007			
	YTL Equivalent	USD	EUR	Other	YTL Equivalent	USD	EUR	Other
1. Trade Receivables	22.158.397	13.962.143	487.410	-	11.321.303	6.845.598	1.957.803	-
2a. Monetary Financial Assets (Cash, Bank accounts included)	234.005	48.562	75.002	1	121.066	13.490	61.603	1
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**22.392.402**	**14.010.705**	**562.412**	**1**	**11.442.369**	**6.859.088**	**2.019.406**	**1**
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**22.392.402**	**14.010.705**	**562.412**	**1**	**11.442.369**	**6.859.088**	**2.019.406**	**1**
10. Trade Payables	1.631.116	819.974	182.674	-	3.563.379	2.925.538	91.220	-
11. Financial Liabilities	10.027.807	6.630.832	-	-	10.797.966	9.271.028	-	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**11.658.923**	**7.450.806**	**182.674**	**-**	**14.361.345**	**12.196.566**	**91.220**	**-**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	3.128.296	2.068.569	-	-	5.011.357	4.302.702	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long-Term Liabilities (15+16+17)	**3.128.296**	**2.068.569**	**-**	**-**	**5.011.357**	**4.302.702**	**-**	**-**
18. Total Liabilities (13+17)	**14.787.219**	**9.519.375**	**182.674**	**-**	**19.372.702**	**16.499.268**	**91.220**	**-**
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)	**7.605.183**	**4.491.330**	**379.738**	**1**	**(7.930.333)**	**(9.640.180)**	**1.928.186**	**1**
21. Net Foreign Currency Asset/(Liability) Position of Monetary Items (=1+2a+5+6a-10-11-12a-14-15-16a)	**7.605.183**	**4.491.330**	**379.738**	**1**	**(7.930.333)**	**(9.640.180)**	**1.928.186**	**1**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
23. Export	**8.745.493**	**6.967.717**	**-**	**-**	**13.172.386**	**10.043.642**	**-**	**-**
24. Import	**46.977.122**	**37.366.989**	**-**	**-**	**48.350.942**	**37.245.855**	**-**	**-**

31 December 2008	Schedule for Sensitivity Analysis for Foreign Currency Risk			
	Profit/ Loss		Equity	
	Appreciation of foreign currency	Depreciation foreign currency	Appreciation of foreign currency	Depreciation foreign currency
Change of USD by 10% against YTL				
1- Asset/ Liability denominated in USD - net	679.224	(679.224)	-	-
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	**679.224**	**(679.224)**	**-**	**-**
Change of EUR by 10% against YTL:				
4- Asset/ Liability denominated in EUR - net	81.294	(81.294)	-	-
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	**81.294**	**(81.294)**	-	-
Change of Other Currencies by 10% against YTL:				
7- Assets/ Liabilities denominated in other foreign currencies - net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	-	-	-	-
TOTAL (3+6+9)	**760.518**	**760.518**	**-**	**-**

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

31 December 2007	Schedule for Sensitivity Analysis for Foreign Currency Risk			
	Profit/ Loss		Equity	
	Appreciation of foreign currency	Depreciation foreign currency	Appreciation of foreign currency	Depreciation foreign currency
Change of USD by 10% against YTL				
1- Asset/ Liability denominated in USD - net	(1.122.792)	1.122.792	-	-
2- The part hedged for USD risk (-)	-	-	-	-
3- USD Effect - net (1+2)	**(1.122.792)**	**1.122.792**	**-**	**-**
Change of EUR by 10% against YTL:				
4- Asset/ Liability denominated in EUR - net	329.758	(329.758)	-	-
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR Effect - net (4+5)	**329.758**	**(329.758)**	-	-
Change of Other Currencies by 10% against YTL:				
7- Assets/ Liabilities denominated in other foreign currencies - net	-	-	-	-
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	-	-	-	-
TOTAL (3+6+9)	**(793.034)**	**793.034**	**-**	**-**

ii) Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. These exposures are managed by balancing interest rate sensitive assets and liabilities.

	Schedule for Interest Rate Position	
	31 December 2008	**31 December 2007**
Financial instruments with fixed interest rate		
Financial assets	3.300.000	5.992.000
Financial liabilities	469.118	564.882
Financial instruments with floating interest rate		
Finacial assets	37.920.035	22.140.302
Financial liabilities	16.574.755	20.629.388

According to interest rate sensitivity analysis performed by Company as of 31 December 2008, had interest rate for borrowings increase as 1% , with all other variables held constant, interest expense resourced floating interest rate caused to increase period net loss as amount YTL 467.193 (2007: YTL 319.998).

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 take action for cost reduction to decrease the pressure of cost on the prices. 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.

	31 December 2008	31 December 2007
Total debt	20.004.875	22.291.371
Less: Cash and cash equivalents (Note 6)	(3.680.940)	(6.702.451)
Net debt	16.323.935	15.588.920
Total equity	97.887.616	89.062.018
Debt/ equity ratio	17%	18%

NOTE 39 - 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 realise 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	
	31 December 2008	**31 December 2007**	**31 December 2008**	**31 December 2007**
Bank borrowings	12.749.924	15.244.441	12.770.463	15.332.207

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 1,46% p.a.
(2007: 4,52% p.a.)

DİPNOT 40 - SUBSEQUENT EVENTS

In accordance with the Article 1 of the Law No: 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" will be removed as of January 1, 2009. When the prior currency, New Turkish lira ("YTL"), values are converted into TL and Kr, one YTL (YTL1) and one YKr (YKr1) shall be equivalent to one TL (TL1) and one Kr (Kr1).

All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to TL at the conversion rate indicated above. Consequently, effective from 1 January 2009, the TL replaces the YTL as a unit of account in keeping and presenting of books, accounts and financial statements.

NOTE 41 - DISCLOSURE OF OTHER MATTERS

None (2007: None).

NOTE 42 - EXPLANATION ADDED FOR CONVENIENCE TRANSLATION INTO ENGLISH

As of 31 December 2008, CMB Financial Reporting Standards described in Note 2 to the financial statements differ from International Financial Repoting Standars ("IFRS") issue by the International Accounting Standards Board with respect to the application of inflation accounting and presentation of the basic financial statements and the notes to them. Accordingly, the financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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.

	2008		2007	
1 LIQUIDITY RATIOS				
a. Current Ratio Current Assets / Current Liabilities	63.387.806 / 16.876.579	3,76	50.886.355 / 17.280.014	2,94
b. Acid-test ratio (Quick ratio) Current Assets - Inventory / Current Liabilities	44.774.848 / 16.876.579	2,65	32.080.785 / 17.280.014	1,86
c. Cash Ratio (Availability Ratio) Cash & Cash Equivalents / Current Liabilities	3.680.940 / 16.876.579	0,22	6.702.451 / 17.280.014	0,39
2 FINANCIAL STRUCTURE ANALYSIS RATIOS				
a. Financial Leverage (Debt Ratio) Total Liabilities / Total Assets	23.560.304 / 121.447.920	0,19	24.751.845 / 113.813.863	0,22
b. Equity Ratio Total Owner's Equity / Total Assets	97.887.616 / 121.447.920	0,81	89.062.018 / 113.813.863	0,78
c. Current Liability Ratio Current Liability / Total Assets	16.876.579 / 121.447.920	0,14	17.280.014 / 113.813.863	0,15
d. Long Term Debt to Total Assets Long Term Debt / Total Assets	6.683.725 / 121.447.920	0,06	7.471.831 / 113.813.863	0,07
e. Fixed Assets to Equity Fixed Assets / Total Owner's Equity	58.060.114 / 97.887.616	0,59	62.927.508 / 89.062.018	0,71
f. Fixed Assets to Long Term Sources Fixed Assets / Equity + Long Term Debt	58.060.114 / 104.571.341	0,56	62.927.508 / 96.533.849	0,65
3 ACTIVITY RATIOS				
a.Inventory Turnover Ratio Cost of Goods Sold / Average Inventory	76.451.705 / 18.709.264	4,09	76.944.661 / 19.484.062	3,95
b. Receivables Turnover Ratio Net Sales / Average Receivables	89.453.027 / 30.030.169	2,98	90.397.791 / 20.477.654	4,41
c. Cash Turnover Ratio Net Sales / Average Cash& Cash Equivalents	89.453.027 / 5.191.696	17,23	90.397.791 / 4.351.498	20,77
d.Net Working Capital Turnover Net Sales / Average Net Working Capital	89.453.027 / 40.058.784	2,23	90.397.791 / 28.539.810	3,17
e. Curent Assets Turnover Net Sales / Average Current Assets	89.453.027 / 57.137.081	1,57	90.397.791 / 47.902.313	1,89
f. Fixed Assets Turnover Net Sales / Average Fixed Assets	89.453.027 / 60.493.811	1,48	90.397.791 / 65.279.781	1,38
	89.453.027 / 117.630.892	0,76	90.397.791 / 113.182.093	0,80
g. Asset Turnover Net Sales / Average Total Assets	89.453.027 / 93.474.817	0,96	90.397.791 / 85.944.759	1,05
h. Equity Turnover Net Sales / Average Equity				
4 PROFITABILITY RATIOS				
a.Profit to Net Sales				
Gross Margin / Net Sales	13.001.322 / 89.453.027	0,15	13.453.130 / 90.397.791	0,15
Operating Profit / Net Sales	8.393.488 / 89.453.027	0,09	8.442.358 / 90.397.791	0,09
Income before Tax / Net Sales	11.533.702 / 89.453.027	0,13	7.803.782 / 90.397.791	0,09
Net Income / Net Sales	8.825.598 / 89.453.027	0,10	6.234.519 / 90.397.791	0,07
b. Return on Investment (ROI) Net Income / Owner's Equity	8.825.598 / 97.887.616	0,09	6.234.519 / 89.062.018	0,07
c. Economic Rentability Ratio Net Income + Interest expense/Total Sources	12.340.781 / 121.447.920	0,10	8.756.513 / 113.813.863	0,08

2.E ADMINISTRATIVE OPERATIONS

2.E.1 Top managers:

TITLE	NAME AND SURNAME
General Manager	: Halil Sönmez
Ass. General Manager	: M. Tekin Salt

2.E.2 Status of Personnel and Severance Pay

The average number of our personnel per month basis during 2007 is 192.
The split-up of the personnel according to the working points and units at the end of the year is as follows:

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

	31 December 2008 Person	31 December 2007 Person
Total employees at the beginning of the period	193	218
White collar (not a trade union member)	52	57
Blue collar (not a trade union member)	141	161
Total employees at the end of the period	192	193
White collar (not a trade union member)	51	52
Blue collar (not a trade union member)	141	141

2.E.3 Our company does not execute a Collective Labor Agreement

2.E.4 As of the end of 2008 provision for employment termination benefits of TL 1,065.130 has been allocated.

2.E.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 16.03.2009 dated and Nr.2009/05 and special situation declaration made on the same day, the proposal for the dividend payment of net 0,06223 TL and gross 0,07140 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 2008 (in TL)

1 .Paid-in / Issued Capital		**52.500.000,00**
2 Total Legal Reserves (as per legal records)		**502.577,80**
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	11.533.702,00	11.857.323,50
4.Taxation on Income (-)	2.708.104,00	1.760.779,10
5.Net Profit for the Period (=)	8.825.598,00	10.096.544,40
6.Accumulated Losses (-)	0,00	5.941.326,18
7.Legal reserves of first Class (-)	207.760,91	207.760,91
8.NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	**8.617.837,09**	**3.947.457,31**
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.	**8.617.837,09**	
11. First dividends to shareholders	1.723.567,42	
- Cash	1.723.567,42	
- Free	0,00	
- Total	1.723.567,42	
12. Dividends distributed to holders of preference shares	0,00	
13. Dividends to members of the board of directors, employees, and etc.	78.949,15	
14. Dividend to holders of redeemed shares	0,00	
15. Second dividends to shareholders	2.024.717,35	
16. Legal reserves of second Class (-)	120.223,39	
17. Statuory Reserves	0,00	
18. Special Reserves	0,00	
19. EXTRAORDINARY RESERVES	**4.670.379,78**	**0,00**
20.Other resources to be distributed	0,00	
-Profits of the previous years	0,00	
-Previous year Extraordinary Reserves	0,00	
-As required for the Association or legal legislations	0,00	
-Other distributable reserves	0,00	

DETAILS OF PERCENTAGES OF PROFIT SHARES DISTRIBUTED

DETAILS OF DIVIDENS OF PER SHARE

	TOTAL AMOUT OF DIVIDENDS	ORDINARY SHARE WITH A PAR VALUE OF TL 1	
		AMOUNT (in TL)	PERCENTAGE (in %)
GROSS	3.748.284,77	0,07140	7,14
NET	3.267.215,23	0,06223	6,22

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 (%)
3.748.284,77	43,49450

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 35170 Kemalpaşa / İZMİR
Capital: TL. 52,500,000
Nature of Activities: First quality print on coated paper.

Name of the Auditor and Term of Office, whether a partner or a staff:	M. Yüksel Kadıoğlu (for 1 year) is not a partner or a staff.
Number of Board of Directors' meetings contributed:	Contributed to the Board of Directors' meeting 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 for the end of the 3, 6, 9, and 12th months and there are no matters to criticise.
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.
Complaints and corruptions perceived and procedures:	No complaints perceived.

We have audited the accounts and transactions of ALKİM KAĞIT SANAYİ VE TİCARET A.Ş. for the period January 01, 2008-December 31, 2008 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, 2008 and the Income Statement for the period January 01, 2008 – December 31, 2008 present the results of its operations.

Earnings before tax for the period January 01, 2008 – December 31, 2008 is 11.857.323,50 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

PRICEWATERHOUSECOOPERS

Başaran Nas Serbest Muhasebeci
Mali Müşavirlik Anonim Şirketi
a member of
PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Caddesi No:92
B Blok Kat:9 Akaretler
Beşiktaş 80680 İstanbul - Turkey
Telephone +90 (212) 259 49 80
Facsimile +90 (212) 259 49 02

INDEPENDENT AUDITOR'S REPORT

(Translation for Company's convenience - the Turkish text is authoritative)

To the Board of Directors of
Alkim Kağıt Sanayi ve Ticaret A.Ş.

1.We have audited the accompanying financial statements of Alkim Kağıt Sanayi ve Ticaret A.Ş. ("Company") which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

2.Management is responsible for the preparation and fair presentation of these financial statements that have been prepared in accordance with financial reporting standards published by the Turkish Capital Market Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing principles issued by Turkish Capital Market Board. Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alkim Kağıt Sanayi ve Ticaret A.Ş. as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards published by Turkish Capital Market Board (Note 2.1).

Additional paragraph for convenience translation into English

5. As of 31 December 2008, the accounting principles described in Note 2 (defined as "Financial Reporting Standards issued by Turkish Capital Markets Board") 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 and presentation of the basic financial statements and the notes to them. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Murat Sancar, SMMM
Partner

İstanbul, 16 March 2009

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 2008.

PART I - SHAREHOLDERS

2. Shareholder relations unit

A shareholders service department has been established within our Company. Mustafa Güresti, Burhanettin İpek have been assigned as responsible managers and Murat Balpinar as unit personnel. There has been no application by the shareholders in 2008 and therefore there has been no occasion in need of answer.

3. Information Acquiring Rights of the Shareholders

Our company has not received any application within 2008 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 25.03.2008 and have been published on Posta and Radikal newspapers dated 06.03.2008. Extraordinary General Assembly Meeting and Privileged Shareholders Extraordinary General Assembly Meeting in 2008 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.

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.

This policy is presented to shareholders in the general assembly meeting. No profit distribution has been realized in 2008. Profit distribution is possible till the 5^{th} month of the following the 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

The informing policy of the company is to explain the necessary matters in relation to its operations on time in the special condition explanation format. 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 2008 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 7 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. (31.12.2008)

Offered to public	19,915,701.89	37.9347%
Arkın KORA	11,231,940.81	21.3942%
Cihat KORA	6,247,546.88	11.9001%
M.Reha KORA	4,933,406.25	9.3970%
A.Haluk KORA	4,117,950.00	7.8437%
Ferit KORA	1,946,580.31	3.7078%
Özay KORA	1,786,781.25	3.4034%
Tülay ÖNEL	1,784,531.25	3.3991%
E.Şukran TUTAŞ	341,740.19	0.6509%
Gülen KORA	160,361.56	0.3055%
Mithat KORA	29,798.11	0.0568%
Z.Ayşegül KORA	2,812.50	0.0054%
Nihat ERKAN	849.01	0.0016%
	52,500,000.00	100.0000%

13. Informing the public about the possible insiding traders

Our Company has taken necessary precautions to obey the legal adjusments for insiding traders.

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 complaints have 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 sales personnel are educated often.

18. Social Responsibility

Our Company creates valuable contributions to the district its present in on the education and employment issues. Our Company support school building and activities of the students with that aim. As another social activity, the organizations working for public benefit are suported and contributed by being sponsor. Great importance is given to environmental factors and no critique has been received after the controls made. Treatment facility has been rewarded many times.

PART IV – BOARD OF DIRECTORS

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

The executive member of our Board of Directors 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	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	ÖZAY KORA
Member of the Board of Directors	E.HALE KOSİF
Member of the Board of Directors	TÜLAY ÖNEL
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	(General Director in the status of managing director, 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	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	
Member of the Board of Directors	NİHAT ERKAN	(Financial and Administrative Issues.)
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

12 meetings were held in 2008. 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 YTL 750 per month within 2008. They have not been granted debt, loan and warranties.

NOTE

NOT