

# **EGE SERAMİK SANAYİ VE TİCARET A.Ş.**

**Consolidated financial statements together  
with report of independent auditors**

**January 1, 2010 – December 31, 2010**

**(TRANSLATED TO ENGLISH FROM ITS TURKISH ORIGINAL)**

**Ege Seramik Sanayi ve Ticaret Anonim Şirketi**

**Auditor's Report on Consolidated  
Financial Statements as of December 31, 2010**

**To the Board of Directors of  
Ege Seramik Sanayi ve Ticaret A.Ş.**

**General**

We have audited the accompanying consolidated financial statements of Ege Seramik Sanayi ve Ticaret A.Ş. ("The Company") and its subsidiaries ("The Group"), which comprise the consolidated statement of financial position as of December 31, 2010 and the consolidated comprehensive income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Responsibility of Company Management in Terms of Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Capital Markets Boards of Turkey (SPK) Standards. This responsibility includes choosing appropriate accounting policies, estimated accounting statements which conditions requires; conceiving, maintaining, performing an interior audit and the financial statements have to be prepared for not to contain any mistake, deception or anomalous which provides to project the truth fairly.

**Responsibility of Auditing Company**

Our responsibility is to express an opinion on these financial statements based on our audit. Our audit is based on independent audit standards which are issued by Capital Market Board. These standards requires complying ethic principles and implementing independent auditing by planning in order to provide assurance to present financial statements fairly and accurately.

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 entity'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 entity'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

In our opinion, the consolidated financial statements present true and fairly, in all material respects, the financial position of Ege Seramik Sanayi ve Ticaret A.Ş. and the consolidated subsidiaries as of December 31, 2010, and the results of its operations in accordance with Turkish Accounting Standards (TMS) and Turkish Financial Reporting Standards (TFRS) published by Turkish Accounting Standards Board (TMSK).

AS Bağımsız Denetim ve YMM A.Ş.  
**(Member of Nexia International)**

O. Tuğrul ÖZSÜT, CPA  
Principle Partner in Charge, Chief Auditor

April 07, 2011  
İstanbul, Turkey

# EGE SERAMİK SANAYİ VE TİCARET A.Ş.

## Consolidated Financial Statements and Notes as of December 31, 2009

<u>INDEX</u>	<u>PAGES</u>
<b>Consolidated Statement of Financial Position .....</b>	<b>1</b>
<b>Consolidated Comprehensive Income Statement .....</b>	<b>3</b>
<b>Consolidated Statement of Changes in Shareholder's Equity.....</b>	<b>4</b>
<b>Consolidated Cash Flow Statement .....</b>	<b>5</b>
1. General information about the company .....	6
2. Basis of presentation of financial statements.....	6
3. Mergers.....	18
4. Business association .....	18
5. Reporting according to segments .....	18
6. Cash and cash equivalents .....	19
7. Financial investments .....	19
8. Financial liabilities .....	20
9. Other financial liabilities .....	22
10. Trade receivables and payables .....	22
11. Other receivables and payables .....	24
12. Payables and receivables from activities in finance sector.....	25
13. Inventories .....	25
14. Biological assets .....	26
15. Assets related to construction contracts.....	26
16. Investments presented in equity method .....	26
17. Investment property .....	27
18. Tangible fixed assets .....	27
19. Intangible fixed assets .....	29
20. Goodwill.....	30
21. Government incentives and investments .....	30
22. Provisions, contingent assets and liabilities.....	30
23. Commitments .....	32
24. Employees benefit obligations.....	33
25. Retirement plan .....	33
26. Other assets and liabilities .....	34
27. Capital.....	35
28. Sales and cost of goods sold .....	38
29. Research and development expenses, marketing, sales and distribution expenses, general administration expenses.....	38
30. Expenses according to their qualificaitons .....	39
31. Other operational income and expenses .....	41
32. Financial income .....	42
33. Financial expenses.....	43
34. Fixed assets kept in hand to sell and discontinued operations.....	43
35. Tax assets and liabilities .....	43
36. Earning per share.....	46
37. Explanations from related parties .....	47
38. Level and nature of risks sourced from financial instruments.....	52
39. Financial instruments.....	60
40. Post statement of financial position events.....	60
41. Matters which immensely affect financial statements or necessary to make financial statements clear, comprehensive, interpretable .....	60

EGE SERAMİK SANAYİ VE TİCARET A.Ş.(AND ITS SUBSIDIARIES)  
STATEMENT OF FINANCIAL POSITION (TL)  
(XI-29 CONSOLIDATED)  
(All amounts currency is shown in TL)

ASSETS	Not	Independent	
		Audited	Audited
		31.12.2010	31.12.2009
<b>Current Assets</b>		<b>115.706.619</b>	<b>107.773.133</b>
Cash and Cash Equivalents	6	11.632.351	9.198.137
Financial Investments	7	-	-
Trade Receivables	10	55.153.361	45.592.465
<i>Receivables from Related Parties</i>	<i>10-37</i>	<i>20.355.601</i>	<i>25.628.651</i>
<i>Other Trade Receivables</i>	<i>10</i>	<i>34.797.760</i>	<i>19.963.814</i>
Receivable From Financial Operations	12	-	-
Other Receivables (Net)	11	9.155.291	17.623.861
<i>Receivables from Related Parties</i>	<i>11-37</i>	<i>7.824.907</i>	<i>16.637.275</i>
<i>Other Receivables</i>	<i>11</i>	<i>1.330.384</i>	<i>986.586</i>
Inventories	13	35.579.103	31.885.998
Biological Assets	14	-	-
Other Current Assets	26	4.186.513	3.472.671
<b>Fixed Assets For Selling</b>	<b>34</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets</b>		<b>83.111.298</b>	<b>85.811.828</b>
Trade Receivables	10	-	-
Receivable from Financial Operations	12	-	-
Other Receivables	11	1.316	1.316
Financial Investments	7	4.045	4.045
Valuation with Equity Method	16	-	-
Biological Assets	14	-	-
Real Asset For Investment Objective	17	22.447	22.447
Property, Plant And Equipment	18	79.040.583	79.938.335
Intangible Fixed Assets	19	143.945	184.710
Goodwill	20	-	-
Deffered Tax Assets	35	3.832.638	5.558.804
Other Non-Current Assets	26	66.325	102.171
<b>Total Assets</b>		<b>198.817.917</b>	<b>193.584.961</b>

(Accompanying notes from an integral part of these consolidated financial statements.)

EGE SERAMİK SANAYİ VE TİCARET A.Ş.( AND ITS SUBSIDIARIES)  
**FINANCIAL POSITION STATEMENT (TL)**  
**(XI-29 CONSOLIDATED)**

(All amounts currency is shown in TL)

<b>LIABILITIES</b>		<b>Independent</b>	
		<b>Audited</b>	<b>Audited</b>
	<b>Not</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
<b>Current Liabilities</b>		<b>41.521.063</b>	<b>42.535.000</b>
Financial Loans	8	19.003	16.219.024
Other Financial Liabilities	9	-	-
Trade Payables	10	20.892.890	18.149.193
<i>Due to Related Parties</i>	<i>10-37</i>	<i>35.937</i>	<i>8.422</i>
<i>Other Trade Payables</i>	<i>10</i>	<i>20.856.953</i>	<i>18.140.772</i>
Other Payables	11	3.616.419	5.814.578
<i>Due to Related Parties</i>	<i>11-37</i>	<i>1.449</i>	<i>1.449</i>
<i>Other Payables</i>	<i>11</i>	<i>3.614.970</i>	<i>5.813.129</i>
Payables From Financial Operations	12	-	-
Government Grant	21	-	-
Profit Of The Year And Tax Liability	22-35	796.236	48.141
Provision For Payables	22	1.617.385	499.414
Advanced Received	26	14.317.080	1.563.673
Other Current Liabilities	26	262.051	240.977
Liabilities For The Assets Held For Sale	34	-	-
<b>Total Non-Current Liabilities</b>		<b>14.787.982</b>	<b>26.758.612</b>
Financial Loans	8	5.521.415	19.487.505
Other Financial Liabilities	9	-	-
Trade Payables	10	-	-
Other Payables	11	-	-
Payables From Financial Operations	12	-	-
Government Grant	21	-	-
Provisions for Payables	22	-	-
Employee Benefit Obligations	24	9.266.566	7.271.107
Deffered Tax Liability	35	-	-
Other Non-Current Liabilities	26	-	-
<b>Equity</b>		<b>142.508.870</b>	<b>124.291.348</b>
<b>Assets Revaluated With Equity Method</b>		<b>142.241.669</b>	<b>124.033.777</b>
Paid in Share Capital	27	75.000.000	75.000.000
Adjustment of Capital	27	24.778.008	24.778.008
Adjustment of Intercompany Capital (-)		-	-
Share Premium	27	35.838.594	35.838.594
Value Increase Fund	27	0	0
Translation Differences		-	-
Limited Reserve from Profit	27	289.820	289.820
Retained Earnings	27	(11.872.646)	(15.469.974)
Profit For the Period/(Loss)	36	18.207.892	3.597.329
<b>Minory Interest</b>	27	<b>267.201</b>	<b>257.571</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>198.817.917</b>	<b>193.584.961</b>

(Accompanying notes from an integral part of these consolidated financial statements.)

EGE SERAMİK SANAYİ VE TİCARET A.Ş.(AND ITS SUBSIDIARIES)  
 COMPREHENSIVE INCOME STATEMENT  
 (XI-29 CONSOLIDATED)  
 (All amounts currency is shown in TL)

	Not	Independent	
		Audited 01.01-31.12.10	Audited 01.01-31.12.09
<b>SUSTAINABLE OPERATIONS</b>			
Sales	28	160.611.872	134.596.152
Cost of Sales	28	(110.245.636)	(101.321.995)
<b>GROSS PROFIT/ (LOSS)</b>		<b>50.366.236</b>	<b>33.274.157</b>
Distribution and Selling Expenses (-)	29	(9.940.028)	(7.847.297)
General Administration Expenses (-)	29	(13.437.397)	(17.268.930)
Research and Development Expenses (-)	29	(1.323.009)	(1.219.580)
Other Income	31	2.308.607	5.555.077
Other Expenses	31	(4.612.237)	(3.257.751)
<b>INCOME/( LOSS) FOR OPERATIONS</b>		<b>23.362.171</b>	<b>9.235.675</b>
Dividends from Participations		-	-
Financial Income	32	11.495.380	9.820.924
Financial Expenses( -)	33	(11.704.790)	(14.182.731)
<b>SUSTAINABLE OPERATIONS INCOME/ (LOSS) BEFORE PROVISION FOR TAX</b>		<b>23.152.761</b>	<b>4.873.868</b>
<b>Sustainable Operations Tax Income/ (Loss)</b>		<b>(4.935.239)</b>	<b>(1.265.823)</b>
- Tax Income/(Loss) For The Period	35	(3.209.073)	(107.548)
- Deferred Tax Income/(Loss)	35	(1.726.166)	(1.158.275)
<b>SUSTAINABLE OPERATIONS INCOME PROFIT/(LOSS) FOR THE YEAR</b>		<b>18.217.522</b>	<b>3.608.045</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Income/(Loss) After Tax</b>	<b>34</b>	<b>-</b>	<b>-</b>
<b>INCOME PROFIT/(LOSS) FOR THE YEAR</b>		<b>18.217.522</b>	<b>3.608.045</b>
<b>Distribution Of Income/ (Loss) For The Year</b>		<b>18.217.522</b>	<b>3.608.045</b>
Minory Interest	27	9.630	10.716
Parent Company	36	18.207.892	3.597.329
<b>Distribution Of Total Extensive Income</b>		<b>-</b>	<b>-</b>
Minority Shares		-	-
Parent Company Shares		-	-
<b>Basic earning per share</b>	<b>36</b>	<b>0,002428</b>	<b>0,000480</b>
<b>Diluted earning per share</b>			
<b>Earning per share from sustainable operations</b>	<b>36</b>	<b>0,002428</b>	<b>0,000480</b>
<b>Diluted earning per share from sustainable operations</b>			

(Accompanying notes from an integral part of these consolidated financial statements.)

EGE SERAMİK SANAYİ VE TİCARET A.Ş.  
STATEMENT OF CHANGES IN EQUITY (TL)  
(XI-29 CONSOLIDATED)

	Capital	Differences from Adjustment of Capital	Premium from Issue of Shares	Value Increased Fund	Limited Reserves from Profit	Minority Interest	Retained Earnings	Total Equity	
<b>Balances at January 1, 2010</b>	Not	75.000.000	24.778.008	35.838.594	-	289.820	257.571	(11.872.645)	124.291.348
Increase in share capital		-	-	-	-	-	-	-	-
Net income / (loss) for the period		-	-	-	-	-	-	18.207.892	18.207.892
Transfer	27	-	-	-	-	-	9.630	-	9.630
<b>Balances at December 31, 2010</b>		75.000.000	24.778.008	35.838.594	-	289.820	267.201	6.335.247	142.508.870

	Capital	Differences from Adjustment of Capital	Premium from Issue of Shares	Value Increased Fund	Limited Reserves from Profit	Minority Interest	Retained Earnings (Rearrangement)	Total Equity	
<b>Balances at January 1, 2009</b>	Not	75.000.000	66.529.523	35.838.594	-	289.820	246.855	(57.221.489)	120.683.303
Increase in share capital		-	-	-	-	-	-	-	-
Net income / (loss) for the period		-	-	-	-	-	-	3.597.329	3.597.329
Transfer	27	-	(41.751.515)	-	-	10.716	-	41.751.515	10.716
<b>Balances at December 31, 2009</b>		75.000.000	24.778.008	35.838.594	-	289.820	257.571	(11.872.645)	124.291.348

(Accompanying notes from an integral part of these consolidated financial statements.)



EGE SERAMİK SANAYİ VE TİCARET A.Ş.  
CASH FLOW STATEMENT (TL)  
(XI-29 CONSOLIDATED)

		Independent Audited 31.12.2010	Audited 31.12.2009
<b>A) CASH FLOWS FROM MAIN ACTIVITIES</b>			
<b>Net income for the period</b>	<b>Not</b>	<b>18.207.892</b>	<b>3.597.329</b>
Adjustments			
Minority Interests	27	9.630	10.716
Depreciation	13-30-31	6.471.186	6.932.266
Provision From The Retirement Indemnities	24	1.995.460	(251.937)
Provision For Inventory Loss	31	91.913	(574.695)
Provision For The Court	22	1.117.971	(393.815)
Profit/ (Loss) From The Fixed Asset Sellings	31	2.006.777	(130.284)
Interest Income/Damage Income Accruals	26	(50.375)	(99.511)
Interest Expenses		241.411	366.505
Provision for Doubtful Receivables	10	901.345	-
Provision for income tax	35	1.726.166	1.158.275
<b>Operating income before working capital changes (+)</b>		<b>32.719.376</b>	<b>10.614.849</b>
Change in Financial Investments		-	(2.000)
Change in Receivables		(10.462.241)	22.650.432
Change in Other Receivables		8.468.570	(4.378.003)
Change in Inventories		(3.785.017)	6.617.953
Change in Other Non-Current Assets		(627.647)	(1.893.841)
Change in Payables		2.743.723	(4.927.665)
Change in Other Payables		(2.198.160)	1.089.773
Corporate Tax Paid		748.095	48.141
Change in Provisions For Payables		-	(75.811)
Change in Other Liabilities		12.774.481	1.270.995
<b>Net cash (used in) / provided by operating activities</b>		<b>40.381.180</b>	<b>31.014.822</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Change in Tangible Fixed Assets		(7.499.656)	(3.545.701)
Change in Intangible Fixed Assets		(39.789)	(53.875)
Change in Financial Fixed Assets		-	-
Change in Real Estates Purchased For Investment, net		-	46.828
<b>Net cash provided by / (used in) investing activities</b>		<b>(7.539.446)</b>	<b>(3.552.748)</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in Financial Loans		(30.407.523)	(18.852.738)
Change in Equity		-	-
Dividend Payments		-	-
<b>Net cash provided by financing activities</b>		<b>(30.407.523)</b>	<b>(18.852.738)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2.434.211</b>	<b>8.609.336</b>
Cash and Cash Equivalents at the Beginning of the Year	6	9.198.137	588.801
<b>Cash and cash equivalents at the end of the year</b>		<b>11.632.351</b>	<b>9.198.137</b>

(Accompanying notes from an integral part of these consolidated financial statements.)

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 1. GENERAL INFORMATION ABOUT THE COMPANY

Ege Seramik Sanayi ve Ticaret A.Ş.'s ("the Company") field of activity is producing floor and wall tile and selling these products in domestic and international market. The company has been established on September 1972 and it is a subsidiary of İbrahim Polat Holding A.Ş., which's headquarter is located in Istanbul.

The Company is registered at Capital Market Board (CMB) and its shares effect transactions in Istanbul Stock Exchange (ISE) since 1993. As on 31 December 2010 it has % 35,43 of its shares registered in ISE.

The Company makes sales and distribution of % 34 of its products by group companies and remaining %66 by retail dealers.

As of 31.12.2010, in company's structure there are 151 white-collar personnel employed (31.12.2009: 138), 563 blue-collar personnel employed (31.12.2009: 567) and 714 personnel employed in total (31.12.2009:705).

The Company is registered in Trade Registry and its registered address is below:

Ankara Asfaltı 26.Km Ansızca Mevkii  
35170 Kemalpaşa -İZMİR

#### **Subsidiary**

As of 31.12.2010, consolidated subsidiary is Ege Birleşik Enerji Elektrik Üretim A.Ş. which is established in Kemalpaşa, Izmir to produce electricity and heat energy productions in 1996.

Share percentages of main Partner on its subsidiary are given below:

<b>Subsidiary</b>	<b>31 December 2010</b>	<b>31 December 2009</b>
Ege Birleşik Enerji Elektrik Üretim A.Ş.	% 98,00	% 98,00

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### **a. Principals of Presentation**

##### **Accounting Policies Applied**

The Company and its registered subsidiaries in Turkey prepare and keep their financial statements, their legal books according to Turkish Commercial Law and accounting principles defined by tax regulations.

According to Capital Market Board ("CMB"), Serial: XI, No:29 " Declaration of principles about financial reporting in Capital Market" and this declaration define also financial reports prepared by companies, principals, elements about preparation of these reports and presentation to related people. With this declaration companies specify that they will apply as principals and standards of IFRS and IAS as in accepted form by EU and in this scope they will apply also principals of TAS and TFRS which are not against standards of IFRS and IAS.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

This declaration should be applied after first quarter financial reports which are finished at date of January 1, 2008.

In this scope, group adopts in principle to release its financial reports to public and to prepare according to IAS/IFRS published by TASB which are allowed by CMB. The formats of financial reports and explanatory notes are presented in accordance with the compulsory formats and the declaration of CMB at dates of April 17, 2008 and January 9 2009.

#### Functional and Presentation of Currency

Functional currency of the report is TL and decimal parts of the amounts were rounded up.

As of December 31, 2010 Dollar rate is 1 USD = 1,5460 TL ( December 31, 2009: 1,5057 TL); 1 Euro = 2,0491 TL ( December 31, 2009 = 2,1603) and 1 Gbp = 2,3886 TL ( December 31, 2009 = 2,3892) which are published by The Central Bank of the Republic of Turkey.

#### Consolidation Bases

Consolidation is prepared in structure of Ege Seramik Sanayi ve Ticaret A.Ş. which is parent company.

Consolidated financial reports are prepared in accordance with IAS 27 “Turkish accounting standard about consolidated and separated financial statements.

In the table below as of December 31, 2010 there are all subsidiaries and owned shares and partnership rates:

<b>Subsidiaries</b>	<b>Direct or Indirect Shares Owned by Company or Subsidiaries %</b>	<b>Active Partnership Rate %</b>
Ege Birleşik Enerji Elektrik Üretim A.Ş.	98,00	98,00

In the table below as of December 31, 2009 there are all subsidiaries and owned shares and partnership rates:

<b>Subsidiaries</b>	<b>Direct or Indirect Shares Owned by Company or Subsidiaries %</b>	<b>Active Partnership Rate %</b>
Ege Birleşik Enerji Elektrik Üretim A.Ş.	98,00	98,00

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Consolidated financial reports contain all subsidiaries of the parent company.

- It eliminates participation amount at each subsidiary and percentage amount of main partnership which are equivalent to amount in equities of each subsidiary.
- It determines amount of minority percentage in consolidated profit and loss of period and amount of minority percentage determines separately from amount of main subsidiary from amount of net actives of consolidated main subsidiary. The amount of minority percentage from net actives contains; calculated minority percentages in merge date in accordance with TFRS 3; minority percentage from all transactions made after merge date.
- All expenses, incomes, transactions and balances incurred of group are eliminated.
- Subsidiary incomes, expenses and dividends including all balances and transactions are eliminated. Profits and loss which are added to cost of current and non-current assets due to transactions in subsidiaries are eliminated. Loss in group can show an impairment which should be in account in assets section of consolidated financial reports. The differences which rise during elimination of loss and profits which resulted by transactions in group apply in accordance with IAS 12 “Income Taxes” standard.
- Necessary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.
- The consolidated financial reports of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial reports, same transactions and transactions in same condition.
- All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated comprehensive income statement. About this transaction if there is a currency translation loss or profits which are related directly to equity take into account in accordance with “TAS 21 Currency change effects”.
- Minority percentage can be shown at equities section in consolidated statement of financial position separately from equities amount of partnership. The Group’s loss or profit amount for minority percentage should be shown also separately.

### Comparative Informations and Adjustment of Prior Periods’ Financial Statements

Company has prepared the statement of financial position dated December 31, 2010 comparatively to the statement of financial position dated December 31, 2009; comprehensive income statement, cash flow statement related to dates between January 1 - December 31 2010 comparatively to comprehensive income statement and cash flow statement related to the period between January 1 - December 31, 2009; Shareholders’ Equity related to dates between January 1 - December 31, 2010 comparatively to period between January 1 -December 31, 2009.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

The Special Cost that was shown between intangible assets and The Net Book Value of The Special Cost that is amount to TL 4.526 as of December 31, 2009 were reclassified and shown between tangible assets due to present comparable as of 31.12.2010.

#### b. Changes in Accounting Policies

If adjustments on accounting policies are applied retroactive, the company should adjust the previous opening balance in the report. The company should provide comparative data which is presented in accordance with the new accounting policies in terms of current years.

Changes in accounting policy need to application for previous periods and also for current period or if company cannot determine the change effect of the financial statements as in cumulative, it wouldn't make any application for previous periods.

Group applied account policies in consistent with previous period.

#### c. Changes in Accounting Estimates and Errors

If changes in accounting estimates effect a change in assets, liability and equities, book value of related assets, liability and equities should change at related period.

In case of shifting effects of changes in accounting estimate to next financial reports, it means that it applied to transactions, events and conditions after the date of changes in forecast.

Errors related to previous periods adjust by using readjust method for previous periods except the cases in which it is not possible to calculate the cumulative and current period's effects of error.

At the preparation of the consolidated financial statements, the Group management has to do assumptions and forecasts about the amount which will affect assets and liabilities, amounts which affect liabilities and commitments as of the time of the statement of financial position and amounts of income and expenses for reporting period. Results happened in real would be different than forecasts and assumptions. These forecasts and assumptions are considered in regular time bases, all necessary adjustments are made and the results adjusted to related period.

Significant estimates which are used are related to economic life and compensation of the main tangible and intangible assets.

#### New and Revised International Financing Standarts

The following Standards and Interpretations which did not have an effect on the financial position or performance of the Company.

IFRS 2 (Amended) – “Share Based Payment” – Progress Payment Conditions and Cancellations The amendment has no effect on the Company's financial performance.

IFRS 3 (Amended) – “Business Combinations” and IAS 27 (Change) “Consolidated and Separate Financial Statements”.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

IAS 39 (Amended), –“Financial Instrument”: Recognition and Measurement-eligible hedged items. The amendment has no effect on the Company's financial performance.

IFRIC 17, –“Distributions of Non-cash Assets to Owners”: The amendment has no effect on the Company's financial performance.

Improvements to IFRSs (2008): The Improvements has no effect on the Company's financial performance.

Improvements to IFRSs (2009): The Improvements has no effect on the Company's financial performance.

The Standards, Amendments and Interpretations which will be applicable after 31.12.2010 (The amendments have not yet been endorsed by the European Union.

IFRIC 9 – “Reassessment of Embedded Derivatives”. (The new standard is effective for annual periods beginning on or after January1, 2013). The amendment has no effect on the Company's financial performance.

IFRS 9 –Financial Instruments’ classification and measurement standard introduces new requirements. The Company does not expect that this amendment will have an impact on the financial position and performance.

IAS 24 (Revised) - “Related Party Disclosures” (The revision is effective for annual periods beginning on or after January1, 2011): The Company will apply the regarded amendment for period beginning on January 1, 2011.

IAS 32 (Amended) - “Classification on Right Issues” (The amendment is effective for annual periods beginning on after 1 February 2010): The amendment has no effect on the Company's financial performance.

IFRIC14 (Amended) -“Prepayments of a Minimum Funding” (The Amendment is effective for annual periods beginning on or after January 1, 2011. Early adoption is permitted): The amendment has no effect on the Company's financial performance.

IFRIC 19 - “Extinguishing Financial Liabilities with Equity Instruments” (The interpretation is effective for annual periods beginning on or after July 1, 2010. Early adoption is permitted): The amendment has no effect on the Company's financial performance.

IFRS 1 (Amended) – Limited exception for comparative IFRS 7 Notes. (The Amendment is effective for annual periods beginning on or after July 1, 2010. Early adoption is permitted)): The amendment has no effect on the Company's financial performance.

#### d. Summary of Important Accounting Policies

##### Cash and Cash Equivalents

Cash can be implied as cash in the company and cash equivalent can be implied as short term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash. Cash equivalents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes. (Note: 6)

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### Trade Receivables

Trade Receivables are the receivables sourced from company which are come from a debtor cause of a direct supply of goods or services. They are valued by using effective interest method thought discounted cost. Without a specified term, short-term trade receivables are valued on their amount of invoice when accrued interest has insignificant effects. (Note: 10)

In case of if the receivables become impossible to take, company will make a provision as a risk provision. This provision amount is the difference between the book value of receivables and possible collection amount of receivables. (Note: 10)

If the amount of low value decrease cause of a situation which will occur after written as a loss, the amount in question will reflect in other income in the current period. (Note: 31).

#### Related Parties

If any of the followings is present, the other party is considered to be related to the Company:

- a) If the party directly or indirectly with one or more agent:
  - i) Controls the enterprise, controlled by enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
  - ii) Has share which allows it to have big impact on the Company; or
  - iii) Has associated control on the Company;
- b) If the party is an affiliate of the Company;
- c) If the party is an business partnership where the Company is a party;
- d) If the party is a member of the key personnel in the Company or Company's main partnership;
- e) If the party is a close family member of any person mentioned in the a) or d) parts;
- f) If the party is an enterprise which is controlled, partnered or under important effect or any person mentioned in d) or e) parts has right to vote in important decisions of the party;
- g) If the party has profit plans about a possible leaving job of related parties' employees.

#### Financial Instrument

##### Financial assets

Financial assets are recorded with their appropriate value and expenses directly related to purchasements except financial assets reflected to profit or loss of the appropriate value difference and recorded on their appropriate value. In the case of purchase or selling of financial assets which are bound to a contract that has a condition on deliverance date of financial instruments set by the market are recorded at the date of transaction.

Financial assets are classified as "financial assets reflected to profit or loss of the appropriate value difference", "financial assets kept in hand till its maturity", "marketable financial assets" and credits and receivables.

##### *Effective Interest Method*

It is the method in which interest income of financial asset distribute to related period and amortized cost of financial asset gain value. Effective interest rate; Estimated future cash value which will be charged in a

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

---

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

shorter time period during the expected lifetime of financial instrument or in case in which life time of financial instrument is appropriate, is the reduced rate of net present value of related financial assets.

Financial assets which will keep in hand till maturity, marketable debt instruments, credits and receivables, which are classified as financial assets, and related interest incomes of these assets calculate by using effective interest method.

- a) Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss are the assets which are the owned one to sell or buy. If a financial asset is bought to sell in short term, it will classify in this category and in current assets. Financial assets which constitute derivative products that have not an effective protection tool against financial risk are also considered as financial assets reflected to profit or loss of the appropriate value difference. Assets in this category are classified in the current assets.

- b) Held to maturity investments

Debt Instruments with constant terms which has constant and determinable payment plan, for which company has an intention to keep in hand till its maturity can be classified as financial assets kept in hand till its maturity. Financial assets kept in hand till its maturity can be shown in financial statement by the amortized cost according to effective interest method deducted from amount of decrease in value. (Note: 6)

- c) Available for sale assets

The Company has equity instruments which are not open to stock market but ready to be sold. Since their appropriate value could not be checked in an accredited way, they are shown with their cost values. (Note: 7)

- d) Loans and receivables

Loans and receivables which are not in the market and have steady and computable payments are classified in this category. Credits and receivables are shown by deducting loss in value decrease from the cost which was calculated by using effective interest method. (Note: 10)

### **Financial Liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.



# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### a) Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in comprehensive income statement incorporates any interest paid on the financial liability.

#### b) Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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

### **Inventories**

If the net realizable value of the inventories falls below their costs, they should be deducted to net realizable value and this impairment will be shown as expense in the current comprehensive income statements. The impairment will be cancelled if the conditions causing impairment. Cancellation amount is limited to the impairment amount. (Note: 13)

### **Tangible Fixed Assets**

Tangible assets are reflected to financial statements according to their acquisition date: if they are acquired before January 1, 2005 they will be valued on acquisition cost which are rearranged with buying power of TL in December 31, 2004 and if they are acquired after January 1, 2005, they will be valued with its acquisition cost after deduction of accumulated depreciation and permanent decrease in value if there is. Depreciation is calculated according to direct amortization method on amounts which are rearranged according to inflation and at rates below according to their economic useful life. Lands are not subject to depreciation because economic useful life is considered to be infinite.

Useful life time of the assets in question is defined as below:

	<b><u>Years</u></b>
Land Improvements	8-50
Buildings	50
Plant, Machinery and Equipment	4-15
Motor vehicles and equipment	5
Furniture and Fixtures	3-15

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

---

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

If book value of an asset is bigger than the recovered value of this asset, book value of this asset can be discount to its recovered value. Recovered value of an asset is bigger than net sales price or value at use. Net sales price can calculate after deduction of all cost to sell from its fair value. Value at use will determine after addition of discounted amounts at the date of statement of financial position to estimated cash flows in future in condition of continuing to use the related asset.

The loss or profit from sales of tangible asset determine with comparison of arranged amounts and collected amounts and it is reflected to income and expense accounts in related period.

Maintenance or Repair cost of tangible asset can be recorded as expense in normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life. (Note: 18)

#### Intangible Assets

Intangible assets are consists of acquisition rights, information systems, computer soft wares and special costs. These elements record on acquisition cost and after the date of acquisition they will amortize by using direct amortization method according to their expected useful life. Expected useful life of intangible assets in question is like below:

	<u>Years</u>
Rights	3-15
Special Costs	Rent Time (Day)

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. (Note: 19)

#### Leasing Transactions

##### **Financial Leasing Transactions**

The Company reflect fixed assets acquired through financial leasing with their current value from the rental start date in statement of financial position or if its lower than present value they will reflect from their current value of minimum lease payments on statement of financial position date (they added to related fixed assets section in financial statements). Acquisition expenses of fixed assets which are subjected to financial leasing transaction added to its cost. Liability from financial leasing transaction can be split as payable interest and principal debt. Interest expenses calculate from its constant interest rate and it will be added to its related period's account. (Note: 8)

##### **Operational Leasing Transactions**

Lease contracts where all the risks and benefits of renting property in the hands of the leaser are known as operational leasing. For an operational lease payments, during the rental period will be recorded as expenses according to the direct method.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

### Investment Properties

Rather than sell goods and services for use in the production and administrative purposes at normal course of business, lands and buildings which are held in hand to obtain lease or capital gains or to obtain both, can be classified as Investment Properties and they can be shown as values which comes after deduction of accumulated depreciation from cost according to its cost method except lands. The cost of construction, which construct by the company, of property for investment purposes determine on cost at the date of completion of rehabilitation and construction works. Asset at this date becomes a property for investment purposes and cause of that it transfer to properties account section.

Company shows Investment Properties in its financial statements according to its cost method.

Properties which are classified as properties for investment purposes are not allocated depreciation due to are waste land. (Note: 17)

### Government Incentives and Subsidies

Government Incentives and Subsidies are accounted at the fair values on accrual basis when the incentive and subsidies applications are approved by related authorities.

### Borrowing Costs

Company reflects borrowing costs as financing cost during credit period in its Profit/Loss Statement. Financing cost which is sourced from credits is recorded to Profit/Loss Statement when they occur.

### Provisions, Contingent Liabilities and Assets

#### **Provisions**

Provisions which are present in company as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfill this liability, there is a reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, company allocates provision. Company does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfill liability.

#### **Contingent Liabilities and Assets**

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one cases, which are not entirely in company's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets. Company does not reflect assets and liabilities related to condition to its records. Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for a comic profit is not far and contingent assets are explained in explanatory notes of financial statements if the possibility of enter for economic profit is high.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

### Benefits Provided to Personnel

#### a) Completed Benefit Plan

Provisions for severance benefit reflect upon to actuarial work according to IAS 19 “benefits provided to workers”.

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between company and its personnel for defined reasons according to Turkish Labor Law or retirement of personnel according to related law as of statement of financial position date. Company calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from company’s experience about fire a personnel or quit of the personnel and reflects to its financial statements.

#### b) Defined Contribution Proportions

Group has to pay social insurance premium to Social Insurance Intuition. There will be no other liability if the group continues to pay the premiums. These premiums reflect to personnel expenses in its accrual periods.

### Revenue

Revenue is recognized on accrual basis at the fair value of the amount received or to be received. Net sales are calculated after the sales returns and sales discounts.

#### *Sales Income*

Revenue from sale of goods is recognized when all the following conditions are satisfied:

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

#### *Interest Revenue*

Interest revenues are recorded as income on accrual basis.

#### *Rent Revenues*

Rent revenues are recorded as income on periodical accrual basis.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

### Effects of Foreign Exchange Rates

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at exchange rates occurred T.C. Central Bank at the dates of the transactions. Monetary assets and liabilities based on foreign currency were valued with exchange rates at the end of the period. Exchange gains or losses arising from settlement and translation of monetary foreign currency items have been included in the financial income, net in the accompanying comprehensive income statements.

### Calculated Taxed on Corporation Revenue

Deferred taxes are calculated by taking into account statement of financial position liability. They are reflected considering the tax effects of temporary differences between legal tax base and reflected values of assets and liabilities in financial statements. Deferred tax liability is calculating for all taxable temporary differences however discounted temporary differences which occurs from deferred tax assets is calculated in condition to be highly possible to have benefit from these differences by obtaining taxable profit in future. Receivable and liability for deferred tax occurs where there are differences (which are reducible in future and taxable temporary differences) between book value and tax value of asset and liability sections. Deferred tax receivable and liability is recording without considering time where company can use timing differences.

Corporate tax rate in Turkey is 20% and it will be this rate for next years. This rate can be applied to tax base which if found out after adding expenses, which are not accepted to reduce from tax according to tax law, to its commercial income and deducting exceptions in law( exception like affiliate income), discounts (like investment discount). In case of not distributing dividends, it will not be necessary to pay another tax.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22, 2006). Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

Financial loss which is showed in declaration form according to Turkish Tax Regulation in condition not to pass for 5 years can be deducted on corporate income for period. However, fiscal loss cannot be deducted from previous year's profits.

### Earnings Per Share

Earnings per share presented at the bottom of the consolidated Comprehensive Income Statement are calculated by dividing the net profit for the period to the number of shares. In case of increasing capital from sources in company in period, when calculating weighted average of number of shares, the value found after that is accepted also to use as valid at the beginning of period.

### Post Statement of Financial Position Events

Post statement of financial position events cover all events between authorization dates for publishing statement of financial position and statement of financial position date even if they are related to an announcement related to profits or if they occur after publishing financial information to public.

In case of occurring events which are necessary to make adjustments after statement of financial position date, company adjusts the amounts in financial statements in an appropriate way to this situation. Subjects which are not necessary to make adjustment occurred after statement of financial position date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

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## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

### Cash Flow Statement

In cash flow statement company report cash flows in period based on classification as operating, investing and financing activities. Cash flows sourced from operating activities shows cash flows sourced from company's activities. Cash flow related to investing activities shows cash flows that company use at present time or they gain from investing activities such as intangible asset investing and financial investing. Cash flow related to financing activities shows the resources used by company and back payment of these resources for financing activities. Cash and cash equivalents are consist of cash and bank deposit, investment with certain amount at 3 months term or less than 3 months, short term with high liquidity.

### e. Important Accounting Estimates, Assumptions and Evaluation

Preparing of financial statements make need of using estimates and assumptions which will effect income and expense amount which are reported at account period, explanation of contingent assets and liability and amount of assets and liabilities which are reported as of statement of financial position date. These estimates and assumptions give the most reliable information about company managements' present events and transactions. Although realized results can show differences from assumptions.

## 3. MERGERS

### Goodwill

From the January 1, 2005, as part of IFRS 3- "Business Combinations", excess value of acquired definable asset, liability and contingent liabilities' fair value' sale price accounted as goodwill. Goodwill occurred during the acquisition wouldn't depreciated. Instead, it is revised once in a year or in conditions which cause a revision more frequently for any impairment.

If sale price is below from fair value, the acquired assets, liabilities' and contingent liabilities' price difference is recorded as revenue.

## 4. BUSINESS ASSOCIATION

There is not any business association of company which is related to aggerement which provide to realize an economic activity which is in need to common control.

## 5. REPORTING ACCORDING TO SEGMENTS

Company does not make any reporting according to sector because there were not any geographic or operating sector differences on risks and profits from company's product or service presentation.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 6. CASH and CASH EQUIVALENTS

Cash and cash equivalents are explained on the following table:

	December 31, 2010	December 31, 2009
Cash	6.828	6.635
Bank	844.812	2.534.028
-Demand Deposit	844.812	2.534.028
Cheques	46.950	144.496
Other Current Assets (Repos)	10.676.580	6.489.189
POS Accounts	57.181	23.790
	<b>11.632.351</b>	<b>9.198.137</b>

Details on repos as of 31.12.2010 are given on the table below:

Repo Currency	Maturity Date	Interest Rate	31.12.2010 TRY
USD	28.01.2011	3,50%	6.242.156
EUR	24.01.2011	3,50%	184.424
TL	03.01.2011	6,00%	4.250.000
<b>TOTAL</b>			<b>10.676.580</b>

Details on repos as of 31.12.2009 are given on the table below:

Repo Currency	Maturity Date	Interest Rate	31.12.2009 TRY
TL	04.01.2010	6,50%	2.000.000
TL	06.01.2010	5,85%	800.000
USD	27.01.2010	3,35%	903.420
USD	20.01.2010	3,35%	2.785.769
<b>TOTAL</b>			<b>6.489.189</b>

### 7. FINANCIAL INVESTMENT

#### Marketable Financial Assets:

The equity shares and amounts of the Company as of 31.12.2010 and 2009 on financial investments which are available for sale and shown on their cost values are given in the following table:

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 7. FINANCIAL INVESTMENT (Continued)

	December 31, 2010		December 31, 2009	
	<u>%</u>	<u>TRY</u>	<u>%</u>	<u>TRY</u>
Seramik Araştırma Merkezi (*)	8%	4.000	8%	4.000
Turgutlu Su Ürünleri (*)	1%	45	1%	45
		<b>4.045</b>		<b>4.045</b>

\*The available-for-sale financial investment does not have a quoted market price and its fair value cannot be reliably measured. For this reason, it is presented at cost less provision diminution in value, if any.

### 8. FINANCIAL LIABILITIES

#### Short term financial liabilities:

	December 31, 2010	December 31, 2009
Bank Loans and Interests	-	2.922.057
Liabilities From Financial Leasing Transactions	-	2.020
Deferred Financial Leasing Cost (-)	-	(2.020)
Current Portion of Long Term Bank Loans	19.003	13.296.968
	<b>19.003</b>	<b>16.219.024</b>

#### Long term financial liabilities:

	December 31, 2010	December 31, 2009
Bank Loans	5.521.415	19.487.505
Liabilities From Financial Leasing Transactions	-	-
Deferred Financial Leasing Cost (-)	-	-
	<b>5.521.415</b>	<b>19.487.505</b>

Tangible fixed assets which acquired through financial leasing can be found on the statement of financial position assets as machinery and equipment and as of the date December 31, 2010 net book value of total tangible fixed assets is 1.026.818 TL (31 December 2009: 1.145.363 TL).

The Company has no financial leasing receivable.



# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 8. FINANCIAL LIABILITIES (Continued)

Maturity dates and interest rates of the Company's credit liabilities are given on the table below:

	<u>Interest Rate %</u>		<u>Original Currency</u>		<u>TRY Equivalent</u>	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
USD Bank Loans	-	3,36%-4,60%	-	1.918.298	-	2.888.381
TRY Bank Loans	-	-	-	-	-	33.676
<b>Short Term Bank Loans</b>			<b>-</b>	<b>1.918.298</b>	<b>-</b>	<b>2.922.057</b>
USD Credits	2,43%	2,43%	12.291	7.264.570	19.003	10.938.263
EURO Credits	-	4,82%	-	1.091.841	-	2.358.705
<b>Curren Portion of Long Term Bank Loans</b>			<b>12.291</b>	<b>8.356.411</b>	<b>19.003</b>	<b>13.296.968</b>
<b>Total Short Term Bank Loans</b>			<b>12.291</b>	<b>10.274.709</b>	<b>19.003</b>	<b>16.219.024</b>
USD Credits	2,43%	2,43%	3.751.420	10.714.280	5.521.415	16.132.490
EURO Credits	-	4,82%	-	1.553.032	-	3.355.015
<b>Total Long Term Bank Loans</b>			<b>3.751.420</b>	<b>12.267.312</b>	<b>5.521.415</b>	<b>19.487.505</b>

Guarantees given by the Company on financial liabilities are explained on Note 22.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 8. FINANCIAL LIABILITIES (Continued)

Repayment schedule of long term bank loans are as follows:

	December 31, 2010	December 31, 2009
2011	-	\$7.142.860,00
2012	\$3.571.420,00	\$3.571.420,00
	<b>\$3.571.420,00</b>	<b>\$10.714.280,00</b>

  

	December 31, 2010	December 31, 2009
2011	-	1.035.352,00 €
2012	-	517.680,00 €
	-	<b>1.553.032,00 €</b>

The Company has taken a loan amounting to USD 25.000.000 from the The Royal Bank of Scotland (former name ABN Amrobank) at 20.03.2008. The maturities of this loan are March 2011 amount to USD 3.571.430, June 2011 amount to USD 3.571.430 and March 2012 amount to USD 3.571.420. The Company made an early payoff for principals and interests dated March 2011 and June 2011 as of 10.11.2010. Thus, the credit risk of the company concerning that loan decreased by amount of USD 3.571.420.

### 9. OTHER FINANCIAL LIABILITIES

None. (December 31, 2009: none)

### 10. TRADE RECEIVABLES AND PAYABLES

#### Trade receivables:

	December 31, 2010	December 31, 2009
Account Receivables	28.717.304	38.576.487
-Receivables From Related Parties (not: 37)	19.912.759	24.530.795
-Other Receivables	8.804.545	14.045.693
Notes Receivables	27.380.748	7.249.214
-Notes Receivables From Related Parties (not: 37)	442.842	1.097.856
-Other Notes Receivables	26.937.906	6.151.358
Doubtful Trade Receivables	901.345	-
Provision for Doubtful Trade Receivables	(901.345)	-
	<b>56.098.052</b>	<b>45.825.701</b>
Reduction: Not Accrued Financing Expenses	(944.691)	(233.236)
<b>TOTAL</b>	<b>55.153.361</b>	<b>45.592.465</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 10. TRADE RECEIVABLES AND PAYABLES (Continued)

The average collection period of trade receivables is 90-120 days and this period is variable dependent on the quality of production or the agreements signed with the customers.

Other Notes Receivables contain amount to TL 13.773.160 which consists of cheques and bills as preorder advance received by the company from retail dealers. Amount to TL 464.814 is calculated as not accrued financing expense on preorder advance received and is shown not on income statements but as a regulatory account on Advances Received Account.(Note: 26)

Guarantees in the amount of 51.352.000 TL taken by the Company from the companies outside the Group for the receivables as of 31.12.2010 are given in details at Note 22.

Provisions for doubtful receivables movements as of 31.12.2010 and 31.12.2009 are as follows:

	December 31, 2010	December 31, 2009
January 1	-	-
Provision Expense for Doubtful Receivables of Current Period	901.345	-
Provisions Collected and No Longer Required	-	-
<b>TOTAL</b>	<b>901.345</b>	<b>-</b>

	December 31, 2010	December 31, 2009
Letter of guarantee Received	8.406.000	2.200.177
Cheque of guarantee Received	510.000	600.000
Bills of guarantee Received	523.000	523.000
Mortgages	41.913.000	20.080.000
	<b>51.352.000</b>	<b>23.403.177</b>

The Group booked provision for all receivables which are being in law process without guarantee as doubtful receivables.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 10. TRADE RECEIVABLES AND PAYABLES (Continued)

### Trade payables:

	December 31, 2010	December 31, 2009
Trade Payables	20.928.057	18.183.371
-Payables to Related Parties (not: 37)	35.937	8.422
-Other Account Payables	20.892.120	18.174.949
Other Trade Payables	-	-
	<b>20.928.083</b>	<b>18.183.371</b>
Reduction: Not Accrued Financing Expenses	(35.167)	(34.178)
<b>TOTAL</b>	<b>20.892.890</b>	<b>18.149.193</b>

## 11. OTHER RECEIVABLES and PAYABLES

### Short Term Receivables:

	December 31, 2010	December 31, 2009
Receivables From Related Parties (not: 37)	7.824.907	16.637.275
Other Receivables	1.330.384	986.586
<b>TOTAL</b>	<b>9.155.291</b>	<b>17.623.861</b>

### Long Term Receivables:

	December 31, 2010	December 31, 2009
Deposits and Guarantees Given	1.316	1.316
	<b>1.316</b>	<b>1.316</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 11. OTHER RECEIVABLES and PAYABLES (Continued)

### Other Short Term Payables:

	December 31, 2010	December 31, 2009
Payables to Related Parties (not: 37)	1.449	1.449
Due to Personnel	1.864.453	3.872.317
Other Payables	-	1.523
Taxes and Funds Payables	1.194.249	1.330.570
Social Withholdings Payables	554.228	605.301
Other Liabilities Payables	2.041	3.418
	<b>3.616.419</b>	<b>5.814.578</b>

## 12. PAYABLES AND RECEIVABLES FROM ACTIVITIES IN FINANCE SECTOR

None. (31 December 2009: none)

## 13. INVENTORIES

Inventories consist of following:

	December 31, 2010	December 31, 2009
Raw Materials	16.264.527	11.319.475
Semi-Finished Goods	2.597.164	2.363.386
Finished Goods	16.629.931	16.823.322
Trade Goods	98.451	118.210
Other Inventories	168.672	1.349.334
	<b>35.758.744</b>	<b>31.973.727</b>
Provision for Inventories (-)	(179.641)	(87.729)
	<b>(179.641)</b>	<b>(87.729)</b>
	<b>35.579.103</b>	<b>31.885.998</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 13. INVENTORIES (Continued)

Provision for Inventory Impairment movements as of December 31, 2010 and December 31, 2009 are as follows:

	December 31, 2010	December 31, 2009
Balance at the Beginning of the Period	(87.729)	(662.424)
Cancellation of Provision due to Increasing Fair Value (-)	-	574.695
Provision for Current Period (+)	(91.913)	-
<b>Balance at the End of the Period</b>	<b>(179.641)</b>	<b>(87.729)</b>

Distribution in stock items term of provision for inventory impairment movements are as follows:

	December 31, 2010	December 31, 2009
Raw Materials	(124.662)	(54.330)
Goods	(54.979)	(33.400)
	<b>(179.641)</b>	<b>(87.729)</b>

As of 31.12.2010 there is depreciation expense amount of TL 613.790 on inventories at the end of period. (TL 952.980 as of 31.12.2009)

As of 31.12.2010 a total sum of TL 3.734.698 (31.12.2009: TL 2.047.993) raw material inventory is reflected with its net realizable value and a total sum of TL 12.529.829 (31.12.2009: TL 9.217.152) raw material inventory is reflected with its cost value into the financial statements. As of 31.12.2010 a total sum of TL 327.391 (31.12.2009: TL 299.719) products inventory is reflected with their net realizable value and a total sum of TL 16.302.540 (31.12.2009: TL 16.490.204) products inventory is reflected with their cost value into the financial statements.

### 14. BIOLOGICAL ASSETS

None. (December 31, 2009: none)

### 15. ASSETS RELATED to CONSTRUCTION CONTRACTS

None. (December 31, 2009: none)

### 16. INVESTMENTS PRESENTED IN EQUITY METHOD

None. (December 31, 2009: none)

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 17. INVESTMENT PROPERTY

Investment property movements as of December 31, 2010 and December 31, 2009 are as follows:

	December 31, 2009	Additions	Transfers	Disposals	December 31, 2010
Land	22.447	-	-	-	22.447
<b>Net Book Value</b>	<b>22.447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22.447</b>

	December 31, 2008	Additions	Transfers	Disposals	December 31, 2009
Land	69.276	-	-	(46.829)	22.447
<b>Net Book Value</b>	<b>69.276</b>	<b>-</b>	<b>-</b>	<b>(46.829)</b>	<b>22.447</b>

Company has classified orchards as investment property which it keeps in hand gaining increase in value and shows in its asset section.

The Company did not make any valuation to determine the land's fair values.

### 18. TANGIBLE FIXED ASSETS

Tangible fixed assets movements as of December 31, 2010 are as follows:

	December 31, 2009	Additions	Transfers	Disposals	December 31, 2010
Land	7.850.531	158.640	-	-	8.009.171
Land Improvement	23.682.090	29.133	-	-	23.711.223
Buildings (Note: 22)	48.473.169	281.067	-	-	48.754.235
Machinery and Equipment	159.426.745	4.628.388	-	(1.428.987)	162.626.146
Vehicles	895.141	450.567	-	(685.110)	660.598
Furnitures and Fixtures	4.213.544	133.138	-	(26.345)	4.320.337
Construction in Progress	179.792	1.818.721	-	(1.822.640)	175.873
Special Costs	438.675	-	-	-	438.675
<b>Total Cost</b>	<b>245.159.687</b>	<b>7.499.654</b>	<b>-</b>	<b>(3.963.081)</b>	<b>248.696.260</b>
Land Improvement	14.405.941	582.654	-	-	14.988.594
Buildings (Note: 22)	18.872.434	1.000.243	-	-	19.872.680
Machinery and Equipment	127.830.051	4.549.758	-	(1.429.026)	130.950.783
Vehicles	853.994	12.854	-	(503.170)	363.678
Furnitures and Fixtures	2.824.784	243.783	-	(24.108)	3.044.455
Special Costs	434.149	1.340	-	-	435.486
<b>Total Depreciation</b>	<b>165.221.352</b>	<b>6.390.631</b>	<b>-</b>	<b>(1.956.304)</b>	<b>169.655.677</b>
<b>Net Book Value</b>	<b>79.938.335</b>	<b>1.109.023</b>	<b>-</b>	<b>(2.006.777)</b>	<b>79.040.583</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 18. TANGIBLE FIXED ASSETS (Continued)

Tangible fixed assets movements as of December 31, 2009 are as follows:

	December 31, 2008	Additions	Transfers	Disposals	December 31, 2009
Land	5.323.397	2.527.134	-	-	7.850.531
Land Improvement	23.658.078	24.012	-	-	23.682.090
Buildings (Note: 22)	48.457.919	15.250	-	-	48.473.169
Machinery and Equipment	157.998.278	811.702	756.401	(139.636)	159.426.745
Vehicles	900.999	-	-	(5.858)	895.141
Furnitures and Fixtures	4.238.617	10.025	-	(35.099)	4.213.544
Construction in Progress	679.651	256.542	(756.401)	-	179.792
Special Costs	438.675	-	-	-	438.675
<b>Total Cost</b>	<b>241.695.614</b>	<b>3.644.665</b>	<b>-</b>	<b>(180.592)</b>	<b>245.159.687</b>
Land Improvement	13.825.890	580.051	-	-	14.405.941
Buildings (Note: 22)	17.888.466	983.968	-	-	18.872.434
Machinery and Equipment	123.038.842	4.923.137	-	(131.928)	127.830.051
Vehicles	874.760	26.787	(41.696)	(5.858)	853.994
Furnitures and Fixtures	2.603.269	253.944	-	(32.430)	2.824.783
Special Costs	419.365	14.784	-	-	434.149
<b>Accumulated Depreciat</b>	<b>158.650.592</b>	<b>6.782.671</b>	<b>(41.696)</b>	<b>(170.216)</b>	<b>165.221.352</b>
<b>Net Book Value</b>	<b>83.045.022</b>	<b>(3.138.006)</b>	<b>41.696</b>	<b>(10.376)</b>	<b>79.938.335</b>

Useful Life for tangible assets are listed below :

#### Expected Useful Life

Land Improvements	8-50 year
Buildings	50 years
Plant, Machinery and Equipments	4-15 years
Vehicles	5 years
Furnitures and Fixtures	3-15 years
Special Costs	5 years



# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 19. INTANGIBLE FIXED ASSETS

Intangible fixed assets movements as of December 31, 2010 are as follows:

	December 31, 2009	Additions	Transfers	Disposals	December 31, 2010
Establishment and Formation Expenses	2.853	-	-	-	2.853
Rights	6.042.567	39.785	-	-	6.082.355
Other Intangible Fixed Assets	4.650	-	-	-	4.650
<b>Total Cost</b>	<b>6.050.070</b>	<b>39.785</b>	<b>-</b>	<b>-</b>	<b>6.089.859</b>
Establishment and Formation Expenses	2.853	-	-	-	2.853
Rights	5.859.317	79.987	-	-	5.939.304
Other Intangible Fixed Assets	3.190	567	-	-	3.757
<b>Accumulated Depreciation</b>	<b>5.865.360</b>	<b>80.554</b>	<b>-</b>	<b>-</b>	<b>5.945.914</b>
<b>Net Book Value</b>	<b>184.710</b>	<b>(40.770)</b>	<b>-</b>	<b>-</b>	<b>143.945</b>

Intangible fixed assets movements as of December 31, 2009 are as follows:

	December 31, 2008	Additions	Transfers	Disposals	December 31, 2009
Establishment and Formation Expenses	2.853	-	-	-	2.853
Rights	5.990.299	52.268	-	-	6.042.567
Other Intangible Fixed Assets	3.043	1.607	-	-	4.650
<b>Total Cost</b>	<b>5.996.195</b>	<b>53.875</b>	<b>-</b>	<b>-</b>	<b>6.050.070</b>
Establishment and Formation Expenses	2.853	-	-	-	2.853
Rights	5.709.954	149.363	-	-	5.859.317
Other Intangible Fixed Assets	2.958	232	-	-	3.190
<b>Accumulated Depreciation</b>	<b>5.715.765</b>	<b>149.595</b>	<b>-</b>	<b>-</b>	<b>5.865.360</b>
<b>Net Book Value</b>	<b>280.430</b>	<b>(95.720)</b>	<b>-</b>	<b>-</b>	<b>184.710</b>

Useful Life for intangible assets are listed below :

#### Useful Life

Rights

3-5 years

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 20. GOODWILL

None. (December 31, 2009: none)

### 21. GOVERNMENT INCENTIVES and INVESTMENTS

None. (December 31, 2009: none)

### 22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

#### Provisions for Income Taxes on Profit, Net

	December 31, 2010	December 31, 2009
Provisions for income taxes and other duties on profit (Note:35)	3.209.073	107.548
Less: Prepaid Taxes and Funds	(2.412.837)	(59.407)
	<b>796.236</b>	<b>48.141</b>

#### Provisions for Short Term Payables

	December 31, 2010	December 31, 2009
Provisions for Cost Expenses	-	-
Provisions for Other Expenses and Payables	1.617.385	499.414
	<b>1.617.385</b>	<b>499.414</b>

Provisions for payables movements as of 31.12.2010 are as follows:

	Provisions For Tax Penalty	Provisions For Suits	Provisions for Other Expenses	Total
Balance amount at the beginning of period	-	499.414	-	499.614
Additional Provisions (Note:31)	973.987	199.972	332.697	1.506.656
Payments (-)	-	(55.988)	(332.697)	(388.685)
<b>Balance at the End of the Period</b>	<b>973.987</b>	<b>643.398</b>	<b>-</b>	<b>1.617.585</b>

Provisions for payables movements as of 31.12.2009 are as follows:

	Provisions For Suits	Provisions for Other Expenses	Total
Balance amount at the beginning of period	893.230	75.811	969.041
Additional Provisions (Note:31)	15.868	-	15.868
Payments / Cancellations (-)	(409.684)	(75.811)	(485.495)
<b>Balance at the End of the Period</b>	<b>499.414</b>	<b>-</b>	<b>499.414</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

According to Tax Examination Reports, issued as of 22.09.2010 and 28.09.2010 by İzmir-Kemalpaşa Taxation Authority, the Company was assessed for principal tax amount of TL 4.824.360 and related tax penalty. This fact was announced by the company to the public opinion at November 26, 2010. The Law no 6111, Law on amendments of Restructuring of several types of receivables and Social Security and General Health Insurance Law and Other several Law and executive orders, was published in Official Gazette, numbered 27857 and dated 25 February 2011. According to article 3 of the mentioned Law, in condition the payment is paid in time specified in Law and there is no law suit, the tax payment for non finalized public receivable is 50% from principal tax amount, additionally for related necessary calculations which are based on accrual and due date, the amount of Wholesale Price Index (WPI)/Producer Price Index (PPI) will be calculated instead of tax penalty and delay interest.

#### Letter of Guarantees Given by the Company

Given to	Guarantee Type	Guarantee Amount	Currency	TRY Equivalent
İzmir Giriş Gümrüğü	Guarantee Letter	252.949	TL	252.949
Kemalpaşa Org.San.Böl.Müd.	Guarantee Letter	7.300	TL	7.300
Tedaş	Guarantee Letter	200	TL	200
Konak Vergi Dairesi	Guarantee Letter	5	TL	5
TTNET A.Ş.	Guarantee Letter	8.557	TL	8.557
				<b>269.011</b>

#### Hypothechs Given by Company

Company gave a hypothec to ABN Ambro Bank NV( the name of bank is changed as The Royal Bank of Scotland at 22.03.2010) at 18.03.2008 for provision of a credit at amount of USD 25.000.000 and this hypothec is used for the factory building, which is located in Kemalpaşa/Izmir at Kırovası point in Ansızca Village, which is 128.369 m2, and its auxiliary buildings on that address.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### Guarantees Given by the Company

	GUARANTEES HYPOTHECS MORTGAGES	31.12.2010	31.12.2009
A)	Total amount of GHM's given in the name of Company itself	38.650.000	39.217.015
B)	Total amount of GHM's given in the name of subsidiaries which were included in consolidation		
C)	Total amount of GHM's given in the name of 3rd parties to maintain ordinary trade operations	269.011	114.514
D)	Total amount of other GHM's given		
	i) Total amount of GHM's given in the name of parent company		
	Total amount of GHM's given in the name of other group		
	ii) companies which could not be included in parts B or C		
	Total amount of GHM's given in the name of 3rd parties which		
	iii) could not be included in part C		
	<b>TOPLAM</b>	<b>38.919.011</b>	<b>39.331.529</b>

Ratio of the guarantees, hypothecs, and mortgages given by the Company to the equity is 27%. (31.12.2009: 31%)

#### Guarantees received by the Company

	December 31, 2010	December 31, 2009
Guarantee Letters Received	8.406.000	2.200.177
Guarantee Cheques Received	510.000	600.000
Guarantee Bills Received	523.000	523.000
Mortgages	41.913.000	20.080.000
	<b>51.352.000</b>	<b>23.403.177</b>

#### **Ongoing Law Suits and Law Suits in Which Company is Defendant**

The Company has allocated a provision for ongoing law suits about severance pay and notice of compensation and return to work, at amount of TL 643.398 as of December 31, 2010 (December 31, 2009: TL 499.414).

Company Management allocate provisions in attached financial statements for suits, for which company thinks it will result in favor of company because of same case law and content of suits in questions. Amount of allocated provisions are shown in provisions for payables account in short term liabilities at statement of financial position.

### 23. COMMITMENTS

None. (December 31, 2009: none)

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 24. EMPLOYEES BENEFIT OBLIGATIONS

#### Termination indemnities

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each entitled employee. Also, employees are entitled to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to of the prevailing 506 numbered Social Insurance Law's Article 60, as amended by 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered laws.

The amount payable consist of one month's salary limited to a maximum of TL 2.517,00 for each period of service as of 31 December 2010.(31 December 2009: TL 2.365,16 )

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Provisions for termination indemnities	9.266.566	7.271.107
	<b>9.266.566</b>	<b>7.271.107</b>

It needs a calculation which can be doing with some assumptions for calculation of company's liabilities in accordance with IAS/TAS 29 (Benefits Provided to Personnel). Company is calculated severance payment based on completion of personnel service time in past years at company and experience about having rights to have severance pay, by using projection method in accordance with IAS/TAS 29 and company is reflected this amount to its financial statements. Provisions for Severance payment allocates after calculating present value of potential liability which company will pay to its personnel in case of retirement. As related to this, assumptions, which are used to calculate the liability amount between December 31, 2010 and December 31, 2009 are depicted below:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Discount Rate	% 10,00	% 11,00
Estimated Increase Rate	% 5,10	% 4,80

Employees benefit obligations movements as of 31.12.2010 and 31.12.2009 are as follows:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
Balance at the Beginning of the Period	7.271.107	7.523.044
Additional Provisions (Note:30)	2.465.057	2.024.317
Payments (-) (Note: 31)	(469.597)	(2.276.254)
<b>Balance at the End of the Period</b>	<b>9.266.566</b>	<b>7.271.107</b>

### 25. RETIREMENT PLAN

None. (December 31, 2009: none)

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 26. OTHER ASSETS and LIABILITIES

### Other Current Assets

	December 31, 2010	December 31, 2009
Advances Given	3.306.650	2.650.090
Prepaid Expenses for Future Periods	829.171	716.268
Income Accruals	50.375	99.511
Prepaid Taxes and Funds	-	6.721
Work Advances	167	-
Advances to Personnel	-	81
Other Current Assets	150	-
	<b>4.186.513</b>	<b>3.472.671</b>

### Other Non-Current Asset

	December 31, 2010	December 31, 2009
Prepaid Expenses For Future Years	66.325	102.171
	<b>66.325</b>	<b>102.171</b>

### Other short term liabilities

	December 31, 2010	December 31, 2009
Income For Future Periods	8.088	72.440
Expense Accruals	253.963	168.537
	<b>262.051</b>	<b>240.977</b>

### Advances Received

	December 31, 2010	December 31, 2009
Advances Received From Retail Dealer	13.773.160	-
Other Advances Received	1.008.734	1.563.673
	<b>14.781.894</b>	<b>1.563.673</b>
Reduction: Not Accrued Financing Expenses	(464.814)	-
<b>TOTAL</b>	<b>14.317.080</b>	<b>1.563.673</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 26. OTHER ASSETS and LIABILITIES (Continued)

Preorder advance received by the company from retail dealers consist of cheeques and bills. Mentioned amount of TL 464.814 is calculated as not accrued financing expense on preorder advance received and is shown not on income statements but as a regulatory account on Advances Received Account.(Note: 10)

### 27. CAPITAL

#### Paid-in Capital

The Company adopts recorded capital system which is known for companies who are subjected to CMB regulations. Registered capital of company, which is arranged according to inflation as of December 31, 2010 and December 31, 2009 is as follows:

	December 31, 2010	December 31, 2009
Registered Capital Limit	75.000.000	75.000.000
Approved and Paid-in Capital	75.000.000	75.000.000

Paid-in Capital structure of the Company between December 31, 2010 and December 31, 2009 given on the following table:

	December 31, 2010		December 31, 2009		
	Group of Shares	Share Amount	Share Percentage	Share Amount	Share Percentage
Adnan Polat	A	3,6	0,00%	3,6	0,00%
Adnan Polat	B	5,2	0,00%	5,2	0,00%
Adnan Polat	C	779.869,04	1,04%	779.869,04	1,04%
<b>Total</b>		<b>779.877,84</b>	<b>1,04%</b>	<b>779.877,84</b>	<b>1,04%</b>
İbrahim Polat	A	3,62	0,00%	3,62	0,00%
İbrahim Polat	B	5,3	0,00%	5,3	0,00%
İbrahim Polat	C	1.177.692,95	1,57%	1.177.692,95	1,57%
<b>Total</b>		<b>1.177.701,87</b>	<b>1,57%</b>	<b>1.177.701,87</b>	<b>1,57%</b>
Murat Polat	A	3,6	0,00%	3,6	0,00%
Murat Polat	B	5,2	0,00%	5,2	0,00%
Murat Polat	C	779.869,04	1,04%	779.869,04	1,04%
<b>Total</b>		<b>779.877,84</b>	<b>1,04%</b>	<b>779.877,84</b>	<b>1,04%</b>
Other	A	1,18	0,00%	1,18	0,00%
Other	B	2,3	0,00%	2,3	0,00%
<b>Total</b>		<b>3,48</b>	<b>0,00%</b>	<b>3,48</b>	<b>0,00%</b>
<b>Public and Other</b>	C	<b>26.575.619,97</b>	<b>35,43%</b>	<b>26.575.619,97</b>	<b>35,43%</b>
<b>İbrahim Polat Holding A.Ş.</b>	C	<b>45.686.919,00</b>	<b>60,92%</b>	<b>45.686.919,00</b>	<b>60,92%</b>
		<b>75.000.000,00</b>	<b>100%</b>	<b>75.000.000,00</b>	<b>100%</b>
Capital Adjustment Differences		24.778.008,00		24.778.008,00	
		<b>99.778.008,00</b>		<b>99.778.008,00</b>	

(\*)Capital adjustment differences are the difference between total amount of capital adjusted according to inflation and capital amount before inflation adjustment.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 27. CAPITAL (Continued)

Maximum amount of registered capital of the Company is TL 75.000.000 (seventy five million). The total number of common stock shares of the Company is 7.500.000.000 (seven billion five hundred million) with a par value of TL 0,01. The equity of the Company is 75.000.000 (seventy five million) and it was all paid. The shares of the company are divided as:

1.200 share A Group name,  
1.800 share B Grubu name and  
7.499.997.000 share C Grubu to the bearer.

The board is authorized to increase capital within the registered capital limit, issue nominative or bearer shares and to decide to distribute the amount between nominative and bearer shares. Shareholders vote regarding to their capital commitment in the general assembly in order to change the company's main contract.

Transfers of the nominative shares are subjected to board's approval and valid if only registered to stock ledger. Board may refuse the transfer without any reason. Grup A and B shares are preferential.

If board be formed by 5 members, three members shall be from among Group A Shares, 1 from Group B and 1 from other groups. If board be formed by 7 members, 4 members should be from Group A, 1 from group B and 2 from other groups.

Group A shareholders receives 8% dividend from financial position profit after tax and first order legal reserve and participate second order dividend distribution.

Group b shareholders receives 5% dividend from financial position profit after tax and first order legal reserve and participate second order dividend distribution.

### Share Premium

According to declaration numbered Serial XI No: 29, due to announcement made by board, at result of financial statement adjustment which is adjusted according to inflation, "share premium" from capital item are written as its recorded value in the statement of financial position.

Inflation adjustment differences of share premium are shown in previous year profit/loss.

	Balance as of 31.12.2009	Additions	Disposals	Balance as of 31.12.2010
Share Premium	35.838.594	-	-	35.838.594
	<b>35.838.594</b>			<b>35.838.594</b>

### Restricted Reserves Allocated from Profit

Legal Reserves consist of first and second reserves as predicted from on Turkish Commercial Code (TCC). TCC predict that company can allocate 5% of its legal profit till it gets 20% of company's paid-in capital. However second legal reserves are allocated as 10 % on all cash dividends which is exceeding 5% of paid-in capital. In the scope of TCC's statements, legal reserves can used to clarify loss and they cannot be used for other purposes till they did not exceed 50% of paid-in capital.



# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 27. CAPITAL (Continued)

Reserves allocated in order to distribute dividend from previous period's profits are classified in this item in statement of financial position and Inflation adjustment differences for legal reserves are shown in previous years' profit/loss.

According to declaration numbered Serial XI No: 29, due to announcement made by board, at result of financial statement adjustment which is adjusted according to inflation, "legal reserves" from capital item is written as its recorded value in statement of financial position.

	Balance as of 31.12.2009	Additions	Disposals	Balance as of 31.12.2010
Restricted Reserves Allocated from Profit	289.820	-	-	289.820
	<b>289.820</b>			<b>289.820</b>

### Previous Years' Profit/Loss

Accumulated profit/loss except net profit for the period is shown in this item by clarifying. Extraordinary reserves are shown in this item because they count as accumulated profit. Inflation adjustment differences for reserves restricted from profit, share premium, and extraordinary legal reserves are shown in previous years' profit/loss.

	Balance as of 31.12.2009	Additions	Disposals	Balance as of 31.12.2010
Accumulated Profit / Loss	(18.919.081)	3.597.329	-	(15.321.752)
Extraordinary Legal Reserves	391.815	-	-	391.815
Inflation Adjustment Differences for Extraordinary Legal R	3.057.292	-	-	3.057.292
	<b>(15.469.974)</b>	<b>3.597.329</b>	-	<b>(11.872.645)</b>

### Minority Interests

	December 31, 2010	December 31, 2009
Balance as of January 1st	257.571	246.855
Minority Interest sourced from subsidiary which is in scope of consolidation	-	-
Net Profit for the Period	9.630	10.716
Transfers from Special Reserves	-	-
	<b>267.201</b>	<b>257.571</b>

As due to declaration of CMB at February 8<sup>th</sup>, 2008 which is numbered 4/138, minimum distribution rate of dividend should be applied as 20% (December 31, 2007: 20%) for incorporated companies who has shares transacted in stock exchange, which is valid as of January 1, 2008. According to this declaration, companies can distribute cash dividend, share to its partners without any cost by adding dividend to capital, can realize

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 27. CAPITAL (Continued)

dividend distribution by distributing certain amount of cash or certain amount of shares without any cost. And this declaration gives opportunity to abandon the amount of dividend to partnership structure in case if first year dividend amount is less than 5 % of paid-in capital or issued capital however this declaration obligates to distribute first year dividend in cash from profit for the period sourced from their activities for incorporated companies whose shares are separated as “old” and “new”, which increase their capital without realizing dividend distributions for previous periods.

Besides, in accordance with declaration of SMB at February 25, 2005 which is numbered 7/242, company distributes dividend if net distributable dividend amount, which is found according to CMB regulations on dividend distribution amount calculated in accordance with regulations related to minimum dividend distributions of CMB, can be allocated from distributable dividend in legal records and if it can not be allocated, total amount of distributable dividends in legal records will distribute. Moreover if there is a loss in the period in legal records or financial statements which are prepared in accordance with CMB regulations.

### 28. SALES and COST of GOODS SOLD

Sales consist of following:

	January 01 - December 31 2010	January 01 - December 31 2009
Domestic Sales	111.637.776	88.199.370
Export Sales	51.907.809	48.287.615
Other Income	56.359	-
Sales Returns	(2.315.589)	(1.070.408)
Sales Discounts	(674.483)	(737.017)
Other Discounts	-	(83.408)
	<b>160.611.872</b>	<b>134.596.152</b>

Cost of goods sold consists of following:

	January 01 - December 31 2010	January 01 - December 31 2009
Cost of Products Sold	107.951.066	98.621.669
Cost of Good Sold (Trade)	2.294.570	2.700.326
	<b>110.245.636</b>	<b>101.321.995</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 29. RESEARCH and DEVELOPMENT EXPENSES, MARKETING, SALES and DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES

	January 01 - December 31 2010	January 01 - December 31 2009
Marketing, Sales and Distribution Expenses	9.940.028	7.847.297
General Administration Expenses	13.437.397	17.268.930
Research and Development Expenses	1.323.009	1.219.580
	<b>24.700.434</b>	<b>26.335.807</b>

## 30. EXPENSES ACCORDING TO THEIR QUALIFICATIONS

Cost of sales according to their nature between January 1 – December 31, 2010 and January 1 – December 31, 2009 periods is like below:

	January 01 - December 31 2010	January 01 - December 31 2009
Raw Materials Cost	53.444.457	51.047.648
Personnel Expense Share	17.750.734	13.815.759
Depreciation and Amortization Expense Share	5.090.882	4.663.628
Indirect Material Usage Share	7.472.297	5.805.056
Natural Gas Expenses	18.569.423	17.368.718
Personnel Transportation Service Expenses	1.095.020	818.074
Gas Oil and LPG Expenses	876.372	662.437
Food Expenses	715.212	508.724
Maintenance Expenses	1.420.709	1.083.937
Transportation Expenses	527.356	377.429
Insurance Expenses	377.914	275.782
Other Production Overheads	1.511.632	1.559.169
Cost of Goods Sold (Trade)	2.294.570	2.700.326
Semifinished Inventory Exchange	(233.777)	(331.199)
Inventory Change	193.391	1.546.368
Internal Consumption	(905.816)	(781.098)
Customs Declaration The Delayed Goods Net Effect	45.259	201.237
	<b>110.245.636</b>	<b>101.321.995</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 30. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Marketing, Sales and Distribution Expenses according to their nature between January 1 – December 31, 2010 and January 1 – December 31, 2009 periods is like below:

	<b>January 01 - December 31 2010</b>	<b>January 01 - December 31 2009</b>
Personnel Expense Share	1.631.248	898.394
Export Sales Expenses	2.268.775	2.507.695
Domestic Sales Expenses	3.740.258	2.707.491
Ceramic Panels Sales Expenses	567.103	916.763
Packaging Costs	337.095	342.158
Material Consumption	-	260
Advertisement Expenses	1.253.862	374.354
Other	141.687	100.182
	<b>9.940.028</b>	<b>7.847.297</b>

General Administration Expenses according to their nature January 1 – December 31, 2010 and January 1 – December 31, 2009 periods is like below:

	<b>January 01 - December 31 2010</b>	<b>January 01 - December 31 2009</b>
Personnel Expense Share	4.265.029	3.852.959
Provision of Severance Payment (Note:24)	2.465.057	2.024.317
Depreciation and Redemption Expense Share	572.583	900.226
Expenses of Severance Payment	1.281.812	4.768.470
Duties Taxes and Levies Expenses	318.644	315.936
Consulting Expenses	772.850	1.615.817
Travel Expenses	165.922	38.669
Services Provided from Outside	824.976	741.665
Rent Expenses	47.057	36.411
Dues and Subscription costs	301.923	295.367
Communication Expenses	147.839	163.975
Transportation Expenses	68.066	55.731
Insurance Expenses	89.506	140.056
Electricity Costs	130.752	105.189
Courts, Law Enforcement Costs	1.590.227	1.864.991
Other	395.155	349.148
	<b>13.437.397</b>	<b>17.268.930</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 30. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Research and Development Expenses according to their nature between January 1 – December 31, 2010 and January 1 – December 31, 2009 periods is like below:

	January 01 - December 31 2010	January 01 - December 31 2009
Personnel Expense Share	924.119	934.685
Services Provided from Outside	173.145	136.021
Other	225.745	148.874
	<b>1.323.009</b>	<b>1.219.580</b>

### 31. OTHER OPERATING INCOME AND EXPENSES

#### Other Incomes

	January 01 - December 31 2010	January 01 - December 31 2009
Export Freight and Insurance Incomes	8.122	502.601
Reflected Incomes	69.115	513.418
Management Consultancy Incomes	9.556	7.784
Cancellation of Severance Indemnities (Not: 24)	469.597	2.276.254
Cancellation of Provision for Suits (Not: 24)	55.987	409.684
Cancellation of Provision for Inventories	-	574.695
Profit on Sale of Fixed Assets	487.653	130.284
Insurance Income	41.447	55.031
Rent Income	33.056	16.327
Brand Usage Income	22.026	116.108
Reflected Materials and Price Differences	175.621	-
Confirmation Differences Incomes	426.307	435.058
Others	510.119	517.833
	<b>2.308.607</b>	<b>5.555.077</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 31. OTHER OPERATING INCOME AND EXPENSES (Continued)

### Other Expenses

	January 01 - December 31 2010	January 01 - December 31 2009
Provision for Suits (Not: 22)	199.972	15.869
Provision for Inventory Impairment (-)	91.913	-
Reflected Expenses	69.115	841.333
Non-working Parts Expenses and Losses	575.041	1.491.884
Prior Period Expenses and Loses	651.337	38.282
Confirmation Differences Expenses	283.324	730.721
Reflected Materials and Price Differences	175.621	-
Provision Expense for Doubtful Receivables (Note:10)	901.345	-
Provision for Tax Penalty (Note:22)	973.987	-
Others	690.583	139.663
	<b>4.612.237</b>	<b>3.257.751</b>

Amounts which are recorded in expense and loss from idle parts are consist of at amount of TL 193.750 (31.12.2009: TL 415.522) as depreciation expense and at amount of TL 320.584 (31.12.2009: TL 898.845) as personnel expense and amount of TL 60.707 (31.12.2009: TL 177.517) as other expenses.

## 32. FINANCIAL INCOMES

Financial incomes consist of following:

	January 01 - December 31 2010	January 01 - December 31 2009
Foreign Exchange Gains	9.748.627	5.531.407
Interest Income	1.112.589	2.801.072
Maturaty Gap Income	365.760	747.557
Rediscount Interest Income	268.404	740.887
	<b>11.495.380</b>	<b>9.820.924</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 33. FINANCIAL EXPENSES

Financial expenses consist of following:

	January 01 - December 31 2010	January 01 - December 31 2009
Foreign Exchange Losses	9.840.264	6.314.208
Bank Loan, Interest and Commision Expenses	1.350.470	7.142.624
Redicount Interest Expenses	514.056	725.899
	<b>11.704.790</b>	<b>14.182.731</b>

## 34. FIXED ASSETS KEPT in HAND TO SELL AND DISCONTINUED OPERATIONS

None. (December 31, 2009: none)

## 35. TAX ASSETS AND LIABILITIES

Tax Expense/Income in comprehensive income statement for periods ended at December 31, 2010 and December 31, 2009 is as follows:

	January 01 - December 31 2010	January 01 - December 31 2009
Provision for Income Tax for the Period	(3.209.073)	(107.548)
Deferred Tax Gain / (Losses)	(1.726.167)	(1.158.275)
<b>TOTAL</b>	<b>(4.935.239)</b>	<b>(1.265.823)</b>

### Tax

Corporate tax rate is reduced to 20% with published a corporate tax law which is numbered as 5520 instead of law numbered 5422 at official gazette, which is numbered as 26205, at 21 June 2006.

Corporate tax rate is 20% in Turkey at 2007. This rate will be same also for next years. This rate can be applied to the amount after addition of expenses which are not accepted to discount according to Turkish law to company's operating income and deduction of exceptions in tax law like subsidiary income and discounts like investment discount from company's operating income. In case of not having an investment discount, of reducing it from company's operating income, corporate tax rate is 30%. If they did not distribute dividend, there will be no need to pay more tax.

At December 30th, 2003, there was a act which predicted to change in Tax Procedure Law, Income Tax Law and Corporate Tax Law ("Act numbered as 5024"), it predicts that income and corporate taxpayer,

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

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### 35. TAX ASSETS AND LIABILITIES (Continued)

who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment starting after January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements at December 31, 2003. Taxpayers have to declare their statement of financial position at December 31, 2003 according to act numbered as 5024 and declaration numbered as 328 in Tax Procedure Law which is published at February 28th, 2004 by ministry of finance. Companies have to declare their third quarter pre-paid corporate tax declaration for 2004 according to act numbered as 5024 and declaration numbered as 338 which is published at August 13th, 2004 in Official Gazette and other regulations. It is an obligation that taxpayers, who have to make inflation adjustment according to the general declaration published by Ministry of Finance, have to make adjustments in their statement of financial position after January 1, 2004 if there is the case which obligates adjustment

Company will calculate tax amount for the period according to declaration numbered 338 if there are conditions such as increase in price index in last 12 periods at 100% and 10% for current period for need of adjustments.

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22<sup>nd</sup>, 2006). Adding profit to capital can not be count as distribution of dividend and applied for withholding tax.

Companies calculate pre-paid corporate tax at 20% on their profit for each 3 months and they declare that amount at fourteenth day of second month in following period and they pay it till evening of seventeenth day of same month. Pre-paid taxes which are paid in the year belong to same year and it will be deducted from corporate tax amount which is calculated according to corporate tax declaration for the following year. Pre-paid corporate tax remained after deduction can be deducted from any financial payables to government.

75% of profit from sales of property, subsidiary's shares, management shares, usufructs shares with right of preference which company kept in hand at least 2 years is count as exception in condition that they can be kept under a fund account as equity item for 5 years in liabilities and collection of total sales amount has to be finished not exceeding second year after sales made.

Investment discount application was abolished since 01 January 2006. However in case taxable income of company is not enough, unused investment discount value as of 31 December 2005 can be carried to following years on the stipulation that company has income. Nevertheless, carried investment discount value can be deducted only from 2006,2007 and 2008 incomes and that is impossible after 2008. At the meeting of Constitutional Court at 15 October 2009, the present legal agreement was canceled with the reason noncompliance with law, thereby duration limit related to investment discount was removed as of report date. The mentioned Constitutional Court's decision was published in official gazete dated 08 January 2010. In accordance with Law no 6009 published at 01 August 2010, Investment discount application was limited and whatever the value of Investment discount is, discount cannot be deducted more than %25 of company's income. In application to income of 2010 year, Issued by law The legal agreement became operative as of 1 August 2010, for the tax period from January to June the limit 25% is inoperative and investment discount can be deducted in full, the income tax shall be calculated as 30% on all income except the investment discounts.

a- Investment which will start after January 1, 2006 in same scope with already started investment in scope of incentive certificate which is made from application which are made before April 24, 2003,



# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 35. TAX ASSETS AND LIABILITIES (Continued)

b- There is not any withholding tax on amounts which is expected according to cancelled article numbered as 19 in Income Tax Law. According to the acts which are valid before July 24, 2003, in case of using the right of earned investment discount, company will make withholding tax as rate of 19,8% on used investment discount exception without looking for distributing or not distributing of profit.

According to Turkish Tax Regulations, loss without exceeding 5 years can be discounted from corporate income for the period. However loss can not be discounted from previous year profits.

There is not any application which consists of agreement between companies and tax authority about payables taxes in Turkey. Declaration of corporate tax has to give to related tax administration of company in twenty fifth day of following month of closed period. Moreover agencies who has the authority to make tax control, can check company records for 5 years and if there is a mistake, amount of taxes payables can be changed.

#### **Tax Expense for Current Period :**

In accordance with Law no 6009 published in the official gazette on 01 August 2010, new arrangements were made about using rights of investment discount to be applicable on 2010 incomes. In this context, %19,8 withholding tax will be calculated on used investment discount value within the meaning of the temporary article 61 of Income Tax Law

	01 January - 31 December 2010	01 January - 31 December 2009
Profit/ (Loss) Before Tax	25.947.317	6.251.668
Disallowable Expenses	2.340.953	1.484.627
Deductible accumulated deficit	(12.166.692)	(4.887.828)
Other Allowances	(36.000)	(2.284.318)
Investment Discount	(4.021.394)	-
<b>Basis of Corporate Taxation</b>	<b>12.064.183</b>	<b>564.149</b>
Withholding Tax for Investment Discount	796.236	-
Provision for Corporate Tax	2.412.837	107.548
<b>Current Year Tax Expense</b>	<b>3.209.073</b>	<b>107.548</b>

#### **Deferred Tax**

Company calculates deferred income tax assets and liabilities with recorded values in statement of financial position items by considering difference effects which occurs as a result of evaluation for values in statement of financial position items and Tax Procedure Law.

Differences in question generally sourced from accounting of expenses and incomes for different reporting periods according to CMB declarations and Tax Law. The rate which will apply for deferred tax receivables and liability which is calculated according to liability methods on temporary differences will occur after December 31, 2008 is 20%.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 35. TAX ASSETS AND LIABILITIES (Continued)

Documentation, which is prepared according to current tax rates, for deferred tax assets and liabilities and accumulated temporary differences subjected to deferred tax as of December 31, 2010 and December 31, 2009:

	<u>Accumulated Temporary Differences</u>		<u>Tax Rate</u>	<u>Deffered Tax / Assets and (Liabilities)</u>	
	<u>December 31, 2010</u>	<u>December 31, 2009</u>		<u>December 31, 2010</u>	<u>December 31, 2009</u>
<b>Deffered Tax /Assets and (Liabilities)</b>					
Employee Benefits	9.266.566	7.271.107	20%	1.853.313	1.454.221
Provision for Payables	1.196.265	499.414	20%	239.253	99.883
Provision for Doubtful Receivables	565.102	-	20%	113.020	
Tangible Fixed Assets	7.491.162	9.994.269	20%	1.498.232	1.998.854
Intangible Fixed Assets	(66.122)	(2.192.129)	20%	(13.224)	(438.426)
Inventories	179.641	54.665	20%	35.928	10.933
Losses Carried Forward	-	12.166.692	20%	-	2.433.338
Revaluation Fund	-	-	20%	-	
Investment Discount	53.057.246	-	0,2%	106.114	
	<b>71.689.861</b>	<b>27.794.017</b>		<b>3.832.638</b>	<b>5.558.804</b>
				<b>December 31, 2010</b>	<b>December 31, 2009</b>
Opening Balance				5.558.804	6.717.079
Current Year Deffered Tax Gain / (Loss)				(1.726.166)	(1.158.275)
<b>Deffered Tax Assets</b>				<b>3.832.638</b>	<b>5.558.804</b>

As of 31.12.2010 the Company has not any unused previous year's losses to carry forward for deducting from Corporate Tax.

As of 31.12.2010 all of losses carried forward amount of TL 12.166.692 were deducted from current period's incomes.

### 36. EARNING PER SHARE

For the years ending 31 December 2010 and 31 December 2009, the weighted average number of shares and earnings per share as follows.

	<b>January 01 - December 31 2010</b>	<b>January 01 - December 31 2009</b>
Net Profit / (Loss)	18.207.892	3.597.329
Weighted Average Number of Ordinary Shares	7.500.000.000	7.500.000.000
<b>Profit/(Loss) per share with nominal value of 1 TRY (unlimited)</b>	<b>0,00243</b>	<b>0,00048</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 37. EXPLANATIONS FROM RELATED PARTIES

#### i) Balances of the Company with its' related parties as of 31.12.2010 and 31.12.2009:

##### a) Receivables from Related Parties

	December 31, 2010	December 31, 2009
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	7.495.720	7.735.773
Ege Seramik East Europe Ltd.(2)	4.923.551	5.348.757
Ege Seramik Trading Holding S.A.(2)	4.381.276	5.946.173
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	7.824.907	17.453.658
Ege Seramik America INC.(2)	2.615.998	3.326.926
Polat Maden San.Tic.A.Ş.(2)	-	41.850
Polat İnşaat Malzemeleri San.Tic.A.Ş.(2)	939.055	2.412.788
	<b>28.180.508</b>	<b>42.265.926</b>

As of December 31, 2010 amount of TL 7.824.907 (31.12.2009: amount of TL 16.637.27 is shown as "Other Receivables" and amount of 816.383 TL is shown as "Trade Receivables" ) receivables due from related parties is shown as "Other Receivables" in consolidated financial statements (Note: 11) and the remaining amount which is TL 19.912.759 (31.12.2009: 25.628.651) is shown in "Trade Receivables" in consolidated financial statements. (Note: 10)

Amount of TL 442.842 of receivables from related companies consist of notes receivables (December 31, 2009: TL 1.097.856).

Short term receivables of company from Ege Seramik Dış Ticaret A.Ş., Ege Seramik East Europe LTD. And Ege Seramik America INC is sourced from working with these companies to do sales and marketing activities in abroad.

As of 31.12.2010 The Company earned interest income from group companies a total sum of TL 669.122 (31.12.2009: TL 2.141.219) from Ege Vitrikiye Sağlık Gereçleri San. Ve Tic. A.Ş..These incomes were shown on the interest income account.

As of 31.12.2010 The Company earned interest income from group companies a total sum of EUR 2.377 (TL 5.747) from Ege Seramik Trading Holding.These incomes were shown on the interest income account.

As of 31.12.2010 the Company calculated interest for its' receivable from Polat İnşaat Malzemeleri A.Ş. a total sum of TL 61.427,35 and it was shown on the interest income account. (Note: 32)

As of 31.12.2010 The Company also earned interest income from out of group companies a total sum of TL 304.332,31. These incomes were shown on the interest income account.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 37. EXPLANATIONS FROM RELATED PARTIES (Continued)

### b) Payables to Related Parties

	December 31, 2010	December 31, 2009
İbrahim Polat Holding A.Ş.(1)	-	3.992
Polat Maden San.Tic.A.Ş.(2)	35.937	-
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	-	219
Ege Seramik Europe S.A.(2)	-	4.211
	<b>35.937</b>	<b>8.422</b>
Dividends Payables	1.449	1.449
	<b>1.449</b>	<b>1.449</b>
	<b>37.386</b>	<b>9.871</b>

## ii) Important sales to related parties and important purchase from related parties:

### a) Product Sales to Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	23.019.346	20.016.158
Ege Seramik America INC.(2)	18.175.071	11.649.031
Ege Seramik East Europe Ltd.(2)	2.462.106	3.707.486
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.(2)	1.581.743	1.465.693
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	4.272	8.307
Polat Maden San. Tic. A.Ş.(2)	1.803	-
Polat İnşaat Malzemeleri San.Tic.A.Ş.(2)	2.984.760	5.095.346
	<b>48.229.101</b>	<b>41.942.021</b>

### b) Raw Material Sales to Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Ege Vitrikiye Sağlık Gereçleri San. Ve Ticaret A.Ş.(2)	171.288	147.705
Polat Maden San. Tic. A.Ş.(2)	92.834	-
	<b>264.122</b>	<b>147.705</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 37. EXPLANATIONS FROM RELATED PARTIES (Continued)

#### c) Services made to related parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	151.612	151.550
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	15.040	68.253
Polat İnşaat Malzemeleri San.Tic.A.Ş.(2)	764	-
Polat Maden San. Tic. A.Ş.(2)	2.209	-
Ege Seramik America INC.(2)	56.036	134.522
Ege Seramik East Europe Ltd.(2)	25.640	-
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	709	-
	<b>252.010</b>	<b>354.325</b>

Services made to related parties as the company's defined companies above are consist of services like information support and management consulting.

#### d) Material and Raw Material Purchases from Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Polat Maden San. Tic. A.Ş.(2)	1.610.518	818.260
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.(2)	173.807	132.001
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	-	857.868
	<b>1.784.325</b>	<b>1.808.129</b>

### 37. EXPLANATIONS FROM RELATED PARTIES (Continued)

#### e) Services Purchased from Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
İbrahim Polat Holding A.Ş.(1)	544.025	486.000
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	3.536	-
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	6.136	39.173
Ege Seramik America INC.(2)	5.167	-
Polat Maden San. Tic. A.Ş.(2)	1.215	-
Polat İnşaat Malzemeleri San.Tic.A.Ş.(2)	10.014	-
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	11.115	-
Ege Seramik East Europe Ltd.(2)	6.672	-
	<b>587.880</b>	<b>525.173</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 37. EXPLANATIONS FROM RELATED PARTIES (Continued)

#### f) Financing Incomes about Transactions to Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	669.123	2.141.219
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	163.710	604.770
Polat İnşaat Malzemeleri A.Ş.(2)	61.427	328.934
	<b>894.260</b>	<b>3.074.923</b>

#### g) Financing Expenses about Transactions to Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
İbrahim Polat Holding A.Ş. (1)	-	3.921
Ege Seramik Amerika INC.(2)	9.648	23.729
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	21.775	578.811
Polat Maden San. Tic. A.Ş.(2)	9.541	-
	<b>40.964</b>	<b>606.461</b>

As of 31.12.2010 Ege Seramik Dış Ticaret A.Ş. from group companies accrued finance expense amount to TL 21.775,00 and Ege Seramik Amerika S.A. from group companies accrued finance expense amount to TL 9.648,00 TL to the company.

As of 31.12.2010 Polat Maden San. ve Tic. A.Ş. accrued finance expense amount to TL 9.541,00 to the company.

#### h) Fixed Assets Sales to Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	15.890	-
Polat Maden San. Tic.A.Ş.(2)	-	35.000
	<b>15.890</b>	<b>35.000</b>

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 37. EXPLANATIONS FROM RELATED PARTIES (Continued)

#### i) Fixed Asset Purchases from Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	-	2.225.433
Ege Vitrifiye Sağlık Gereçleri San.Tic.A.Ş.(2)	4.481	
Polat Maden San. Tic. A.Ş.(2)	29.661	
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	2.095	
	<b>36.237</b>	<b>2.225.433</b>

#### j) Marketing, Sales Expenses from Related Parties

	January 1 - December 31, 2010	January 1 - December 31, 2009
Ege Seramik America INC.(2)	119.836	105.121
Ege Seramik East Europe Ltd.(2)	293.602	242.731
Ege Vitrifiye Sağlık Gereçleri San.Tic.A.Ş.(2)	46.147	12.202
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	479.308	812.712
Polat İnşaat Malzemeleri A.Ş.(2)	52.683	338.957
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	115.680	12.630
	<b>1.107.256</b>	<b>1.524.353</b>

Total amount of salary and alike benefits which provided to higher management in 2010 as twelve months period is as follows:

- Short Term Benefits to Employees:** Total amount of salary and alike benefits which provided to top management in 2010 as twelve months period is TL 1.048.259,36 (2009:TL 695.635).
- Benefits after Leaving:** If the personnel legally deserve it, they will be paid termination indemnity. There is no extra payment other than this.
- Other Long term Benefits:** None.
- Benefits due to Dismissal:** None.
- Payments per Share:** None.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

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## 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS

### a) Equity Risk.

Capital structure of the Company consist of the equity parts which were explained on the Note 27 such as issued capital, capital reserves, profit reserves and previous years losses.

Risks related to capital cost of the company and risks related to each capital class are handled by the Company top management.



# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

### b) Credit Risk

31.12.2010	Trade Receivables		Other Receivables		Money Amount in Bank Account	Derivative Instrument	Other
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>Suffered Maximum Credit Risk as of Reporting Date (A+B+C+D+E) *</b>	<b>19.945.093</b>	<b>9.577.485</b>	<b>7.824.907</b>	-	<b>11.521.392</b>	-	-
- Part of maximum risk which is covered by guarantees, etc.	-	-	-	-	-	-	-
A. Net Value of financial assets which did not suffered from loss in value and which is not matured	6.859.412	1.379.171	421.958	-	11.521.392	-	-
B. Book value of financial assets for which conditions are rediscussed which will count as matured or suffered from loss in value if conditions are not rediscussed	-	-	-	-	-	-	-
C. Net book value of assets which are matured and not suffered from loss in value	13.085.681	8.198.315	7.402.949	-	-	-	-
D. Net book value of assets which are suffered from loss in value	-	-	-	-	-	-	-
-Gross book value of matured assets	-	-	-	-	-	-	-
-Loss in Value (-)	-	-	-	-	-	-	-
- Part of net value which is covered with guarantee, etc.	-	-	-	-	-	-	-
- Gross book value of immatured assets	-	-	-	-	-	-	-
-Loss in Value (-)	-	-	-	-	-	-	-
- Part of net value which is covered with guarantee, etc.	-	-	-	-	-	-	-
E. Items which has credit risk except balance sheet	-	-	-	-	-	-	-

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

31.12.2009	Trade Receivables		Other Receivables		Money Amount in Bank Account	Derivative Instrument	Other
	Related Parties	Other Parties	Related Parties	Other Parties			
<b>Suffered Maximum Credit Risk as of Reporting Date (A+B+C+D+E) *</b>	<b>25.628.651</b>	<b>20.197.050</b>	<b>16.637.275</b>	-	<b>9.023.216</b>	-	-
- Part of maximum risk which is covered by guarantees, etc.	-	-	-	-	-	-	-
A. Net Value of financial assets which did not suffered from loss in value and which is not matured	5.634.069	3.215.776	551.162	-	9.023.216	-	-
B. Book value of financial assets for which conditions are rediscussed which will count as matured or suffered from loss in value if conditions are not rediscussed	-	-	-	-	-	-	-
C. Net book value of assets which are not matured or suffered from loss in value	19.994.582	16.981.274	16.086.113	-	-	-	-
D. Net book value of assets which are suffered from loss in value	-	-	-	-	-	-	-
-Gross book value of matured assets	-	-	-	-	-	-	-
-Loss in Value (-)	-	-	-	-	-	-	-
- Part of net value which is covered with guarantee, etc.	-	-	-	-	-	-	-
- Gross book value of immatured assets	-	-	-	-	-	-	-
-Loss in Value (-)	-	-	-	-	-	-	-
- Part of net value which is covered with guarantee, etc.	-	-	-	-	-	-	-
E. Elements which has credit risk except balance sheet	-	-	-	-	-	-	-

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

Aging of assets which suffered from loss in value and are matured is like in the table below:

31.12.2010	Receivables				Money Amount in Bank Account	Derivative Instrument	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
1-3 months matured from its term	8.732.176	5.744.859	-	-	-	-	-
3-6 months matured from its term	953.436	449.167	-	-	-	-	-
6-12 months matured from its term	1.578.340	436.375	3.464.719	-	-	-	-
1-5 years matured from its term	1.821.729	1.567.914	3.938.230	-	-	-	-
More than 5 years matured from its term	-	-	-	-	-	-	-
Part which is covered with guarantee, etc	-	-	-	-	-	-	-

31.12.2009	Receivables				Money Amount in Bank Account	Derivative Instrument	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
1-3 months matured from its term	3.339.073	6.507.250	461.198	-	-	-	-
3-6 months matured from its term	4.251.933	4.292.409	875.689	-	-	-	-
6-12 months matured from its term	4.543.297	2.854.078	7.627.772	-	-	-	-
1-5 years matured from its term	7.860.279	3.327.536	7.121.454	-	-	-	-
More than 5 years matured from its term	-	-	-	-	-	-	-
Part which is covered with guarantee, etc	-	-	-	-	-	-	-

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

### c) Liquidity Risk

Liquidity risk table for derivative and non-derivative financial liabilities is presented at below:

#### 31.12.2010

Terms According to Agreement	Book Value	Total Cash out according to agreement (=I+II+III+IV)	Less than 3 Months (I)	Between 3-12 Months (II)	Between 1-5 Years (III)	More than 5 Years (IV)
<b>Non-Derivative Financial Liabilities</b>	<b>45.215.857</b>	<b>45.215.857</b>	<b>22.966.646</b>	<b>16.727.795</b>	<b>5.521.415</b>	-
Bank Credits	5.540.418	5.540.418	-	19.003	5.521.415	-
Financial Leasing Liabilities	-	-	-	-	-	-
Trade Payables	20.928.057	20.928.057	4.219.264	16.708.793	-	-
Other Payables	18.747.382	18.747.382	18.747.382	-	-	-
<b>Terms According to Agreement and Expected Maturity</b>	<b>Book Value</b>	<b>Total Cash out according to agreement (=I+II+III+IV)</b>	<b>Less than 3 Months (I)</b>	<b>Between 3-12 Months (II)</b>	<b>Between 1-5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Derivative Financial Liabilities (Net)</b>	-	-	-	-	-	-
Derivative Cash Flow	-	-	-	-	-	-
Derivative Cash Out	-	-	-	-	-	-

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

**31.12.2009**

Terms According to Agreement and Expected Maturity	Book Value	Total Cash out According to Agreement and Expected Maturity (=I+II+III+IV)	Less than 3 Months (I)	Between 3-12 Months (II)	Between 1-5 Years (III)	More than 5 Years (IV)
<b>Non-Derivative Financial Liabilities</b>	<b>59.706.499</b>	<b>59.706.499</b>	<b>26.837.723</b>	<b>13.381.270</b>	<b>19.487.505</b>	-
Bank Credits	35.706.530	35.706.530	7.201.227	9.017.797	19.487.505	-
Financial Leasing Liabilities	2.020	2.020	2.020	-	-	-
Trade Payables	18.183.371	18.183.371	13.819.898	4.363.473	-	-
Other Payables	5.814.578	5.814.578	5.814.578	-	-	-
<b>Terms According to Agreement and Expected Maturity</b>	<b>Book Value</b>	<b>Total Cash out According to Agreement and Expected Maturity (=I+II+III+IV)</b>	<b>Less than 3 Months (I)</b>	<b>Between 3-12 Months (II)</b>	<b>Between 1-5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Derivative Financial Liabilities (Net)</b>	-	-	-	-	-	-
Derivative Cash Flow	-	-	-	-	-	-
Derivative Cash Out	-	-	-	-	-	-

Liquidity risk is the risk, which company can not correspond needs for funds of company. Company purposed to provide continuity and variation of cash flow by bank credit.

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

## Notes to the Consolidated Financial Statements as of December 31, 2010 (Currency in Turkish Lira (TL))

### 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

#### d) Market Risk

Foreign currency based payables and receivables of the Company are given below:

	FOREIGN EXCHANGE POSITION									
	Current Period					Previous Period				
	TRY (Functional Currency)	USD	EURO	GBP	CHF	TRY (Functional Currency)	ABD Doları	Avro	GBP	Other
1. Trade Receivables	24.107.340	7.550.489	5.702.180	313.970	-	26.434.009	4.865.122	8.246.518	541.454	-
2a. Monetary Financial Assets (Including Cash Bank Accounts)	5.801.841	3.411.252	257.696	-	-	5.883.506	3.907.308	126	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	707.856	50.840	302.784	(34)	5.416	1.224.939	53.305	502.502	244	40.395
<b>4. Current Assets (1+2+3)</b>	<b>30.617.037</b>	<b>11.012.581</b>	<b>6.262.660</b>	<b>313.936</b>	<b>5.416</b>	<b>33.542.454</b>	<b>8.825.735</b>	<b>8.749.146</b>	<b>541.698</b>	<b>40.395</b>
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>30.617.037</b>	<b>11.012.581</b>	<b>6.262.660</b>	<b>313.936</b>	<b>5.416</b>	<b>33.542.454</b>	<b>8.825.735</b>	<b>8.749.146</b>	<b>541.698</b>	<b>40.395</b>
10. Trade Payables	13.768.462	910.558	6.025.474	(30)	8.526	10.948.584	837.153	4.468.644	9.256	8.526
11. Financial Liabilities	-	-	-	-	-	15.853.920	9.043.795	1.035.355	-	-
12a. Other Monetary Liabilities	440.192	162.697	13.585	67.331	-	2.619.754	472.450	709.726	157.025	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>14.208.654</b>	<b>1.073.255</b>	<b>6.039.058</b>	<b>67.300</b>	<b>8.526</b>	<b>29.422.257</b>	<b>10.353.397</b>	<b>6.213.725</b>	<b>166.282</b>	<b>8.526</b>
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	5.521.431	3.571.430	-	-	-	19.487.506	10.714.280	1.553.032	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>5.521.431</b>	<b>3.571.430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.487.506</b>	<b>10.714.280</b>	<b>1.553.032</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>19.730.085</b>	<b>4.644.685</b>	<b>6.039.058</b>	<b>67.300</b>	<b>8.526</b>	<b>48.909.763</b>	<b>21.067.677</b>	<b>7.766.757</b>	<b>166.282</b>	<b>8.526</b>
19. Net Position of Off-Balance-Sheet Derivative Instrument of Assets / (Liabilities) (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total Asset Amount Hedged	-	-	-	-	-	-	-	-	-	-
19b. Total Liability Amount Hedged	-	-	-	-	-	-	-	-	-	-
<b>20. Net Position of Foreign Exchange Asset / (Liability) (9-18+19)</b>	<b>10.886.952</b>	<b>6.367.896</b>	<b>223.602</b>	<b>246.636</b>	<b>(3.110)</b>	<b>(15.367.310)</b>	<b>(12.241.942)</b>	<b>982.389</b>	<b>375.416</b>	<b>31.869</b>
21. Monetary Parts Net Position of Foreign Exchange Asset / (Liability) (=1+2a+5+6a-10-11-12a-14-15-16a)	10.179.096	6.317.056	(79.183)	246.669	(8.526)	(16.592.249)	(12.295.247)	479.887	375.172	(8.526)
<b>22. Total Fair Value of Hedged Financial Instrument</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23. Export	51.742.385	21.133.844	6.536.005	2.226.797	-	48.049.516	16.840.453	7.578.071	2.388.586	-
24. Import	15.197.197	1.773.837	6.298.512	3.422	62.152	11.061.979	4.263.416	1.196.890	6.862	27.787

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

## 38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (Continued)

Sensitivity Analysis of Foreign Exchange Positions:

Current Period				
	Profit/Loss		Equities	
	Inflation for Foreign Exchange	Devalutaion for Foreign Exchange	Inflation for Foreign Exchange	Devalutaion for Foreign Exchange
In case of change in USD against TL as 20% ;				
1- Net Asset/Liability of USD	1.968.954	(1.968.954)	-	-
2- Protected Part of USD's Risk (-)	-	-	-	-
<b>3- Net Effects of USD (1+2)</b>	<b>1.968.954</b>	<b>(1.968.954)</b>	-	-
In case of change Euro against TL as 20% ;				
4- Net Asset/Liability of Euro	91.637	(91.637)	-	-
5- Protected Part of USD's Risk (-)	-	-	-	-
<b>6- Avro Net Etki (4+5)</b>	<b>91.637</b>	<b>(91.637)</b>	-	-
In case of change in GBP against TL as 20% ;				
7- Net Asset/Liability of Other Foreign Exchange	117.823	(117.823)	-	-
8- Protected Part of Other Foreign Exchange(-)	-	-	-	-
<b>9- Net Effects of GBP (7+8)</b>	<b>117.823</b>	<b>(117.823)</b>	-	-
<b>Total(3+6+9+12)</b>	<b>2.178.413</b>	<b>(2.178.413)</b>	<b>0</b>	<b>0</b>
Previous Period				
	Profit/Loss		Equities	
	Inflation for Foreign Exchange	Devalutaion for Foreign Exchange	Inflation for Foreign Exchange	Devalutaion for Foreign Exchange
In case of change in USD against TL as 20% ;				
1- Net Asset/Liability of USD	(3.686.257)	3.686.257	-	-
2- Protected Part of USD's Risk (-)	-	-	-	-
<b>3- Net Effects of USD (1+2)</b>	<b>(3.686.257)</b>	<b>3.686.257</b>	-	-
In case of change Euro against TL as 20% ;				
4- Net Asset/Liability of Euro	424.047	(424.047)	-	-
5- Protected Part of USD's Risk (-)	-	-	-	-
<b>6- Avro Net Etki (4+5)</b>	<b>424.047</b>	<b>(424.047)</b>	-	-
In case of change in GBP against TL as 20% ;				
7- Net Asset/Liability of Other Foreign Exchange	222.521	(222.521)	-	-
8- Protected Part of Other Foreign Exchange(-)	-	-	-	-
<b>9- Net Effects of GBP (7+8)</b>	<b>222.521</b>	<b>(222.521)</b>	-	-
<b>Total(3+6+9+12)</b>	<b>(3.039.689)</b>	<b>3.039.689</b>	-	-

# EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements  
as of December 31, 2010  
(Currency in Turkish Lira (TL))

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## 39. FINANCIAL INSTRUMENTS

### Current Market Value

Current market value implies prices related to sale and purchase between parties for a transaction.

Financial assets and liabilities on foreign exchange currency are converted to market prices at statement of financial position date.

Methods and assumptions below are used to predict current market value of each financial instrument in case when it is not possible to determine current market value of these instruments.

### Financial Assets

Values of cash and cash equivalents and their accrued interests, and other financial assets are considered close to their current market value because they have little unimportant credit risk and they are short termed. Value of trade receivables after deduction of allowance for uncollectible is considered close to its current market value.

### Financial Liabilities

Values of monetary liabilities and trade payables are considered close to their current market value because they are short termed. Discount cost, expressive and transaction cost are added to cost of credits. Book value of credits is considered close to its current market value because of considering updates in changed market conditions and interest rates. Book value of trade payables is considered as close to its current market value cause of being short termed.

### Derivative Financial Instruments (Termed Transaction Agreement)

Company does not do termed transaction agreement for foreign exchange market.

## 40. POST STATEMENT OF FINANCIAL POSITION EVENTS

- 1) As of 01.07.2010 maximum severance payment is arrived to TL 2.517.

## 41. MATTERS WHICH IMMENSELY AFFECT FINANCIAL STATEMENTS OR NECESSARY TO MAKE FINANCIAL STATEMENTS CLEAR, COMPREHENSIVE, INTERPRETABLE

There are no any matters which immensely affect financial statements or necessary to make financial statements clear, comprehensive, interpretable.