

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

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

January 1, 2009 – December 31, 2009

(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, 2009**

**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, 2009 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, 2009, 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 09, 2010
İstanbul, Turkey

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

Consolidated Financial Statements and Notes as of December 31, 2009

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

ASSETS	Not	Independent	
		Audited 31.12.2009	Audited 31.12.2008
Current Assets		107.773.133	121.587.405
Cash and Cash Equivalents	6	9.198.137	588.801
Financial Investments	7	-	-
Trade Receivables	10	45.592.465	68.242.896
<i>Receivables from Related Parties</i>	<i>10-37</i>	<i>25.628.651</i>	<i>67.357.101</i>
<i>Other Trade Receivables</i>	<i>10</i>	<i>19.963.814</i>	<i>885.795</i>
Receivable From Financial Operations	12	-	-
Other Receivables (Net)	11	17.623.861	13.245.026
<i>Receivables from Related Parties</i>	<i>11-37</i>	<i>16.637.275</i>	<i>12.864.306</i>
<i>Other Receivables</i>	<i>11</i>	<i>986.586</i>	<i>380.720</i>
Inventories	13	31.885.998	37.929.257
Biological Assets	14	-	-
Other Current Assets	26	3.472.671	1.581.425
Non-Current Assets		85.811.828	90.116.063
Trade Receivables	10	-	-
Receivable from Financial Operations	12	-	-
Other Receivables	11	1.316	2.148
Financial Investments	7	4.045	2.045
Valuation with Equity Method	16	-	-
Biological Assets	14	-	-
Real Asset For Investment Objective	17	22.447	69.276
Property, Plant And Equipment	18	79.933.809	83.025.712
Intangible Fixed Assets	19	189.237	299.740
Goodwill	20	-	-
Deffered Tax Assets	35	5.558.804	6.717.079
Other Non-Current Assets	26	102.171	64
Total Assets		193.584.961	211.703.468

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

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

LIABILITIES		Independent	
		Audited	Audited
	Not	31.12.2009	31.12.2008
Current Liabilities		42.535.000	50.950.550
Financial Loans	8	16.219.024	21.646.191
Other Financial Liabilities	9	-	-
Trade Payables	10	18.149.193	23.076.858
<i>Due to Related Parties</i>	<i>10-37</i>	<i>8.422</i>	<i>406.378</i>
<i>Other Trade Payables</i>	<i>10</i>	<i>18.140.772</i>	<i>22.670.480</i>
Other Payables	11	5.814.578	4.724.806
<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>5.813.129</i>	<i>4.723.357</i>
Payables From Financial Operations	12	-	-
Government Grant	21	-	-
Profit Of The Year And Tax Liability	22-35	48.141	-
Provision For Payables	22	499.414	969.041
Other Current Liabilities	26	1.804.649	533.655
Liabilities For The Assets Held For Sale	34	-	-
Total Non-Current Liabilities		26.758.612	40.069.615
Financial Loans	8	19.487.505	32.546.571
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	7.271.107	7.523.044
Deffered Tax Liability	35	-	-
Other Non-Current Liabilities	26	-	-
Equity		124.291.348	120.683.303
Assets Revaluated With Equity Method		124.033.777	120.436.448
Paid in Share Capital	27	75.000.000	75.000.000
Adjustment of Capital	27	24.778.008	66.529.523
Adjustment of Intercompany Capital (-)		-	-
Share Premium	27	35.838.594	35.838.594
Value Increase Fund	27	0	-
Translation Differences		-	-
Limited Reserve from Profit	27	289.820	289.820
Retained Earnings	27	(15.469.974)	(41.896.015)
Profit For the Period/(Loss)	36	3.597.329	(15.325.474)
Minory Interest	27	257.571	246.855
TOTAL LIABILITIES AND EQUITY		193.584.961	211.703.468

(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 TRY)

	Not	Independent	
		Audited	Audited
		01.01-31.12.09	01.01-31.12.08
SUSTAINABLE OPERATIONS			
Sales	28	134.596.152	152.867.082
Cost of Sales	28	(101.321.995)	(129.335.714)
GROSS PROFIT/ (LOSS)		33.274.157	23.531.367
Distribution and Selling Expenses (-)	29	(7.847.297)	(7.475.036)
General Administration Expenses (-)	29	(17.268.930)	(15.725.988)
Research and Development Expenses (-)	29	(1.219.580)	(1.594.301)
Other Income	31	5.555.077	5.187.831
Other Expenses	31	(3.257.751)	(6.906.178)
INCOME/(LOSS) FOR OPERATIONS		9.235.675	(2.982.304)
Dividends from Participations		-	-
Financial Income	32	9.820.924	19.166.611
Financial Expenses(-)	33	(14.182.731)	(35.050.973)
SUSTAINABLE OPERATIONS INCOME/ (LOSS) BEFORE PROVISION FOR TAX		4.873.868	(18.866.667)
Sustainable Operations Tax Income/ (Loss)		(1.265.823)	3.538.877
- Tax Income/(Loss) For The Period	35	(107.548)	-
- Defferred Tax Income/(Loss)	35	(1.158.275)	3.538.877
SUSTAINABLE OPERATIONS INCOME PROFIT/(LOSS) FOR THE YEAR		3.608.045	(15.327.790)
DISCONTINUED OPERATIONS			
Income/(Loss) After Tax	34	-	-
INCOME PROFIT/(LOSS) FOR THE YEAR		3.608.045	(15.327.790)
Distribution Of Income/ (Loss) For The Year		3.586.613	(15.323.159)
Minory Interest	27	(10.716)	2.316
Parent Company	36	3.597.329	(15.325.474)
Distribution Of Total Extensive Income		-	-
Minority Shares		-	-
Parent Company Shares		-	-
Basic earning per share	36	0,000480	(0,002167)
Diluted earning per share			
Earning per share from sustainable operations	36	0,000480	(0,002167)
Diluted earning per share from sustainable operations			

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

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
STATEMENT OF CHANGES IN EQUITY (TRY)
(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
Balances at January 1, 2009	Not	75.000.000	66.529.523	35.838.594	-	289.820	246.855	(57.221.489)
Increase in share capital		-	-	-	-	-	-	-
Net income / (loss) for the period		-	-	-	-	-	-	3.597.329
Transfer	27	-	(41.751.515)	-	-	-	10.716	41.751.515
Balances at December 31, 2009		75.000.000	24.778.008	35.838.594	-	289.820	257.571	(11.872.645)

		Capital	Differences from Adjustment of Capital	Premium from Issue of Shares	Value Increased Fund	Limited Reserves from Profit	Minority Interest	Retained Earnings (Rearrangement)
Balances at January 1, 2008	Not	52.632.000	66.529.523	181.858	-	289.820	249.236	(41.896.015)
Increase in share capital	27	22.368.000	-	35.656.736	-	-	-	-
Net income / (loss) for the period		-	-	-	-	-	(2.381)	(15.325.474)
Balances at December 31, 2008		75.000.000	66.529.523	35.838.594	-	289.820	246.855	(57.221.489)

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

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

	Not	Independent	
		Audited 31.12.2009	Audited 31.12.2008
A) CASH FLOWS FROM MAIN ACTIVITIES			
Net income for the period		3.597.329	(15.325.474)
Adjustments			
Minority Interests	27	10.716	(2.381)
Depreciation	13-31-32	6.932.266	9.327.397
Provision From The Retirement Indemnities	24	(251.937)	616.214
Provision For Inventory Loss	31	(574.695)	662.423
Provision For The Court	22	(393.815)	763.628
Profit/ (Loss) From The Fixed Asset Sellings	31	(130.284)	(89.550)
Interest Income/Damage Income Accruals	26	(99.511)	(22.997)
Interest Expenses		366.505	956.024
Provision for income tax	35	1.158.275	(3.538.877)
Operating income before working capital changes (+)		10.614.849	(6.653.593)
Change in Financial Investments		(2.000)	-
Change in Receivables		22.650.432	11.831.916
Change in Other Receivables		(4.378.003)	(13.000.797)
Change in Inventories		6.617.953	6.459.480
Change in Other Non-Current Assets		(1.893.841)	2.409.465
Change in Payables		(4.927.665)	(9.694.387)
Change in Other Payables		1.089.773	(26.441.994)
Corporate Tax Paid		48.141	(273.722)
Change in Provisions For Payables		(75.811)	(1.719.158)
Change in Other Liabilities		1.270.995	(2.138.987)
Net cash (used in) / provided by operating activities		31.014.822	(39.221.777)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Change in Tangible Fixed Assets		(3.545.701)	(6.348.722)
Change in Intangible Fixed Assets		(53.875)	(89.086)
Change in Financial Fixed Assets		-	61
Change in Real Estates Purchased For Investment, net		46.828	-
Net cash provided by / (used in) investing activities		(3.552.748)	(6.437.747)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Change in Financial Loans		(18.852.738)	(16.626.578)
Change in Equity		-	58.024.736
Dividend Payments		-	-
Net cash provided by financing activities		(18.852.738)	41.398.158
Net increase in cash and cash equivalents		8.609.336	(4.261.367)
Cash and Cash Equivalents at the Beginning of the Year	6	588.801	4.850.168
Cash and cash equivalents at the end of the year		9.198.137	588.801

(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, 2009 (Currency in Turkish Lira (TRY))

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 2009 it has 35,96% of its shares registered in ISE.

The Company makes sales and distribution of its products in domestic market all by itself after the date of 01.01.2009 and major part of sales and distribution of its products in abroad with intervention of its group companies which are Ege Seramik İç ve Dış Ticaret A.Ş., Ege Seramik East Europe Ltd. and Ege Seramik America INC.

The Company explained in the declaration of special situation submitted on 18.12.2008 to public, that the Exclusive distribution authorization of the domestic market sales of ceramics which was given to Ege Seramik İç ve Dış Ticaret A.Ş. (old corporate name: Ege İnşaat Malzemeleri Pazarlama A.Ş.) has been cancelled in December 31, 2008. And it was also decided that the domestic market sales of ceramics would performed directly by the company itself through the distributors and to create a new sales department as of January 01, 2009.

Ege Seramik Dış Ticaret A.Ş. (which is one of the group company and performs the major part of international sales and distribution) has been handed over to Ege Seramik İç ve Dış Ticaret A.Ş. (old corporate name: Ege İnşaat Malzemeleri Pazarlama A.Ş.) as of 31.12.2008. Ege Seramik İç ve Dış Ticaret A.Ş. continues to perform sales and distribution in abroad.

As of 31.12.2009, in company's structure there are 138 white-collar personnel employed (31.12.2008: 202), 567 blue-collar personnel employed (31.12.2008: 876) and 705 personnel employed in total (31.12.2008:1.078).

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 31.12.2009, consolidated subsidiary is Ege Birleşik Enerji Elektrik Üretim A.Ş. (old corporate name: Ege Birleşik Enerji Elektrik Üretim ve Otoprodüktör Grubu 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:

Subsidiary	31 December 2009	31 December 2008
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, 2009
(Currency in Turkish Lira (TRY))

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.

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 TRY and decimal parts of the amounts were rounded up.

As of December 31, 2009 Dollar rate is 1 USD = 1,5057 TRY (December 31, 2008: 1,5123 TRY); 1 Euro = 2,1603 TRY (December 31, 2008 = 2,1408) and 1 Gbp = 2,3892 TRY 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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

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

In the table below as of December 31, 2008 there are all subsidiaries and owned shares and partnership rates:

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

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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

- 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 Information

Company has prepared the statement of financial position dated December 31, 2009 comparatively to the statement of financial position dated December 31, 2008; comprehensive income statement, cash flow statement related to dates between January 1 - December 31, 2009 comparatively to comprehensive income statement and cash flow statement related to the period between January 1 - December 31, 2008; Shareholders’ Equity related to dates between January 1 - December 31, 2009 comparatively to period between January 1 -December 31, 2008.

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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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

Group has applied some standards about their activity in the current period which are the new and revised standards and interpretations from the International Accounting Standards Board (IASB) and International Financial Reporting Committee (IFRIC) of IASB which are published by 1 January 2009 and is valid from that date.

The standards, changes and comments from previous standards which are entered into force in 2009 and which are not related to company's activities are explained below:

- IFRS 1 (change) – “First time adoption of IFRS”, “Service Privilege Contracts”,
- IFRS 2 (change) – “Share Based Payment” – Progress Payment Conditions and Cancellations
- IAS 32 (change) – “Financial Instruments: Presentation” and IAS 1 (change) – “Presentation of Financial Statements – Marketable Financial Tools and Liabilities Arise from Purge.
- IAS 39, IFRS 7 “Changes on the Classification of Financial Assets”
- IFRIC 9 – “Reassessment of Embedded Derivatives” and IAS 39 (change) – “Financial Instruments: Recognition and Measurement” – Close Derivative Products
- IFRIC 13 – “Customer Loyalty Programs”
- IFRIC 15 – “Agreements for the Construction of Real Estate”
- IFRIC 16 – “Hedges of Net Investment in a Foreign Operation”
- IFRIC 18 – “Transfers of Assets from Customers”
- Betterment on IFRS (Published in 2008)

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Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

The standards below and changes and comments from previous standards which are required on 1 January 2009 or the financial periods which start from related date, are mandatory to implement.

- IAS 1, “Presentation of Financial Statements”
Broad Changes on the Necessity of Net Income Statement which is directly recorded to Equity.
- IFRS 1, “First Time Adoption of IFRS” Change on Investment Cost at First Time Implementation of IFRS.
- IFRS 2, “Share Based Payment” Progress Payment Conditions and Cancellations.
- IFRS 3, “Business Combinations” IAS 27, “Change related to Consolidated and Single Financial Tables.”
- IAS 39, IFRS 7 “Changes on the Classification of Financial Assets”
- IFRS 8, “Operating Segments”
- IFRS 9, “Financial Instruments: Reclassification and Measurement”
- IAS 23, “(Revision) Borrowing Costs”
Broad Changes to Hinder Direct Writing Offs
- IFRIC 9 – “Reassessment of Embedded Derivatives” and IAS 39 (change) – “Financial Instruments: Recognition and Measurement” – Close Derivative Products
- IFRIC 13 – “Customer Loyalty Programs”
- IFRIC 15, “Agreements for the Construction of Real Estate”
- IFRIC 16 – “Hedges of Net Investment in a Foreign Operation”
- IFRIC 17, “Distribution of Non-Cash Assets to Owners”
- IFRIC 18, “Transfers of Assets from Customers”
- IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments”
- IAS 24 “Related Party Disclosures”
- IAS 27, “Consolidated and Separate Financial Statements” Change on Investment Cost at First Time Implementation of IFRS
- IAS 39, “Financial Tools: Recognition and Measurement”
Changes on the Topics about Hiding from Risks

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Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

Standards which are not executed, standards which are decided to not apply earlier by group and changes and comments for current standards

The standards and comments below are published before approval of these financial statements but they are not executed yet:

- IFRS 2, “Share based payment” (Change on the share based payment transactions of the group which are paid in cash)
- IFRS 3, “Business Combinations”, IAS 27, “Consolidated and Separate Financial Statements” IAS 28, “Investments in Associates”, IAS 31 “Interests in Joint Ventures” (Broad change on the application of purchase style)
- IFRS 9, “Financial Instruments: Reclassification and Measurement”
- IAS 24 “Related Party Disclosures”
- IAS 39, “Financial Tools: Recognition and Measurement (Changes on the Topics about Hiding from Risks)
- IFRIC 17, “Distribution of Non-Cash Assets to Owners”
- IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments”
- Betterment on IFRS (2009)

Company’s management decided that to apply these standards and comments will not effect on company’s financial statements.

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)

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).

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Notes to the Consolidated Financial Statements
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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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 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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

- 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.

- 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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (continued)

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 deduced 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 TRY 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:

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

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Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

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.

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Notes to the Consolidated Financial Statements
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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)

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.

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Notes to the Consolidated Financial Statements
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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 Institution. 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, 2009 (Currency in Turkish Lira (TRY))

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 22nd, 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
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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.

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6. CASH and CASH EQUIVALENTS

Cash and cash equivalents are explained on the following table:

	31 Aralık 2009	31 Aralık 2008
Cash	6.635	6.492
Bank	2.534.028	567.287
-Demand Deposit	2.534.028	567.287
Cheques	144.496	15.022
Other Current Assets (Repos)	6.489.189	-
POS Accounts	23.790	15.022
	9.198.137	588.801

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
			6.489.189

7. FINANCIAL INVESTMENT

Marketable Financial Assets:

The equity shares and amounts of the Company as of 31.12.2009 and 2008 on financial investments which are available for sale and shown on their cost values are given in the following table:

	December 31, 2009		December 31, 2008	
	%	TRY	%	TRY
Seramik Araştırma Merkezi	8%	4.000	4%	2.000
Turgutlu Su Ürünleri	1%	45	1%	45
		4.045		2.045

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Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

8. FINANCIAL LIABILITIES

Short term financial liabilities:

	December 31, 2009	December 31, 2008
Bank Loans and Interests	2.922.057	7.433.804
Liabilities From Financial Leasing Transactions	2.020	487.560
Deferred Financial Leasing Cost (-)	(2.020)	(20.137)
Current Portion of Long Term Bank Loans	13.296.968	13.744.964
	16.219.024	21.646.191

Long term financial liabilities:

	December 31, 2009	December 31, 2008
Bank Loans	19.487.505	32.546.571
Liabilities From Financial Leasing Transactions	-	931
Deferred Financial Leasing Cost (-)	-	(931)
	19.487.505	32.546.571

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, 2009 net book value of total tangible fixed assets is 1.145.363 TRY (31 December 2008: 1.507.563 TRY).

The Company has no financial leasing receivable.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

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, 2009	December 31, 2008	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
USD Bank Loans	3,36%-4,60%	-	1.918.298	-	2.888.381	-
TRY Bank Loans	-	21,5%-26,00%	-	7.433.804	33.676	7.433.804
Short Term Bank Loans			1.918.298	7.433.804	2.922.057	7.433.804
USD Bank Loans	2,43%	5,20%	7.264.570	7.511.193	10.938.263	11.359.177
EURO Bank Loans	4,82%	4,82%	1.091.841	1.114.437	2.358.705	2.385.787
Curren Portion of Long Term Bank Loans					13.296.968	13.744.964
Total Short Term Bank Loans					16.219.024	21.178.768
USD Bank Loans	2,43%	5,20%	10.714.280	17.857.140	16.132.490	27.005.353
EURO Bank Loans	4,82%	4,82%	1.553.032	2.588.384	3.355.015	5.541.219
Total Long Term Bank Loans					19.487.505	32.546.572

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
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8. FINANCIAL LIABILITIES (Continued)

Repayment schedule of long term bank loans are as follows:

	December 31, 2009	December 31, 2008
2010	-	\$7.142.860,00
2011	\$7.142.860,00	\$7.142.860,00
2012	\$3.571.420,00	\$3.571.420,00
	\$10.714.280,00	\$17.857.140,00

	December 31, 2009	December 31, 2008
2010	-	1.035.352,00 €
2011	1.035.352,00 €	1.035.352,00 €
2012	517.680,00 €	517.680,00 €
	1.553.032,00 €	2.588.384,00 €

9. OTHER FINANCIAL LIABILITIES

None. (December 31, 2008: none)

10. TRADE RECEIVABLES AND PAYABLES

Trade receivables:

	December 31, 2009	December 31, 2008
Account Receivables	38.576.487	60.811.241
-Receivables From Related Parties (not: 37)	24.530.795	59.837.938
-Other Receivables	14.045.693	973.303
Notes Receivables	7.249.214	8.138.364
-Notes Receivables From Related Parties (not: 37)	1.097.856	7.519.163
-Other Notes Receivables	6.151.358	619.201
	45.825.701	68.949.605
Reduction: Not Accrued Financing Expenses	(233.236)	(706.709)
TOTAL	45.592.465	68.242.896

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements
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10. TRADE RECEIVABLES AND PAYABLES (Continued)

The Company did not booked any provision for the amount of TRY 36.975.856 part in customer's current account as of December 31, 2009 though there is no risk not to collect this receivables therefore its term is matured already.

Guarantees taken by the Company from the companies outside the Group for the receivables as of 31.12.2009 are given in details at Note 22.

Since the important customers of the Group are its' related parties, there is not any important doubtful receivable. So the Group does not see any necessity to allocate more provision than what is already shown on the accompanying financial statements. Group allocates special provision for amounts which are not guareanteed and which is in progress in a law suit.

Trade receivables:

	December 31, 2009	December 31, 2008
Trade Payables	18.183.371	23.564.770
-Payables to Related Parties (not: 37)	8.422	406.378
-Other Account Payables	18.174.949	23.158.392
Other Trade Payables	-	4.751
	18.183.371	23.569.521
Reduction: Not Accrued Financing Expenses	(34.178)	(492.663)
TOTAL	18.149.193	23.076.858

11. OTHER RECEIVABLES and PAYABLES

Short Term Receivables:

	December 31, 2009	December 31, 2008
Receivables From Related Parties (not: 37)	16.637.275	12.864.306
Other Receivables	986.586	380.720
TOTAL	17.623.861	13.245.026

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11. OTHER RECEIVABLES and PAYABLES (Continued)

Long Term Receivables:

	December 31, 2009	December 31, 2008
Deposits and Guarantees Given	1.316	2.148
	1.316	2.148

Other Short Term Payables:

	December 31, 2009	December 31, 2008
Payables to Related Parties (not: 37)	1.449	1.449
Due to Personnel	3.872.317	3.423.299
Other Payables	1.523	2.817
Taxes and Funds Payables	1.330.570	616.294
Social Withholdings Payables	605.301	665.489
Other Liabilities Payables	3.418	15.458
	5.814.578	4.724.806

12. PAYABLES AND RECEIVABLES FROM ACTIVITIES IN FINANCE SECTOR

None. (31 December 2008: none)

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13. INVENTORIES

Inventories consist of following:

	December 31, 2009	December 31, 2008
Raw Materials	11.319.475	16.526.933
Semi-Finished Goods	2.363.386	2.032.187
Finished Goods	16.823.322	18.369.690
Trade Goods	118.210	879.413
Other Inventories	1.349.334	783.457
	31.973.727	38.591.680
Provision for Inventories (-)	(87.729)	(662.423)
	(87.729)	(662.423)
	31.885.998	37.929.257

As of 31.12.2009 there is depreciation expense amount of TRY 952.980 on inventories at the end of period. (TRY 1.020.895 as of 31.12.2008)

As of 31.12.2009 a total sum of TRY 2.047.993 (31.12.2008: TRY 1.187.245) raw material inventory is reflected with its net realizable value and a total sum of TRY 9.217.152 (31.12.2008: TRY 15.232.435) raw material inventory is reflected with its cost value into the financial statements. As of 31.12.2009 a total sum of TRY 299.719 (31.12.2008: TRY 2.537.870) products inventory is reflected with their net realizable value and a total sum of TRY 16.490.204 (31.12.2008: TRY 15.276.649) products inventory is reflected with their cost value into the financial statements.

14. BIOLOGICAL ASSETS

None. (December 31, 2008: none)

15. ASSETS RELATED to CONSTRUCTION CONTRACTS

None. (December 31, 2008: none)

16. INVESTMENTS PRESENTED IN EQUITY METHOD

None. (December 31, 2008: none)

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17. INVESTMENT PROPERTY

Investment property movements as of December 31, 2009 and December 31, 2008 are as follows:

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

	December 31, 2007	Additions	Transfers	Disposals	December 31, 2008
Land	69.276	-	-	-	69.276
Net Book Value	69.276	-	-	-	69.276

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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

18. TANGIBLE FIXED ASSETS

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
Total Cost	241.256.939	3.644.665	-	(180.592)	244.721.012
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
Total Depreciation	158.231.227	6.767.887	(41.696)	(170.216)	164.787.202
Net Book Value	83.025.712	(3.123.222)	41.696	(10.376)	79.933.809

Tangible fixed assets movements as of December 31, 2008 are as follows:

	December 31, 2007	Additions	Transfers	Disposals	December 31, 2008
Land	5.323.397	-	-	-	5.323.397
Land Improvement	23.234.905	13.413	409.760	-	23.658.078
Buildings (Note: 22)	47.812.418	570.837	74.664	-	48.457.919
Machinery and Equipment	154.904.605	1.697.831	3.520.529	(2.124.687)	157.998.278
Vehicles	920.491	-	-	(19.493)	900.999
Furnitures and Fixtures	4.049.940	98.165	98.158	(7.645)	4.238.617
Construction in Progress	86.735	4.696.028	-	(4.103.112)	679.651
Total Cost	236.332.491	7.076.274	4.103.111	(6.254.937)	241.256.939
Land Improvement	13.258.903	566.987	-	-	13.825.890
Buildings (Note: 22)	16.912.681	975.786	-	-	17.888.466
Machinery and Equipment	117.513.333	7.018.369	-	(1.492.858)	123.038.842
Vehicles	718.125	169.956	-	(13.321)	874.760
Furnitures and Fixtures	2.343.630	267.282	-	(7.645)	2.603.269
Total Depreciation	150.746.672	8.998.380	-	(1.513.824)	158.231.227
Net Book Value	85.585.819	(1.922.106)	4.103.111	(4.741.113)	83.025.712

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19. INTANGIBLE FIXED ASSETS

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
Special Costs	438.675	-	-	-	438.675
Total Cost	6.434.870	53.875	-	-	6.488.745
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
Special Costs	419.365	14.784	-	-	434.149
Accumulated Depreciation	6.135.130	164.379	-	-	6.299.509
Net Book Value	299.740	(110.503)	-	-	189.237

Intangible fixed assets movements as of December 31, 2008 are as follows:

	December 31, 2007	Additions	Transfers	Disposals	December 31, 2008
Establishment and Formation Expenses	2.853	-	-	-	2.853
Rights	5.905.562	84.737	-	-	5.990.299
Other Intangible Fixed Assets	3.043	-	-	-	3.043
Special Costs	434.325	4.350	-	-	438.675
Total Cost	6.345.783	89.087	-	-	6.434.870
Establishment and Formation Expenses	2.853	-	-	-	2.853
Rights	5.428.841	281.113	-	-	5.709.954
Other Intangible Fixed Assets	2.851	107	-	-	2.958
Special Costs	371.568	47.797	-	-	419.365
Accumulated Depreciation	5.806.113	329.017	-	-	6.135.130
Net Book Value	539.670	(239.930)	-	-	299.740

20. GOODWILL

None. (December 31, 2008: none)

21. GOVERNMENT INCENTIVES and INVESTMENTS

None. (December 31, 2008: none)

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22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for Income Taxes on Profit, Net

	December 31, 2009	December 31, 2008
Provisions for income taxes and other duties on profit (Note:35)	107.548	-
Less: Prepaid Taxes and Funds	(59.407)	-
	48.141	-

Provisions for Short Term Payables

	December 31, 2009	December 31, 2008
Provisions for Cost Expenses	-	75.812
Provisions for Other Expenses and Payables	499.414	893.229
	499.414	969.041

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)
Balance at the End of the Period	499.414	-	499.414

Provisions for payables movements as of 31.12.2008 are as follows:

	Provisions For Suits	Provisions for Other Expenses	Total
Balance amount at the beginning of period	1.808.100	116.470	1.924.570
Additional Provisions (Note:31)	763.629	75.811	839.440
Payments (-)	(1.678.499)	(116.470)	(1.794.969)
Balance at the End of the Period	893.230	75.811	969.041

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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 TRY 499.414 as of December 31, 2009 (December 31, 2008: TRY 893.230).

Company Management allocate provisions in attached financial statements for suits, for which company thinks it will resulted 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.

Letter of Guarantees Given by the Company

Given to	Guarantee Type	Guarantee Amount	Currency	TRY Equivalent
İzmir giriş gümrüğü	Guarantee Letter	26.757	TRY	26.757
Kemalpaşa organize sanayi bölgesi Md.	Guarantee Letter	7.300	TRY	7.300
Mehmet Ardiç	Guarantee Letter	74.684	TRY	74.684
Tedaş	Guarantee Letter	5.768	TRY	5.768
Konak vergi dairesi	Guarantee Letter	5	TRY	5
West LB. AC.	Guarantee Letter	902.169	EUR	1.574.555
				1.689.069

Hypothechs Given by Company

Company gave a hypothec to ABN Ambro Bank NV 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/İzmir at Kırovası point in Ansızca Village, which is 128.369 m2, and its auxiliary buildings on that address.

Guarantees Given by the Company

GUARANTEES HYPOTHECS MORTGAGES	31.12.2009	31.12.2008
A) Total amount of GHM's given in the name of Company itself	39.217.055	40.326.788
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	114.514	71.336
D) Total amount of other GHM's given		
i) Total amount of GHM's given in the name of parent company	-	-
ii) C	-	-
iii) Total amount of GHM's given in the name of 3rd parties which could not be included in part C	-	-
TOTAL	39.331.569	40.398.124

Ratio of the guarantees, hypothechs, and mortgages given by the Company to the equity is 31%. (31.12.2008: 33%)

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22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Guarantees received by the Company

<u>Taken From</u>	<u>Guarantee Type</u>	<u>Guarantee Amount</u>	<u>Currency</u>
Branches	Guarantee Letters	2.200.177	TRY
Branches	Guarantee Checks	600.000	TRY
Branches	Guarantee Bills	523.000	TRY
Branches	Mortgages	20.080.000	TRY
		23.403.177	

23. COMMITMENTS

None. (December 31, 2008: none)

24. EMPLOYEES BENEFIT OBLIGATIONS

Termination indemnities

The Company and its subsidiaries which work in Turkey has to make a certain severance payment to its personnel who fires from company for several reasons like retirement after working at least one year at company except reassignment and bad behavior. Compensation which company has to pay is at amount of one month salary for each servicing year and this amount is limited to TRY 2.365 as of December 31, 2009. (December 31, 2008: TRY 2.173,18)

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Provisions for termination indemnities	7.271.107	7.523.044
	7.271.107	7.523.044

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, 2009 and December 31, 2008 are depicted below:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
Discount Rate	%11.00	%12.00
Estimated Increase Rate	%4,80	%5.24

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24. EMPLOYEES BENEFIT OBLIGATIONS (Continued)

Employees benefit obligations movements as of 31.12.2009 and 31.12.2008 are as follows:

	December 31, 2009	December 31, 2008
Balance at the Beginning of the Period	7.523.044	6.906.830
Additional Provisions (Note:30)	2.024.317	1.572.585
Payments (-) (Note: 31)	(2.276.254)	(956.371)
Balance at the End of the Period	7.271.107	7.523.044

25. RETIREMENT PLAN

None. (December 31, 2008: none)

26. OTHER ASSETS and LIABILITIES

Other Current Assets

	December 31, 2009	December 31, 2008
Advances Given	2.650.090	925.666
Prepaid Expenses for Future Periods	716.268	631.509
Income Accruals	99.511	22.997
Prepaid Taxes and Funds	6.721	-
Advances to Personnel	81	1.253
	3.472.671	1.581.425

Other Non-Current Asset

	December 31, 2009	December 31, 2008
Prepaid Expenses For Future Years	102.171	64
	102.171	64

Other short term liabilities

	December 31, 2009	December 31, 2008
Income For Future Periods	72.440	278.188
Expense Accruals	168.537	255.467
Advances Received	1.563.673	-
	1.804.649	533.655

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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, 2009 and December 31, 2008 is as follows:

	December 31, 2009	December 31, 2008
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, 2009 and December 31, 2008 given on the following table:

		December 31, 2009		December 31, 2008	
	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%
Total		779.877,84	1,04%	779.877,84	1,04%
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%	779.868,95	1,04%
Total		1.177.701,87	1,57%	779.877,87	1,04%
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%	263.162,80	0,35%
Total		779.877,84	1,04%	263.171,60	0,35%
Other	A	1,18	0,00%	1,18	0,00%
Other	B	2,3	0,00%	2,3	0,00%
Total		3,48	0,00%	3,48	0,00%
Public and Other	C	26.575.619,97	35,43%	27.490.150,21	36,65%
İbrahim Polat Holding A.Ş.	C	45.686.919,00	60,92%	45.686.919,00	60,92%
		75.000.000,00	100%	75.000.000,00	100%
Capital Adjustment Differences		24.778.008,00		66.529.523,00	
		99.778.008,00		141.529.523,00	

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

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Notes to the Consolidated Financial Statements as of December 31, 2009 (Currency in Turkish Lira (TRY))

27. CAPITAL (Continued)

Maximum amount of registered capital of the Company is TRY 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 TRY 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 1 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 31.12.2008	Additions	Disposals	Balance as of 31.12.2009
Share Premium	35.838.594	-	-	35.838.594
	35.838.594			35.838.594

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, 2009 (Currency in Turkish Lira (TRY))

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 31.12.2008	Additions	Disposals	Balance as of 31.12.2009
Restricted Reserves Allocated from Profit	289.820	-	-	289.820
	289.820			289.820

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 31.12.2008	Additions	Disposals	Balance as of 31.12.2009
Accumulated Profit / Loss	(71.919.638)	(15.325.474)	68.326.031	(18.919.081)
Extraordinary Legal Reserves	391.815			391.815
Inflation Adjustment Differences for Extraordinary Legal Reserves	16.983.482		(13.926.190)	3.057.292
Inflation Adjustment Differences for Legal Reserves	12.260.391		(12.260.391)	-
Inflation Adjustment Differences for Share Premium	387.935		(387.935)	-
	(41.896.015)		41.751.515	(15.469.974)

The Company deducted a total sum of TRY 68.326.031 inflation difference from previous year's losses by relying on the decision made by the Board of Directors at 16.04.2009.

Positive Inflation Differences Deducted from Previous Years Losses	TRY
Positive Difference of Capital Adjustment Account	41.751.515
Inflation Difference on Share Export Premiums	387.935
Inflation Difference on Legal Reserves	12.260.391
Inflation Difference on Extraordinary Reserves	13.926.190
Total Inflation Differences to be Deducted	68.326.031

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27. CAPITAL (Continued)

Minority Interests

	December 31, 2009	December 31, 2008
Balance as of January 1st	246.855	249.236
Minority Interest sourced from subsidiary which is in scope of consolidation	-	-
Net Profit for the Period	10.716	(2.316)
Transfers from Special Reserves	-	(65)
	257.571	246.855

As due to declaration of CMB at February 8th, 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 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.

Company has no sources which can be subjected to dividend distribution and remaining amount of profit for the period after deduction of previous years' loss in legal records between December 31, 2009 and December 31, 2008.

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28. SALES and COST of GOODS SOLD

Sales consist of following:

	January 01 - December 31 2009	January 01 - December 31 2008
Domestic Sales	88.199.370	102.365.403
Export Sales	48.287.615	53.936.100
Other Income	-	24.484
Sales Returns	(1.070.408)	(2.421.996)
Sales Discounts	(737.017)	(961.669)
Other Discounts	(83.408)	(75.240)
	134.596.152	152.867.082

Cost of goods sold consists of following:

	January 01 - December 31 2009	January 01 - December 31 2008
Cost of Products Sold	98.621.669	126.404.390
Cost of Good Sold (Trade)	2.700.326	2.931.324
	101.321.995	129.335.714

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

	January 01 - December 31 2009	January 01 - December 31 2008
Marketing, Sales and Distribution Expenses	7.847.297	7.475.036
General Administration Expenses	17.268.930	15.725.988
Research and Development Expenses	1.219.580	1.594.301
	26.335.807	24.795.325

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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30. EXPENSES ACCORDING TO THEIR QUALIFICATIONS

Cost of sales according to their nature between January 1 – December 31, 2009 and January 1 – December 31, 2008 periods is like below:

	January 01 - December 31 2009	January 01 - December 31 2008
Material Usage Share	51.047.648	64.756.214
Provision for Inventory	-	662.423
Personnel Expense Share	13.815.759	18.519.219
Depreciation and Amortization Expense Share	4.663.628	6.616.203
Production Cost	28.459.326	31.482.993
Cost of Goods Sold(Trade)	2.700.326	2.931.324
Semifinished Inventory Exchange	(331.199)	34.027
Inventory Change	1.546.368	5.956.301
Internal Consumption	(781.098)	(1.049.759)
Customs Declaration The Delayed Goods Net Effect	201.237	(573.231)
	101.321.995	129.335.714

Marketing, Sales and Distribution Expenses according to their nature between January 1 – December 31, 2009 and January 1 – December 31, 2008 periods is like below:

	January 01 - December 31 2009	January 01 - December 31 2008
Personnel Expense Share	898.394	221.048
Export Sales Expenses	2.507.695	3.875.345
Domestic Sales Expenses	2.707.491	1.032.990
Ceramic Panels Sales Expenses	916.763	1.493.451
Packaging Costs	342.158	159.866
Material Consumption	260	152.802
Advertisement Expenses	374.354	447.164
Other	100.182	92.370
	7.847.297	7.475.036

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30. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

General Administration Expenses according to their nature January 1 – December 31, 2009 and January 1 – December 31, 2008 periods is like below:

	January 01 - December 31 2009	January 01 - December 31 2008
Personnel Expense Share	3.852.959	5.172.292
Provision of Severance Payment	2.024.317	1.572.585
Depreciation and Redemption Expense Share	900.226	1.552.743
Expenses of Severance Payment	4.768.470	2.436.579
Duties Taxes and Levies Expenses	315.936	306.303
Consulting Expenses	1.615.817	1.383.067
Travel Expenses	38.669	177.957
Services Provided from Outside	741.665	649.298
Rent Expenses	36.411	79.087
Dues and Subscription costs	295.367	312.261
Communication Expenses	163.975	142.150
Transportation Expenses	55.731	74.913
Insurance Expenses	140.056	160.015
Electricity Costs	105.189	146.371
Courts, Law Enforcement Costs	1.864.991	531.386
Other	349.148	1.028.981
	17.268.930	15.725.988

Research and Development Expenses according to their nature between January 1 – December 31, 2009 and January 1 – December 31, 2008 periods is like below:

	January 01 - December 31 2009	January 01 - December 31 2008
Personnel Expense Share	934.685	1.312.164
Services Provided from Outside	136.021	139.404
Other	148.874	142.733
	1.219.580	1.594.301

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31. OTHER OPERATING INCOME AND EXPENSES

Other Incomes

	January 01 - December 31 2009	January 01 - December 31 2008
Export Freight and Insurance Incomes	502.601	1.232.384
Reflected incomes	513.418	716.881
Management Consultancy Incomes	7.784	982.052
Cancellation of Severance Indemnities (Not: 24)	2.276.254	956.371
Cancellation of Provision for Suits (Not: 24)	409.684	-
Cancellation of Provision for Inventories	574.695	-
Profit on Sale of Fixed Assets	130.284	89.550
Insurance Income	55.031	605.074
Rent Income	16.327	-
Brand Usage Income	116.108	-
Others	952.891	605.519
	5.555.077	5.187.831

Other Expenses

	January 01 - December 31 2009	January 01 - December 31 2008
Provision for Suits (Not: 22)	15.869	763.629
Provision for Inventory Impairment (-)	-	662.424
Reflected Expenses	841.333	711.094
Non-working Parts Expenses and Losses	1.491.884	3.580.817
Others	908.665	1.188.214
	3.257.751	6.906.178

Amounts which are recorded in expense and loss from idle parts are consist of at amount of TRY 415.522 (31.12.2008: TRY 878.207) as depreciation expense and at amount of TRY 898.845 (31.12.2008: TRY 2.702.610) as personnel expense and amount of TRY 177.517 (31.12.2008: none) as other expenses.

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32. FINANCIAL INCOMES

Financial incomes consist of following:

	January 01 - December 31 2009	January 01 - December 31 2008
Foreign Exchange Gains	5.531.407	15.498.065
Interest Income	2.801.072	1.906.264
Maturaty Gap Income	747.557	-
Rediscount Interest Income	740.887	1.762.282
	9.820.924	19.166.611

33. FINANCIAL EXPENSES

Financial expenses consist of following:

	January 01 - December 31 2009	January 01 - December 31 2008
Foreign Exchange Losses	6.314.208	13.226.850
Bank Loan, Interest and Commision Expenses	7.142.624	21.327.496
Redicount Interest Expenses	725.899	496.627
	14.182.731	35.050.973

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

None. (December 31, 2008: none)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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35. TAX ASSETS AND LIABILITIES

Tax Expense/Income in comprehensive income statement for periods ended at December 31, 2009 and December 31, 2008 is as follows:

	January 01 - December 31 2009	January 01 - December 31 2008
Provision for Income Tax for the Period	(107.548)	-
Deferred Tax Gain / (Losses)	(1.158.275)	3.538.877
TOTAL	(1.265.823)	3.538.877

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, 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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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35. TAX ASSETS AND LIABILITIES (Continued)

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 22nd, 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 invalidated with act numbered as 5479 in official gazette at 8 April 2006. According to temporary act numbered as 69, which are added to Income Tax Law ,with same act, taxpayers of income tax and corporate tax exception which is not discounted at 2005 and which is present in company as of December 31, 2005;

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,

b- In scope of cancelled article numbered as 19 in Income Tax Law, Investment discount exception amount, (related to fixed asset expansion on TRY 10.000 as rate of 40%) which is calculated according to regulations articles at this date including corporate tax rate 20% for 2005 cause of about investment standard to make before January 1, 2006, investment made before this date with creating an economical and technique integrity, is going to be discounted from profits on 2006, 2007 and 2008. And 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 fourth 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.

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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35. TAX ASSETS AND LIABILITIES (Continued)

Current period tax expenditure of the Company consists of the tax liability of Ege Birleşik Enerji Üretim A.Ş. which is related party of the Company in consolidation process:

Current period tax expenditure:

	January 01 - December 31 2009
Before Tax Profit/(Loss)	621.140
Non-Deductible Expenses	21.956
Losses Carried Forward	(105.358)
	537.738
Tax Rate	20%
Tax Provision for the Period	107.548

There is no tax expenditure as of 31.12.2008.

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, 2009 is 20%.

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, 2009 and December 31, 2008:

	<u>Accumulated Temporary Differences</u>		<u>Deferred Tax / Assets and (Liabilities)</u>	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Deferred Tax /Assets and (Liabilities)				
Employee Benefits	7.271.107	7.523.044	1.454.221	1.504.609
Provision for Payables	499.414	969.041	99.883	193.808
Tangible Fixed Assets	9.994.269	6.283.422	1.998.854	1.256.684
Intangible Fixed Assets	(2.192.129)	1.377.426	(438.426)	275.485
Inventories	54.665	382.178	10.933	76.436
Losses Carried Forward	12.166.692	17.050.282	2.433.338	3.410.056
	27.794.017	33.585.393	5.558.804	6.717.079

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35. TAX ASSETS AND LIABILITIES (Continued)

	December 31, 2009	December 31, 2008
Opening Balance	6.717.079	3.178.202
Current Year Deffered Tax Gain / (Loss)	(1.158.275)	3.538.877
Deffered Tax Assets	5.558.804	6.717.079

As of 31.12.2009 the Company has TRY 12.166.692 (31.12.2008: TRY 17.050.282) unused previous years loss and a total sum of TRY 2.433.338 (31.12.2008: TRY 3.410.056) related to this loss was booked as deferred tax asset.

Expiring dates of the deductible previous year losses are explained in the following table:

	01 January - 31 December 2009	01 January - 31 December 2008
Expiring at 2013	12.166.692	17.050.282
	12.166.692	17.050.282

36. EARNING PER SHARE

Earning per share for periods ended between December 31, 2009 and December 31, 2008 is TRY 3.597.329 and profit/ (loss) amount of TRY 15.325.474 is calculated by dividing weighted average share numbers in related periods.

	January 01 - December 31 2009	January 01 - December 31 2008
Net Profit / (Loss)	3.597.329	(15.325.474)
Weighted Average Number of Ordinary Shares	7.500.000.000	7.073.187.945
Profit/(Loss) per share with nominal value of 1 TRY (unlimited)	0,00048	(0,00217)

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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37. EXPLANATIONS FROM RELATED PARTIES

i) Balances of the Company with its' related parties as of 31.12.2009 and 31.12.2008:

Related part transactions of the Company consist of two parts:

- 1) Parent Company
- 2) Other Related Parties

a) Receivables from Related Parties

	December 31, 2009	December 31, 2008
Ege İnşaat Malzemeleri Pazarlama A.Ş.(2)	-	39.435.129
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	7.735.773	6.980.186
Ege Seramik East Europe Ltd.(2)	5.348.757	5.368.844
Ege Seramik Trading Holding S.A.(2)	5.946.173	6.918.729
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	17.453.658	13.915.874
Ege Seramik America INC.(2)	3.326.926	4.023.327
Ege Seramik Italia S.R.L(2)	-	3.314.782
Polat Maden San.Tic.A.Ş.(2)	41.850	264.537
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	-	-
Polat İnşaat Malzemeleri San.Tic.A.Ş.(2)	2.412.788	-
	42.265.926	80.221.408

As of December 31, 2009 amount of TRY 16.637.275 (31.12.2008: 12.864.306) receivables due from related parties is shown as "Other Receivables" in consolidated financial statements (Note: 11) and the remaining amount which is TRY 25.628.651 (31.12.2008: 67.350.101) is shown in "Trade Receivables" in consolidated financial statements. (Note: 10)

TRY 1.097.856 of receivables from related companies consist of notes receivables (December 31, 2008: TRY 7.519.163).

Short term trade receivables of company from Ege İnşaat Malzemeleri Pazarlama A.Ş. is sourced from working with Ege İnşaat Malzemeleri Pazarlama A.Ş. to do sales and distribution activities in domestic market.

Receivables from Ege İnşaat Malzemeleri Pazarlama A.Ş. as of 31.12.2008 was closed as Ege İnşaat Malzemeleri Pazarlama A.Ş. hand over its receivables from branches to Ege Seramik San. Ve Ticaret A.Ş. Due to this transaction the Company's receivables are now directly from branches. So, the Company started to make its' domestic distribution itself as of 01.01.2009.

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. No interest cost was applied for sales during the period between 01.01.2009 - 31.12.2009.

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37. EXPLANATIONS FROM RELATED PARTIES (Continued)

The Company earned interest income from group companies a total sum of TRY 2.141.219 (31.12.2008: TRY 737.644) from Ege Vitrikiye Sağlık Gereçleri San. Ve Tic. A.Ş. and TRY 604.770 Egseramik İç ve Dış Ticaret A.Ş. These incomes were shown on the interest income account.

While calculating interest for the receivables from mentioned group companies, the Company used monthly variable market interest rate which is 18,97%.

As of 31.12.2009 the Company calculated interest for its' receivable from Polat İnşaat Malzemeleri A.Ş. using 3% interest rate a total sum of TRY 328.934 and it was shown on the interest income account. (Note: 32)

b) Payables to Related Parties

	December 31, 2009	December 31, 2008
İbrahim Polat Holding A.Ş.(1)	3.992	405.976
Polat Maden San.Tic.A.Ş.(2)	-	-
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	218	402
Ege Seramik Europe S.A.(2)	4.211	-
	8.422	406.378
Dividends Payables	1.449	1.449
	1.449	1.449
	9.871	407.827

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

a) Product Sales to Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
Ege İnşaat Malzemeleri Pazarlama A.Ş.(2)	-	91.161.963
Egseramik İç Ve Dış Ticaret A.Ş.(2)	20.016.158	22.722.843
Ege Seramik America INC.(2)	11.649.031	10.065.776
Ege Seramik East Europe Ltd.(2)	3.707.486	5.247.698
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.(2)	1.465.693	2.312.244
Ege Seramik Italia S.R.L(2)	-	679.064
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	8.307	-
Polat Maden San. Tic. A.Ş.(2)	-	310
Polat İnşaat Malzemeleri San.Tic.A.Ş.(2)	5.095.346	-
	41.942.021	132.189.898

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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37. EXPLANATIONS FROM RELATED PARTIES (Continued)

b) Raw Material Sales to Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
Ege Vitrikiye Sağlık Gereçleri San. Ve Ticaret A.Ş.(2)	147.705	125.826
	147.705	125.826

c) Services made to related parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	151.550	453.871
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	68.253	132.443
Polat Maden San. Tic.A.Ş.(2)	-	34.240
Ege İnşaat Malzemeleri Pazarlama A.Ş.(2)	-	328.203
Ege Seramik America INC.(2)	134.522	-
	354.325	948.757

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, 2009	January 1 - December 31, 2008
Polat Maden San. Tic. A.Ş.(2)	818.260	835.371
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.(2)	132.001	27.755
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	857.868	-
	1.808.129	863.126

e) Services Purchased from Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
İbrahim Polat Holding A.Ş.(1)	486.000	284.400
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	-	12.992
Egeseramik İç Ve Dış Ticaret A.Ş. (2)	39.173	-
	525.173	297.392

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37. EXPLANATIONS FROM RELATED PARTIES (Continued)

f) Financing Incomes about Transactions to Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
Ege Vitrifiye Sağlık Gereçleri San.Tic.A.Ş.(2)	2.141.219	1.115.893
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	604.770	-
Ege İnşaat Malzemeleri Pazarlama A.Ş.(2)	-	211.358
Polat İnşaat Malzemeleri A.Ş.(2)	328.934	-
	3.074.923	1.327.251

g) Financing Expenses about Transactions to Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
İbrahim Polat Holding A.Ş. (1)	3.921	124.082
Ege Seramik Amerika INC.(2)	23.729	21.352
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	578.811	126.620
	606.461	272.054

h) Fixed Assets Sales to Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
Polat Maden San.Tic.A.Ş.(2)	35.000	-
	35.000	-

i) Fixed Asset Purchases from Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	2.225.433	-
	2.225.433	-

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37. EXPLANATIONS FROM RELATED PARTIES (Continued)

j) Marketing, Sales Expenses from Related Parties

	January 1 - December 31, 2009	January 1 - December 31, 2008
Ege Seramik America INC.(2)	105.121	213.702
Ege Seramik East Europe Ltd.(2)	242.731	13.415
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.(2)	12.202	517
Egeseramik İç Ve Dış Ticaret A.Ş.(2)	812.712	410.323
Polat İnşaat Malzemeleri A.Ş.(2)	338.957	5.315
Polat Turizm Otelcilik Tic. Ve San A.Ş.(2)	12.630	-
Ege İnşaat Malzemeleri Pazarlama A.Ş.(2)	-	478.532
	1.524.353	1.121.804

Total amount of salary and alike benefits which provided to higher management in 2009 as twelve months period is as follows:

- Short Term Benefits to Employees:** Total amount of salary and alike benefits which provided to higher management in 2009 as twelve months period is TRY 695.635 (2008:TRY 1.282.839).
- 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.

38. LEVEL and NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS

- 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 higher management.

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

b) Credit Risk

31.12.2009	Trade Receivables		Other Receivables		Money Amount in Bank Account	Derivative Instrument	Other
	Related Parties	Other Parties	Related Parties	Other Parties			
Suffered Maximum Credit Risk as of Reporting Date (A+B+C+D+E) *	25.628.651	20.197.050	16.637.275	-	9.023.216	-	-
- 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 in matured assets	-	-	-	-	-	-	-
-Loss in Value (-)	-	-	-	-	-	-	-
- Part of net value which is covered with guarantee, etc.	-	-	-	-	-	-	-
E. Elements which has credit risk except balance sheet	-	-	-	-	-	-	-

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

31.12.2008	Receivables				Money Amount in Bank Account	Derivative Instrument	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Suffered Maximum Credit Risk as of Reporting Date (A+B+C+D+E) *	60.767.212	10.508.268	10.881.740	-	567.287	-	-
- 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	23.403.381	9.781.054	-		567.287	-	-
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	37.363.831	727.214	10.881.740	-	-	-	-
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	-	-	-	-	-	-	-

*Factors like guarantees receivables which increases credit reliability are ignored for determination of amounts.

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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:

31.12.2009	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	-	-	-	-	-	-	-

31.12.2008	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	20.924.017	397.530	3.415.910	-	-	-	-
3-6 months matured from its term	5.038.833	(182.643)	5.936.536	-	-	-	-
6-12 months matured from its term	2.744.852	482.713	1.529.294	-	-	-	-
1-5 years matured from its term	8.656.128	29.614	-	-	-	-	-
More than 5 years matured from its term	-	-	-	-	-	-	-
Part which is covered with guarantee, etc	-	-	-	-	-	-	-

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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:

31.12.2009

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)
Non-Derivative Financial Liabilities	59.706.499	59.706.499	26.837.723	13.381.270	19.487.505	-
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	-	-	-
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)
Derivative Financial Liabilities (Net)	-	-	-	-	-	-
Derivative Cash Flow	-	-	-	-	-	-
Derivative Cash Out	-	-	-	-	-	-

EGE SERAMİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

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

31.12.2008

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)
Non-Derivative Financial Liabilities	82.516.623	82.516.623	35.367.225	14.258.600	32.547.488	-
Bank Credits	53.725.339	53.725.339	14.669.468	6.509.314	32.546.557	-
Financial Leasing Liabilities	488.491	488.491	149.210	338.350	931	-
Trade Payables	23.908.080	23.908.080	16.153.834	7.410.936	-	-
Other Payables	4.394.713	4.394.713	4.394.713	-	-	-
Terms According to Agreement and Expected Maturity	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)
Derivative Financial Liabilities (Net)	-	-	-	-	-	-
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.

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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	Other	TRY (Functional Currency)	USD	EURO	GBP	Other
1. Trade Receivables	26.434.009	4.865.122	8.246.518	541.454	-	32.220.864	4.841.454	11.306.990	316.151	-
2a. Monetary Financial Assets (Including Cash Bank Accounts)	5.883.506	3.907.308	126	-	-	21.126	250	9.692	-	-
Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	1.224.939	53.305	502.502	244	40.395	599.205	52.196	217.744	444	37.167
4. Current Assets (1+2+3)	33.542.454	8.825.735	8.749.146	541.698	40.395	32.841.195	4.893.900	11.534.425	316.595	37.167
5. Trade Receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Fixed Assets (5+6+7)	-	-	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	33.542.454	8.825.735	8.749.146	541.698	40.395	32.841.195	4.893.900	11.534.425	316.595	37.167
10. Trade Payables	10.948.584	837.153	4.468.644	9.256	8.526	18.798.138	976.238	8.064.766	7.769	27.754
11. Financial Liabilities	15.853.920	9.043.795	1.035.355	-	-	13.018.635	7.142.860	1.035.355	-	-
12a. Other Monetary Liabilities	2.619.754	472.450	709.726	157.025	-	1.446.477	885.441	50.180	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	29.422.257	10.353.397	6.213.725	166.282	8.526	33.263.250	9.004.539	9.150.301	7.769	27.754
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	19.487.506	10.714.280	1.553.032	-	-	33.013.980	17.857.140	2.806.720	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	19.487.506	10.714.280	1.553.032	-	-	33.013.980	17.857.140	2.806.720	-	-
18. Total Liabilities (13+17)	48.909.763	21.067.677	7.766.757	166.282	8.526	66.277.230	26.861.679	11.957.021	7.769	27.754
19. Net Position of Off-Balance-Sheet Derivative Instrument of Assets / (Liabilities) (19a-19b)	-	-	-	-	-	-	-	-	-	-
19a. Total Asset Amount Hedged	-	-	-	-	-	-	-	-	-	-
19b. Total Liability Amount Hedged	-	-	-	-	-	-	-	-	-	-
20. Net Position of Foreign Exchange Asset / (Liability) (9-18+19)	(15.367.310)	(12.241.942)	982.389	375.416	31.869	(33.436.035)	(21.967.779)	(422.596)	308.826	9.413
21. Monetary Parts Net Position of Foreign Exchange Asset / (Liability) (=1+2a+5+6a-10-11-12a-14-15-16a)	(16.592.249)	(12.295.247)	479.887	375.172	(8.526)	(34.035.240)	(22.019.975)	(640.340)	308.382	(27.754)
22. Total Realized Value of Hedged Financial Instrument	-	-	-	-	-	-	-	-	-	-
23. Export	48.049.516	16.840.453	7.578.071	2.388.586	-	53.326.315	22.901.943	9.404.985	2.367.044	-
24. Import	11.061.979	4.263.416	1.196.890	6.862	27.787	20.928.439	2.376.247	9.362.460	7.795	44.723

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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	Devaluation for Foreign Exchange	Inflation for Foreign Exchange	Devaluation 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 (-)	-	-	-	-
3- Net Effects of USD (1+2)	(3.686.257)	3.686.257	-	-
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 (-)	-	-	-	-
6- Net Effects of Euro (4+5)	424.047	(424.047)	-	-
In case of change in GBP against TL as 20%;				
7- Net Asset/Liability of Other Foreign Exchange	254.422	(254.422)	-	-
8- Protected Part of Other Foreign Exchange(-)	-	-	-	-
9- Net Effects of GBP (7+8)	254.422	(254.422)	-	-
Total(3+6+9+12)	(3.007.788)	3.007.788	0	0

Previous Period				
	Profit/Loss		Equities	
	Inflation for Foreign Exchange	Devaluation for Foreign Exchange	Inflation for Foreign Exchange	Devaluation for Foreign Exchange
In case of change in USD against TL as 20%;				
1- Net Asset/Liability of USD	(6.644.374)	6.644.374	-	-
2- Protected Part of USD's Risk (-)	-	-	-	-
3- Net Effects of USD (1+2)	(6.644.374)	6.644.374	-	-
In case of change Euro against TL as 20%;				
4- Net Asset/Liability of Euro	(180.935)	180.935	-	-
5- Protected Part of USD's Risk (-)	-	-	-	-
6- Net Effects of Euro (4+5)	(180.935)	180.935	-	-
In case of change in GBP against TL as 20%;				
7- Net Asset/Liability of Other Foreign Exchange	135.414	(135.414)	-	-
8- Protected Part of Other Foreign Exchange(-)	-	-	-	-
9- Net Effects of GBP (7+8)	135.414	(135.414)	-	-
Total(3+6+9+12)	(6.689.896)	6.689.896	-	-

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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) Financial statements were approved by the Board of Directors, were authorized to be published at 09.04.2010. Board of Directors has right to make changes on financial statements.
- 2) As of 01.01.2010 maximum severance payment is arrived to TRY 2.427.
- 3) A total sum of TRY 10.775.000, EUR 2.000.000 AND USD 160.000 were received for the receivables which explained at Note: 37 from Ege Vitrikiye Sağlık Gereçleri San. ve Tic. at 08.04.2010.

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.