EGE SERAMİK SANAYİ VE TİCARET A.Ş.

SPECIAL INTERIM PERIOD
CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITOR’S REPORT AS OF JANUARY 1, 2008 AND DECEMBER 31, 2008
(TRANSLATED TO ENGLISH FROM ITS TURKISH ORIGINAL)

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

SPECIAL INTERIM PERIOD CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT AS OF JANUARY 1, 2008 AND DECEMBER 31, 2008

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

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 balance sheet as at December 31, 2008 and the consolidated income statement, the consolidated statement of recognized income and expense and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Another auditing company has audited the accompanying consolidated financial statements of Ege Seramik Sanayi ve Ticaret A.Ş., which complies with the Capital Markets Boards of Turkey (SPK)'s series: XI No: 25 declaration about accounting standards in the capital market that comprise the balance sheet as of December 31, 2007 and the income statements, recognized income and expense and the cash flow statement ended that date. The auditing company subjected constructive qualification in 10 April 2008.

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 limited to present an opinion about financial statements in as much as our auditing. 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.

Independent auditing contains using independent techniques for the purpose of choosing independent audit evidences connected with amounts and notes on the financial statements. Choosing of indigested auditing techniques has been made according to our opinion. This selection also comprising risk evaluation which as to containing absolute mistakes including the matter if the financial statement is comprise from a mistake or deception. On that risk evaluation, the interior control systems of the company have been considered. But our main purpose is not to make an opinion about the efficiency of company's interior audit. Our main purpose is to present the connection between interior audit system and financial statements which were prepared by company management for the purpose of designing independent auditing techniques according to appropriate conditions. Our independent auditing also including the these evaluations; availability of presentation of financial tables as a whole, availability of important accounting predictions made with accounting policies adopted by the board. We believe that our evidences, which we acquire during our independent auditing, constitute an adequate and appropriate base for constituting our opinion.

Opinion

In our opinion, based on Turkish Accounting Standards (TMS) and Turkish Financial Reporting Standards (TFRS) published by Turkish Accounting Standards Board (TMSK),the financial statements reflects the financial position of Ege Seramik Sanayi ve Ticaret A.Ş. and the consolidated subsidiaries true and fairly as of December 31, 2008.

AS CPA & Auditing Co.
(Member of Nexia International)

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

09April 2009
İstanbul, Turkey

Consolidated Financial Statements and Notes as of 1st January and 31st December 2008

INDEX	PAGES

CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31,2008

EGE SERAMİK SANAYİ VE TİCARET A.Ş. (ITS SUBSIDIARIES)

CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2008

(All amounts currency is shown in TRY)

		Independent Audit	
	Note	**Audited**	**Audited**
	References	**31.12.2008**	**31.12.2007**
ASSETS			**Rearragement**
Current Assets		**121.587.405**	**134.104.982**
Cash and Cash Equivalents	6	588.801	4.850.168
Financial Investments	7	-	-
Trade Receivables	10	68.242.896	80.074.812
Receivables from Related Parties	10-37	67.357.101	79.214.393
Other Trade Receivables	10	885.796	860.419
Receivable from Financial Operations	12	-	-
Other Receivables (Net)	11	13.245.026	240.106
Receivables from Related Parties	11-37	12.864.306	-
Other Receivables	11	380.720	240.106
Inventories	13	37.929.257	45.051.160
Current Assets	14	-	-
Other Current Assets	26	1.581.425	3.888.736
		121.587.405	134.104.982
Fixed Assets for Selling	34	-	-
Non-Current Assets		**90.116.063**	**89.460.567**
Trade Receivables	10	-	-
Receivables from Related Parties	10-37	-	-
Other Trade Receivables	10	-	-
Receivable from Financial Operations	12	-	-
Other Receivables	11	2.148	6.271
Financial Investments	7	2.045	2.107
Valuation with Equity Method	16	-	-
Current Assets	14	-	-
Real asset for Investment Objective	17	69.276	69.276
Property,Plant and Equipment	18	83.025.712	85.585.819
Intangible Fixed Assets	19	299.740	539.670
Goodwill	20	-	-
Deffered Tax Assets	35	6.717.079	3.178.202
Other Non-Current Assets	26	64	79.221
TOTAL ASSETS		**211.703.468**	**223.565.548**

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

CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31,2008(continued)

EGE SERAMİK SANAYİ VE TİCARET A.Ş. (ITS SUBSIDIARIES)

CONSOLIDATED BALANCE SHEET AS ON DECEMBER 31, 2008

(All amounts currency is shown in TRY)

	Note References	Independent Audit Audited 31.12.2008	Audited 31.12.2007 Rearragement
LIABILITIES			
Current Liabilities		**50.950.550**	**48.304.068**
Fınancial Loans	8	21.646.191	4.986.659
Other Financial Liabilities	9	-	-
Trade Payables	10	23.076.858	32.771.245
Due to Related Parties	10-37	406.378	-
Other Trade Payables	10	22.670.480	32.771.245
Other Payables	11	4.724.806	5.675.229
Due to Related Parties	11-37	1.449	1.391.979
Other Payables	11	4.723.357	4.283.251
Payables from Finacial Operations	12	-	-
Government Grant	21	-	-
Profit Of the Year and Tax Liability	22-35	-	273.723
Provision for Payables	22	969.041	1.924.570
Other Current Liabilities	26	533.655	2.672.642
		50.950.550	48.304.068
Liabilities for the Assets Held for Sale	34	-	-
Total Non-Current Liabilities		**40.069.615**	**97.275.057**
Financial Loans	8	32.546.571	64.876.657
Other Financial Liabilities	9	-	-
Trade Payables	10	-	-
Due to Related Parties		-	-
Other Trade Payables		-	-
Other Payables	11-37	-	25.491.570
Due to Related Parties		-	25.491.570
Other Trade Payables		-	-
Payables from Financial Operations	12	-	-
Government Grant	21	-	-
Provisions for Payables	22	-	-
Employee Benefit Obligations	24	7.523.044	6.906.830
Deffered Tax Liability	35	-	-
Other Non-Current Liabilities	26	-	-
EQUİTY		**120.683.303**	**77.986.423**
Assets Revaluated With Equity Method		**120.436.448**	**77.737.186**
Paid in Share Capital	27	75.000.000	52.632.000
Adjustment of Capital	27	66.529.523	66.529.523
Adjustment of Intercompany Capital (-)		-	-
Share Preminium	27	35.838.594	181.858
Value Increase Fund	27	-	-
Translation Differences		-	-
Limited Reserve from Profit	27	289.820	289.820
Retained Earnings	27	(41.896.015)	(49.561.440)
Profit For the Period/(Loss)	36	(15.325.474)	7.665.425
Minory Interest	27	**246.855**	**249.236**
TOTAL EQUİTY		**211.703.468**	**223.565.548**

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

CONSOLIDATED INCOME STATEMENT AS ON DECEMBER 31,2008

EGE SERAMİK SANAYİ VE TİCARET A.Ş. (ITS SUBSIDIARIES)

CONSOLIDATEDINCOME STATEMENT AS ON DECEMBER 31, 2008

(All amounts currency is shown in TRY)

	Note References	Independent Audit Audited 01.01.2008- 31.12.2008	Audited 01.01.2007- 31.12.2007
CONTINUING OPERATIONS			
Sales	28	152.867.082	176.719.744
Cost of Sales	28	(129.335.714)	(145.976.883)
Gross Profit/(Loss) From the Trade Operations		**23.531.367**	**30.742.862**
GROSS PROFIT/ (LOSS)		**23.531.367**	**30.742.862**
Distribution and Selling Expenses	29	(7.475.036)	(9.646.864)
General Administration Expenses	29	(15.725.988)	(14.174.441)
Research and Development Expenses	29	(1.594.301)	(2.411.098)
Other Income	31	5.187.831	6.222.373
Other Expenses	31	(6.906.178)	(6.835.847)
INCOME/(LOSS) FOR OPERATIONS		**(2.982.304)**	**3.896.984**
Dividends from Participations		-	-
Financial Income	32	19.166.611	28.292.487
Financial Expenses(-)	33	(35.050.973)	(25.076.378)
CONTINUING OPERATIONS INCOME/ (LOSS) BEFORE PROVISION FOR		**(18.866.667)**	**7.113.093**
Continuing Operations Tax Income/ (Loss)		**3.538.877**	**543.066**
- Tax Income/(Loss) for the period	35	-	(273.723)
- Defferred Tax income/(Loss)	35	3.538.877	816.789
CONTINUING OPERATIONS INCOME PROFIT/(LOSS) FOR THE YEAR		**(15.327.790)**	**7.656.159**
DISCONTINUED OPERATIONS		-	-
Income/(Loss) after tax	34	-	-
INCOME PROFIT/(LOSS) FOR THE YEAR		**(15.327.790)**	**7.656.159**
Dıstrubıtıon of income/ (Loss) for the year		**(15.323.159)**	**7.674.692**
Minory Interest	27	2.316	9.267
Minority Interest	36	(15.325.474)	7.665.425
Basic Earning for Share	36	(0,00217)	0,00146
Diluted Earning for Share			
Earning for share from Continuing Operations	36	(0,00217)	0,00146
Diluted Earning for Share from Continuing Operations			

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

CONSOLIDATED STATEMENT OF CHANGES in SHAREHOLDERS EQUITY AS OF DECEMBER 31, 2008

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

Statement of Changes in Shareholders Equity (TRY)

	Capital	Differences from Adjustment of Capital	Premıum from Issue of Shares	Value Increased Fund	Limited Reserves from Profit	Minory Interest	Retained Earning (Rearragement)	Total Equity
Balances at January 01, 2008	**52.632.000**	**66.529.523**	**181.858**	**-**	**289.820**	**249.236**	**(41.896.015)**	**77.986.423**
Increase in share capital	22.368.000		35.656.736	-				58.024.736
Net income / (loss) for the period	-		-		-	(2.381)	(15.325.474)	(15.327.856)
Transfer	0							
Balances at December 31, 2008	**75.000.000**	**66.529.523**	**35.838.594**	**-**	**289.820**	**246.855**	**(57.221.489)**	**120.683.303**

	Capital	Differences from Adjustment of Capital	Premium from Issue of Shares	Value Increased Fund	Limited Reserves from Profit	Minority Interest	Retained Earning (Rearragement)	Total Equity
Balances at January 01, 2007	**52.632.000**	**66.529.523**	**181.858**	**1.917.662**	**289.820**	**260.582**	**(51.479.101)**	**70.332.345**
				-				-
Net income / (loss) for the period						(11.346)	7.665.425	7.654.079
Transfer	-		-		-			
Balances at December 31, 2007	**52.632.000**	**66.529.523**	**181.858**	**1.917.662**	**289.820**	**249.236**	**(43.813.676)**	**77.986.423**

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

CONSOLIDATED CASH FLOW STATEMENT AS ON DECEMBER 31,2008

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED CASH FLOW STATEMENT (TRY)	Independet Audit	
	Audited	Audited
	31.12.2008	31.12.2007
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Year	**(15.325.474)**	**7.665.425**
Adjustments		
Minortiy Interests	(2.381)	-
Depreciation	9.327.397	9.798.326
Provision from the Retirement Indemnities	616.214	1.233.989
Provision for Inventory Loss	662.423	-
Provision for the Cash	763.628	1.808.100
Profit/ (Loss) from the fixed asset sellings	(89.550)	(41.157)
İnterest Income/Damage Income Accruals	(22.997)	(798.877)
Interest Expenses	956.024	9.090.829
Provision for income tax	(3.538.877)	(543.066)
Operating income before working capital changes (+)	**(6.653.593)**	**28.213.569**
Change in Receivables	11.831.916	(2.256.014)
Change in Other Receivables	(13.000.797)	(26.806.724)
Change in Inventories	6.459.480	1.553.677
Change in Other Non-Current Assets	2.409.465	2.529.928
Change in Payables	(9.694.387)	3.534.645
Change in Other Payables	(26.441.994)	(11.718.790)
Corporate tax paid	(273.722)	-
Change in provisions for payables	(1.719.158)	1.278.959
Change in other liabilities	(2.138.987)	1.257.568
Net cash (used in) / provided by operating activities	**(39.221.777)**	**(2.413.183)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Change in tangible fixed assets	(6.348.722)	(6.213.976)
Change in intangible fixed assets	(89.086)	(212.320)
Change in financial fixed assets	61	-
Net cash provided by / (used in) investing activities	**(6.437.747)**	**(6.426.296)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Change in financial loans	(16.626.578)	7.503.622
Change in equity	58.024.736	-
Net cash provided by financing activities	**41.398.158**	**7.503.622**
Net increase in cash and cash equivalents	**(4.261.367)**	**(1.335.857)**
Cash and cash equivalents at the beginning of the year	4.850.168	6.186.025
Cash and cash equivalents at the end of the year	**588.801**	**4.850.168**

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

1. GENERAL INFORMATION ABOUT THE COMPANY

Ege Seramik Sanayi ve Ticaret A.Ş.'s ("Company") field of activity is producing floor and wall tile and selling these products in domestic, abroad market. The company is established on September in 1973 and it is a subsidiary of İbrahim Polat Holding A.Ş., which is located in Istanbul with it's headquarter.

Company is registered at Capital Market Board (CMB) and its shares effect transactions in Istanbul Stock Exchange (ISE) since 1993. As on 31 December 2008 it has 31% of its shares registered in ISE.

Company make sales and distribution of 94, 08% (99, 62% in 2007) of its products in domestic market with intervention of one of its group company which is Ege Inşaat Malzemeleri Pazarlama A.Ş. ("Ege Pazarlama") (explanatory note 37) and major part of sales and distribution of its products in abroad with intervention of its group companies again which are Ege Seramik Dış Ticaret A.Ş., Ege Seramik East Europe Ltd., Ege Seramik America INC., ve Ege Seramik Italia S.R.L..

Company made a special situation declaration on 18.12.2008 to public which is Exclusive distribution right about ceramic sales in domestic market which was given to Egeseramik İç ve Dış Ticaret A.Ş. (old corporate name: Ege İnşaat Malzemeleri Pazarlama A.Ş.) was canceled since 31 December 2008, as of 01.01.2009 domestic market sales made with intervention between company and directly to distributors and decided to create a new sales department. As of 01.01.2009 domestic market sales made directly by company.

As of 31.12.2008, major part of sales and distribution in abroad is hand overed to its group's companies which are Ege Seramik Dış Ticaret A.Ş. and Egeseramik İç ve Dış Ticaret A.Ş. (old corporate name: Ege İnşaat Malzemeleri Pazarlama A.Ş.). Egeseramik İç ve Dış Ticaret A.Ş. continues to make sales and distribution in abroad.

As of 31.12.2008, in company's structure there are 202 white-collar personnel employed (31.12.2007: 249), 876 blue-collar personnel employed (31.12.2007: 1.028) and 1.078 personnel employed in total (31.12.2007:1.277).

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

Ankara Asfaltı 26.Km Ansızca Mevkii
35170 Kemalpaşa –İZMİR

Subsidiary

As of 31.12.2008, consolidated subsidiary is Ege Birleşik Enerji Elektrik Üretim Otoprodüktör Grubu A.Ş. which is established in Kemalpaşa, Izmir to produce electricity and heat energy productions in 1996.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1. Principals of Presentation

a. Accounting Policies Applied:

The Company and its registered subsidiaries in Turkey prepare and keep its financial statements, its legal books according to Turkish Commercial Law and accounting principals defined by tax regulations. Books of the subsidiaries located in abroad are prepared according to legal regulations of the countries where they are located.

According to Capital Market Board ("CMB"), Serial:XI, No:29 " Declaration of principals 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. However companies have to apply IAS and IFRS in case of a difference between standards, principals of IAS, IFRS accepted by EU and standards, principals which released by International Accounting Standards Board (IASB) till Turkish Accounting Standards Board (TASB).

This declaration should be applied after first quarter financial reports which are finished at date of January 1st ,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 date of April 17th, 2008. It makes all necessary classifications in current fiscal period in accordance with presentation formats of financial reports which are dated in previous period.

<u>Approval of Financial Reports:</u>

Financial reports are approved by administrative board and they give authorization to release reports at date of April 9th 2009. Plenary committee has authority to change financial reports.

<u>Functional and Presentation of Currency:</u>

As of January 1st, 2005 Turkish Republic defined New Turkish Lira (TRY) as its new currency after discharging 6 zeros from its currency. The council of ministers were decided not to use "new" expression in currency as of January 1st 2009. The reason of that is as of December 31st, 2008 company's functional and reporting currency and previous years comparative amounts will present as TL with using 1 TRY = 1 TL as in parite.

As of December 31st, 2008, Dollar rate is 1 USD = 1,5123, (December 31, 2007: 1,1647), 1 Euro = 2,1408 TL, (December 31, 2007 = 1,7102) and 1 Gbp = 2,1924 TL which are published by The Central Bnak of the Republic of Turkey.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Consolidation Bases:

Consolidation is prapared 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 seperated financial statements.

In the table below as of December 31st , 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 Otoprodüktör Grubu A.Ş.	98,00	98,00

In the table below as from December 31st 2007 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 Otoprodüktör Grubu 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

- 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.
- Necesaary adjustments are made during preparation of consolidated financial statements when one of subsidiaries needs to use different accounting principles for similar transactions or events.
- The consolidated financial reports of the partnership and subsidiaries are prepared at the same time with financial statements. Accounting policies are accepted for consolidated financial reports, same transactions and transactions in same condition.
- All income and expenses of a subsidiary take in account consolidated financial reports after acquisition date according to TFRS 3 and this situation continues till the date of partnership lose its control power on subsidiary. When subsidiary sold; the difference between the income resulted by this transaction and the book value of subsidiary will be shown as loss or profit in consolidated 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 balance sheet separately from equities amount of partnership. The Group's loss or profit amount for minority percentage should be shown also separately.

Comparative Informations and Adjustments of Previous Financial Reports:

Company's financial statements are presented comparatively to financial reports from previous periods by letting the possibility to detect financial situation and performance trends. Current period balance sheet is prepared comparatively to the balance sheet dated at the end of last year, current interim period income statement and cumulative income statement which is including all activities from starting date of current year to current interim period are prepared comparatively to income statements related to same interim periods in last year, shareholders' equity which shows equity changes from the beginning of current period to the end of current interim period and cash flow statement are presented comparatively.

Company is prepared: balance sheet dated December 31st, 2008 combatively to balance sheet dated December 31st , 2007; income statement, cash flow statement related to dates between January 1st - December 31st, 2008 comparatively to income statement and cash flow statement related to the period between January 1st -December 31st, 2007; Shareholders' Equity related to dates between January 1st - December 31st, 2008 comparatively to period between January 1st -December 31st, 2007.

Financial statements and Notes formats are presented in accordance with the declaration of CMB at April 17th , 2008 and the necessary formats which have to apply. All the necessary classifications about financial reports related to previous periods are made in accordance with current period changes. As of December 31st , 2007 the differences between classified and presented financial reports prepared according to previous period serial XI: No: 25 and serial: XI: No: 29 are shown in the table below.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Reclassification of Consolidated Balance Sheet			
	Classification according to Serial XI. No:25	**Classification according to Serial XI. No:29**	**Differences**
Trade Receivables(net)	3.288.082	80.074.812	76.786.730
Related party Receivables (net)	82.054.827	-	(82.054.827)
Other Receivables (net)	139.419	240.106	100.687
Inventories (net)	47.534.426	45.051.160	(2.483.266)
Other Current Assets	963.423	3.888.736	2.925.313
Current Assets	**133.980.177**	**129.254.814**	**(4.725.363)**
Payables (net)	544.925	4.986.659	4.441.734
Part of Short Term Payables in Long Term Payables (net)	3.871.391	-	(3.871.391)
Payables from Leasing Transactions (net)	570.344	-	(570.344)
Trade Payables (net)	32.771.238	32.771.247	9
Other Payables		7.432.371	7.432.371
Related Party Payables(net)	6.117.350	-	(6.117.350)
Advances Received	1.757.142	-	(1.757.142)
Tax and Liability from Income of Period	-	130.174	130.174
Payables Reserves	2.173.037	1.924.570	(248.467)
Other Short Term Liabilities	5.080.458	915.500	(4.164.958)
Short Term Liabilities	**52.885.884**	**48.160.521**	**(4.725.363)**
Payables	64.432.321	64.876.657	444.335
Payables from Leasing Transactions (net)	444.335	-	(444.335)
Long Term Liabilities	**64.876.657**	**64.876.657**	**-**
Owner's Equity Inflation Adjustment Differences	96.162.181	-	(96.162.181)
Capital Adjustment Differences		66.529.523	66.529.523
Appropriated Reserves	1.916.812	-	(1.916.812)
Value Increase Funds	-	1.917.661	1.917.661
Legal Reserves	289.820	-	(289.820)
Extraordinary Reserves	391.815	-	(391.815)
Restricted Reserves from Profit		289.820	289.820
Previous Year's Profit/Loss	(81.502.724)	(51.479.100)	30.023.624
Equities	**17.257.904**	**17.257.904**	**-**

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Reclassification of Income Statement	**Classification according to Serial XI. No:25**	**Classification according to Serial XI. No:29**	**Differences**
Financial Income	-	28.292.487	28.292.487
Financial Expenses (-)	-	(25.076.379)	(25.076.379)
Financing Expenses (-)	3.216.108	-	(3.216.108)
Total Income Statement	**3.216.108**	**3.216.108**	**0**

a. 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 can not 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.

b. 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 balance sheet 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

Financial Statements at 31.12.2007, Ege Seramik San. Ve Tic. A.Ş have used the investment tax allowance which is USD 143,549, it is determined that the tax money has not deducted from net profit as a tax compensation and has not been shown in the balance sheet and in the financial statements required corrections are made about this tax money. Revised financial statements are used comparatively with the current period.

BALANCE SHEET ADJUSTMENTS:

Adjustments in Profit Tax and Legal Liability Provision

December 31,2007	**Amount**
Previous Period Released Financial Statements Profit, Tax and Legal Liability Provision	**130.174**
Increase in Tax Expense	143.549
Profit, Tax and Legal Liability Provision **(Adjusted form)** (Explanatory Note 35)	**273.723**

Equities' Adjustment:

December 31, 2007	**Amount**
Previous Period Released Financial Statements Net Profit	**7.808.974**
Increase in Tax Expense	(143.549)
Consolidated Financial Statement- Net Profit **(Adjusted Form)** (Explanatory Note 27)	**7.665.425**

It is seen that financial Statements on 31.12.2007, TL 1,917,661 shown as Private Reserves in Shareholders' equity and 1,910,979 TL part in this amount which is coming from depend on the scope of consolidation of the partnership company Ege Birleşik Enerji Elektrik Üretim Otoprodüktör Grubu A.Ş added to the capital on 13 June 2006 Inflation Adjustment due to the positive difference which is the amount of free stock is deemed to be received from Ege Seramik Sanayi ve Ticaret A.Ş. The amount remaining 6.684 TL from the years before 2006 is coming from Birleşik Enerji Elektrik Üretim Otoprodüktör Grubu A.Ş. as free stock amount. Amount of TL 1.917.661 should be eliminate while preparing consolidation for previous periods but it determined that the elimination was not done. Consolidated financial statements are adjusted TL 1.917.661 as shown Previous Period Profit/Loss in consolidated financial statements on 31 December 2007.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

31 December 2007	**Amount**
Consolidated Financial Statement Released at Previous Periods Special Reserves	**1.917.661**
Decrease in Special Reserves	(1.917.661)
Consolidated Financial Statement Special Reserves **(Adjusted Form) (Explanatory Note 27)**	**-**

31 December 2007	**Amount**
Consolidated Financial Statement Released at Previous Periods- Loss from Previous Periods	**(81.502.724)**
Increase In Loss from Previous Periods	1.917.661
Consolidated Financial Statement Loss from Previous Periods **(Adjustment Form) (Explanatory Note 27)**	**(79.585.063)**

New and Revised International Financing Standarts

Group has been 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 2008 and is valid from that date.

The standards below and changes and comments from previous standards which are required on 1 January 2008 or the financial periods which start from related date, are not related to company's activities:

- IFRMB 11, "IFRS 2 – Transaction related to buy back of own shares of company or Group
- IFRMB 12, "Privileges Service Agreements",
- IFRMB 14, "IAS 19- "Defined Limitations on Benefits of Asset, Minimum Funding Requirements and Mutual Interactions with each other",
- IAS 39, IFRS 7 "Changes Related to Classification of Financial Assets"

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:

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

• IFRS 8, "Activities Sections"	The effective date of standart is January 01, 2009 or financial periods after that date.
• IFRMB 13, "Customer Loyalty Programs"	The effective date of standart July 01, 2008 or financial periods after that date
• IFRMB 15, "Agreements for Real Estate Constructions"	The effective date of standartis January 01, 2009 or financial periods after that date.
• IFRMB 16, "Protection of Net Investment about Company Abroad from Financial Risk"	The effective date of standart is November 01, 2008 or financial periods after that date
• IFRMB 17, "Distributions of Non-cash Assets to Partners"	The effective date of standart is July 01, 2009 or financial periods after that date
• IFRMB 18, "Hand over of Assets from Customers"	The effective date of standart is July 01, 2009 or financial periods after that date
• IFRS 2, "Share Based Payments" Progress Payments' Conditions and Changes about Cancellations of payments.	The effective date of standart is January 01, 2009 or financial periods after that date.
• IFRS 1, "First Application of International Financial Reporting Standards" Changes about Investment Cost of First Applications of IFRS	The effective date of standart is January 01, 2009 or financial periods after that date.
• IFRS 3, "Company Merges" IAS 27, "Consolidated and Individual Financial Statements, IAS28, " Investments on affiliate.", IAS 31, "Percentages on Partners" Comprehensive Changes about Application of Purchase Method	The effective date of standart is July 01, 2009 or financial periods after that date
• IAS 23, "(Revised) Cost of Loan" Comprehensive Changes Which Prevent to Record as Expense Directly.	The effective date of standart is January 01, 2009 or financial periods after that date.
• IAS 27, "Consolidated or Non-Consolidated Financial Statements" Changes About Investment Cost at first time application of IFRS	The effective date of standart is January 01, 2009 or financial periods after that date.
• IAS 1, "Presentation of Financial Statements"	The effective date of standart is January 01, 2009 or financial periods after that date.

• IAS 32, "Financial Elements: Presentation" Changes about Explanation of Financial Elements with buy back option and Liabilities of these elements will come when they are converted to cash.	
• IAS 1, "Presentation of Financial Statement" Comprehensive Changes about Necessity of Net Income Statement which are recorded directly to Equities	The effective date of standart is January 01, 2009 or financial periods after that date.
• IAS 39, "Financial Elements: Accounting and Measurement" Changes about Elements which are subjected to protection of risks.	The effective date of standart is January 01, 2009 or financial periods after that date.

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

c. 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 can not be used for other purposes. (Explanatory 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. (Explanatory 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. (Explanatory 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. (Explanatory Note: 31)

Financial Instruments

The classification of the financial assets are defined according to investment purpose. Company's Management makes the financial assets' classification at the date when they have it first time and they reconsider that each balance sheet period. Company is classified its financial assets like below:

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

a. Credits and Receivables

Credits and Receivables are financial assets which do not have any constant or specific payments and are not quoted in an active market. They occur when company supply money, goods or services directly to any depitor. If their term is less then 12 months starting from balance sheet date, they will be recorded in current assets. They will be shown in financial statements at their cost value including its reasonable value and all transaction expenses which can be related to these financial assets directly. They will be shown at their discounted cost value by using effective interest method. (Explanatory Note: 8)

b. Marketable Financial Assets

Financial assets which are oriented to be met the need of liquidity, which can be sold cause of changes in interest rates, which are kept in hand without any observing specific time or which can not be classified in other financial assets sections are classified as marketable financial assets. These financial assets can be seen in current assets at balance sheet if management has no interest to keep in hand these financial elements which terms are less than 12 months starting from balance sheet date or if there is not going to be no need of selling these assets to increase company's capital.

All financial investments can be shown on their cost value including with their buying expenses related to investment and their reasonable value. In cases which are not possible to measure reasonable value of financial investment, to estimate reasonable value when the methods which are used to measure reasonable value are in appropriate or its not possible to apply and when there is no any current market value in stock exchange, the recorded value of financial investment in which company has less 20% of shares will be on the adjusted buying power of TL in December 31st 2004 for elements which are acquired before January 1st 2005 and for elements which are acquired after January 1st 2005 it will be on acquiring cost and if its possible it will calculated by taking out loss in value decrease. Loss in value decrease will be accounted in income statements.

c. Financial Assets reflected to Profit or Loss of the appropriate value difference

Financial Assets which will reflect to profit or loss of the appropriate value difference 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 classified in this category and in current assets.

d. Financial Assets Kept in Hand Till Its Maturity

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.

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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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.

Decrease in Value on Financial Assets

Financial Assets other than financial assets which are reflected to Profit or Loss of the appropriate value difference, a financial assets on each balance sheet date and financial assets' group whether there are or are not any indicator related to decrease in value is put upon on a valuation. After the time where financial asset is accounted, when there is one or more than one event happened and at result of when there are some negative effects on estimated cash flow of related financial asset or asset group by using a safe method, if it found out that financial asset suffered from decrease in value with a neutral indicator, there will ve loss of decrease in value.

Except trade receivables, in all financial assets, decrease in value will decrease directly from its book value. When it's not possible to collect this receivable, this amount will delete after decreasing the mount in provision account. Changes in provision accounts are accounted in income statements.

Except marketable equity instrument, if loss of decrease in value is deducted in next period and if it can be related to any event happened after accounting of loss of decrease in value, loss of decrease in value which is accounted before and when decrease on investment value is never accounted will cancel as loss or profit without passing over amortized amount on the date of cancellation for decrease in value. All the increase which happened after on real appropriate value of marketable equity instrument after decrease in value will be accounted directly in equities section.

Inventories

Inventories are valued with low amount of cost to net realizable. Net realizable value is the amount from the deduction of expected sale price in normal sales conditions from expected finishing cost and expected sales cost. Inventory cost is consist of all buying cost, conversion cost and all the other cost to make inventory in present condition and situation. Unit cost of inventory will define by using monthly weighted average method.

Tangible Fixed Assets

Tangible assets are reflected to financial statements according to their acquit ion date: if they are acquired before January 1st, 2005 they will valued on acquisition cost which are rearranged with buying power of TL in December 31st, 2004 and if they are acquired after January 1st, 2005, they will valued with its acquisition cost after deduction of accumulated depreciation and permanent decrease in value if there is. Depreciation is calculate 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

	Years
Land Improvements	8-50
Buildings	50
Plant, Machinery and Equipment	4-15
Motor vehicles and equipment	5
Furnitures and Fixtures	3-15

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 balance sheet 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. (Explanatory 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:

	Years
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. (Explanatory Note: 19)

Decrease in Value of Assets

Company determines whether there is or there is not an indicator related to loss in value of the asset in question in each balance sheet date except deferred tax assets. If there is an indicator like that, the recovered value of related asset can be estimated. If book value of asset in question or book value of any related elements of that asset which produce cash are higher, that means there is a decrease in value. Loss in decrease of Value can be accounted in income statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Loss in decrease of value of an asset convert back without exceeding the allocated previously amount for decrease in value, in case which subsequent increase in the amount of assets that can be recovered in case where it can be related to any events in periods which follows after record of decrease in value.

Leasing Transactions

Financial Leasing Transactions

Company reflect fixed assets acquired through financial leasing with their current value from the rental start date in balance sheet or if its lower than present value they will reflect from their current value of minimum lease payments on balance sheet 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 added to its related period's account. (Explanatory 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

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. Company is classified lands which it keeps in hand to gain increase in value and which it shows in its asset section. Properties which are classified as properties for investment purposes are not allocated depreciation due to are waste land.

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 balance sheet 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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

there is more than one alike 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.

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 balance sheet date. Company calculates severance benefit by predicting discounted net value of deserved benefits or based on the informations 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 Instution. 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

Revenues are the value from the cases when it is highly possible to obtain economic benefit by company, to measure revenue amount with a reliable method, important risks and revenues are transferred to buyer and to supply of goods or services. They will take in record when the value comes from the cases above or on the reasonable value of amount which will be taken as accrual bases. Net Sales show the amount after deduction of returns and commissions from invoice value of sold product or completed services except sale tax. Leasing Revenues will be accounted on accrual bases periods, Interest revenues will be accounted according to effective interest method. However dividend revenue is written as revenue at the time when charging right occurs.

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 income statements.

Calculated Taxed on Corporation Revenue

Current Tax

Current year tax liability calculates on part of taxable profit of the period. Taxable profit can be taxed in other years or can show a difference from profit in income statement because of taxing with other taxable items which can be reduced from tax and exception items which are not possible to reduce from tax. The tax liability of group is calculated by using legal tax rates or highly legalized tax rates at balance sheet date.

Deferred Taxes

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

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

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 22^{nd}, 2006). Adding profit to capital can not 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 can not be deducted from previous year’s profits.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Earning Per Share

Earnings per share presented at the bottom of the consolidated Income statement is 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 Balance Sheet Events

Post balance sheet events cover all events between authorization date for publishing balance sheet and balance sheet 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 balance sheet 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 balance sheet date is explained in explanatory notes of financial statements if they will affect economic decision of financial statements user.

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.

c) 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 balance sheet 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 1st of January 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. REPORTİNG 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.

6. CASH and CASH EQUIVALENTS

	December 31st, 2008	December 31st, 2007
Cash	6.492	33.770
Bank	567.287	4.816.398
- Demand Deposit	*567.287*	*4.816.398*
- Term Deposit	-	-
Credit Card Slips	15.022	-
	588.801	**4.850.168**

7. FİNANCIAL INVESTMENT

Marketable Financial Assets

	December 31st, 2008		December 31st, 2007	
	TL	%	TL	%
Seramik Araştırma Merkezi	2.000	4,00	2.000	4,00
Teknopark A.Ş.		-	62	2,00
Turgutlu Su Ürünleri A.Ş.	45	1,00	45	1,00
	2.045		**2.107**	

8. FİNANCIAL LIABILITIES

Short Term Financial Liabilities	**December 31st, 2008**	**December 31st, 2007**
Bank Credits	7.433.804	544.925
Liabilities from Financial Leasing Transactions	487.560	624.381
Deferred Financial Leasing Cost (-)	(20.137)	(54.038)
Long Term Credit's Capital's Installement and Interests	13.744.964	3.871.391
Short Term Financial Liabilities - Net	**21.646.191**	**4.986.659**

Long Term Financial Liabilities	**31 December 2008**	**31 December 2007**
Bank Credits	32.546.571	64.432.321
Liabilities from Financial Leasing Transactions	931	467.150
Deferred Financial Leasing Cost (-)	(931)	(22.814)
Long Term Financial Liabilities – Net	**32.546.571**	**64.876.657**

Not 8-FINANCIAL LIABILITIES (Continued)

Şirketin kredi borçlarının vade ve faiz tutarlarının detayı aşağıdaki gibidir.

	Interest Rate %		Exchange Rate		TRY	
	December 31st,2008	December 31st,2007	December 31st,2008	December 31st,2007	December 31st,2008	December 31st,2007
Short Term Credits:						
USD Credits		-				-
Euro Credits		-				-
TRY Credits (Tax)	0,00%	0,00%			0	
TRY Credits	21,5%-26,00%	0,00%	7.433.804	0	7.433.804	544.925
			7.433.804	**0**	**7.433.804**	**544.925**
Short Term Installement of Long Term Credits:						
USD Credits	5,20%	0,00%	7.511.193	1.652.451	11.359.178	1.924.610
Euro Credits	4,82%	4,82%	1.114.437	1.138.335	2.385.787	1.946.781
					13.744.964	**3.871.391**
Total Short Term Credits					**21.178.768**	**4.416.315**
Long Term Credits:						
USD Credits	5,20%	10,74%	17.857.140	50.000.000	27.005.353	58.235.000
Euro Credits	4,82%	4,82%	2.588.387	3.623.741	5.541.219	6.197.321
					32.546.571	**64.432.321**

NOT 8– FINANCIAL LIABILITIES (Continued)

Long term credits capital liabilitires and back payment plan between December 31st, 2008 and December 31st, 2007 is like below:

	December 31st 2008	December 31st 2007
2009	-	1.032.920 €
2010	1.035.352 €	1.032.920 €
2011	1.035.352 €	1.032.920 €
2012	517.683 €	524.982 €
	2.588.387 €	**3.623.741 €**

	December 31st 2008	December 31st 2007
2009	-	-
2010	$7.142.860	-
2011	$7.142.860	-
2012	$3.571.420	-
2014	-	$50.000.000
	$17.857.140	**$50.000.000**

Tangible fixed assets which acquired through financial leasing can be found on the balance sheet assets as machinery and equipment and as of the date December 31st, 2008 net book value of total tangible fixed assets is 1.507.563 TRY (31 December 2007: 2.209.123 TRY).

As of the date December 31, 2008 and December 31st, 2007, gross liabilities of financial leasings' aggrements are like below:

	December 31st 2008	December 31st 2007
2008		624.381
2009	487.560	467.150
2010	931	-
	488.491	**1.091.531**

Company has no financial leasing receivable.

Credit debt deducted to USD 22.848.426 by doing collection of capital commit receivable TL 33.451.600 from Morgan Stanley on March 13, 2008 (Note 27) and capital payment at amount of USD 27.151.574 of USD 50.000.000 of credit from Morgan Stanley and interest payment at amount of USD 94.700 of same credit.

All credit debts are paid by doing interest payment at amount of USD 136.614,55, received credit from Morgan Stanley at amount of USD 22.848.426 and credit received from ABN Ambro Bank NV on March 27th, 2008.

8. FINANCIAL LIABILITIES (Continued)

Credit received from ABN Ambro Bank NV on March 17th, 2008 at amount of USD 25.000.000 is used as in a term for 48 months in order to pay in equal installment for 6 months one year without capital payments. Guarantees given by company relatef to financial liabilities are explained in explanatory note 22.

9. OTHER FINANCIAL LIABILITIES

There is not any financial liabilities. (none in December 31st, 2007)

10. TRADE RECEIVABLES AND PAYABLES

Trade Receivables	**December 31st 2008**	**December 31st 2007**
Account Receivables	60.811.241	68.965.434
Receivables From Related Parties (Explanatory Note:37)	**59.837.938**	**66.715.904**
Other Receivables	973.303	2.249.530
Notes Receivables	8.138.365	12.871.660
Notes Receivables Related Parties (Explanatory Note :37)	**7.519.163**	**12.498.489**
Other Notes Receivables	619.201	373.170
	68.949.606	**81.837.093**
Reduction: Interest Expense Calculated by effective interest method	(706.709)	(1.762.281)
Short Term Trade Receivables - Net	**68.242.896**	**80.074.812**

Company did not do any provision for the amount of TL 37.363.831 (31 December 2007: 27.565.308) (Explnatory Note: 38) part in customer's current account as of December 31st, 2008 though there is no risk not to collect this receivables therefore its term is matured already.

Credit Risk Table for Trade Receivables and the table related to aging of receivables which suffered from loss in value and are matured already are showen in Explnatory Note 38. Group allocates special provision for amounts which are not guareanteed and which is in progress in a law suit.

10. TRADE RECEIVABLES AND PAYABLES (continued)

Trade Payables	**31.12. 2008**	**31.12.2007**
Account Payables	23.564.770	33.048.071
Account Payables from Concerned Parties (Dipnot:37)	**406.378**	**-**
Other Account Payables	23.158.392	33.048.071
Other Trade Payables	4.751	5.754
	23.569.521	**33.053.825**
Reduction: Interest Expense Calculated by effective interest method	(492.663)	(282.580)
Short Term Trade Payables - Net	**23.076.858**	**32.771.245**

The liquidity risk table about term of trade payables is shown in Explnatory Note 38.

11. OTHER RECEIVABLES and PAYABLES

Other Short Term Receivables

	December 31st 2008	**December 31st 2007**
Receivables from concerned Parties (Explanatory Note: 37)	12.864.306	-
Due from Personnel	-	44.369
Other Receivables	380.720	195.737
Other Short Term Receivables – Net	**13.245.026**	**240.106**

*As of 31 December 31, 2008 the amount of non-trade receivables from Ege Vitrifiye Sağlık Gereçleri San. Ve Tic.A.Ş. is TL12.864.306 and there is interest for this receivable at amount of TL 1.115.893. (Explanatory Note: 37)

Other Long Term Receivables

	December 31st 2008	**December 31st 2007**
Deposits and Guarantees Given	2.148	6.271
	2.148	**6.271**

Other Short Term Payables

	December 31st 2008	**December 31st 2007**
Payables from Concerned Parties (Dipnot:37)	**1.449**	**1.391.979**
Due from Personnel	3.423.299	2.299.646
Other Payables	2.817	9.529
Taxes and Funds Payables	616.294	1.147.707
Social Withholdings Payables	665.489	795.510
Other Liabilities Payables	15.458	30.859
	4.724.806	**5.675.229**

11. OTHER RECEIVABLES and PAYABLES (continued)

Other Long Term Payables

	December 31st 2008	December 31st 2007
Payables from Concerned Payables	-	25.491.570
	-	**25.491.570**

As of 31.12.2007 short and long term payables to Ibrahim Polat Holding A.Ş. will mature at 6 June 2012, they have a 7,3075 % interest rate and its turnoever credit is USD 21.886.812. Company paid all credit in question as of 31 December 2008.

12. PAYABLES AND RECEIVABLES FROM ACTIVITIES IN FINANCE SECTOR

There are no payables or receivables at this section. (none at 31 December 2007.)

13. INVENTORIES

	31 December 2008	31 December 2007
Raw Materials and Suppliers	16.526.933	16.232.046
Semi-Finished Goods	2.032.187	2.066.213
Finished Goods	18.369.690	24.403.807
Trade Goods	879.413	1.338.602
Other Inventories	783.457	1.010.492
Loss in Value of Inventories (-) (Explanatory Note:31)	(662.423)	-
	37.929.257	**45.051.160**

As of 31.12.2008 there is depreciation expense amount of TL 280.244 on inventories at the end of period.

14. BIOLOGICAL ASSET

The company has no biological assets (None at December 31, 2007.)

15. ASSETS RELATED to CONSTRUCTION CONTRACTS.

The company has no Assets related to ongoing construction contacts (None at December 31, 2007.)

16. INVESTMENTS PRENSENTED IN EQUITY METHOD

The company has no investments evaluated by equity method (None at December 31, 2007.)

17. INVESTMENT PROPERTY

Transaction table of investment property for periods between December 31st, 2008 and December 31st , 2007 is like below:

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

	December 31st, 2006	Additions	Disposals	December 31st, 2007
Land	69.276	-	-	69.276
Net Book Value	**69.276**			**69.276**

18. TANGIBLE FIXED ASSETS

	December 31st, 2007	Additions	Transfers	Disposals	December 31st, 2008
Cost:					
Lands	5.323.397	-	-	-	5.323.397
Land Improvement	23.234.905	13.413	409.760	-	23.658.078
Buildings	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
	236.332.491	**7.076.275**	**4.103.111**	**(6.254.936)**	**241.256.940**
	31.12.2007	**Additions**	**Transfers**	**Disposals**	**31.12.2008**
Accumulated Depreciation :					
Land Improvement	13.258.903	566.987	-	-	13.825.890
Buildings	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)	2.603.268
	150.746.672	**8.998.380**	**-**	**(1.513.824)**	**158.231.228**
Net Book Value	**85.585.819**				**83.025.712**

18. TANGIBLE FIXED ASSETS (continued)

	December 31st, 2006	**Additions**	**Transfers**	**Disposals**	**December 31st, 2007**
Cost:					
Lands	5.323.397	-	-	-	5.323.397
Land Improvement Buildings	23.253.756	18.000	-	(36.851)	23.234.905
Machinery and Equipment	47.650.172	-	162.246	-	47.812.418
Vehicles	154.104.384	2.859.932	1.109.414	(3.169.125)	154.904.605
Furnitures and Fixtures	1.003.810	23.150		(106.469)	920.491
Construction in Progress	3.065.331	1.096.072		(111.463)	4.049.940
	286.433	2.522.579	(1.316.613)	(1.405.664)	86.735
	234.687.283	**6.519.733**	**(44.953)**	**(4.829.572)**	**236.332.491**
	31.12.2006	**Additions**	**Transfers**	**Disposals**	**31.12.2007**
Accumulated Depreciation :					
Land Improvement	12.708.110	558.844	-	(8.051)	13.258.903
Buildings	15.957.337	955.344	-	-	16.912.681
Machinery and Equipment	112.948.795	7.466.149	-	(2.901.611)	117.513.333
Vehicles	772.280	15.023	-	(69.178)	718.125
Furnitures and Fixtures	2.229.703	223.728	-	(109.801)	2.343.630
	144.616.225	**9.219.088**	**-**	**(3.088.641)**	**150.746.672**
Net Book Value	**90.071.058**				**85.585.819**

19. INTANGIBLE ASSETS

	December 31st, 2007	Additions	Transfers	Disposals	December 31st, 2008
Cost:					
Establishment or Formation Expenses	2.853	-	-	-	2.853
Rights	5.905.562	84.737	-	-	5.990.298
Other Intangible Fixed Assets	3.043	-	-	-	3.043
Special Costs	434.325	4.350	-	-	438.675
	6.345.784	**89.087**	**-**	**-**	**6.434.870**
Accumulated Deprecation:	**December 31st, 2007**	**Additions**	**Transfers**	**Disposals**	**December 31st, 2008**
Establishment or Formation Expenses	2.853	-			2.853
Rights	5.428.841	281.113			5.709.953
Other Intangible Fixed Assets	2.851	107			2.958
Special Costs	371.568	47.798			419.365
	5.806.113	**329.017**			**6.135.130**
Net Book Value	**539.670**				**299.740**

19. INTANGIBLE ASSETS (Continued)

	December 31st, 2006	Additions	Transfers	Disposals	December 31st, 2007
Cost:					
Rights	5.675.472	185.137	44.953	-	5.905.562
Establishment or Formation Expenses	2.853	-	-	-	2.853
Special Costs	431.975	2.350	-	-	434.325
Other Intangible Fixed Assets	51.351	-	-	(48.307)	3.044
	6.161.651	**187.487**	**44.953**	**(48.307)**	**6.345.784**
	December 31st, 2006	**Additions**	**Transfers**	**Disposals**	**December 31st, 2007**
Accumulated Depreciation:					
Rights	4.896.888	531.953	-	-	5.428.841
Establishment or Formation Expenses	2.853	-	-	-	2.853
Special Costs	324.283	47.285	-	-	371.568
Other Intangible Fixed Assets	51.159	-	-	(48.307)	2.852
	5.275.183	**579.238**	**-**	**(48.307)**	**5.806.114**
Net Book Value	**886.468**				**539.670**

20. GOODWILL

The company has no goodwill (None at December 31st, 2007.)

21. GOVERNMENT INCENTIVES and INVESTMENTS

The company has no government incentives and investments (None at December 31st, 2007.)

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions for Income Taxes on Profit ,Net (Explanatory Note : 35)

	31 December 2008	31 December 2007
Provisions for income taxes and other duties on profit (Withholding tax for used investment discount)	-	273.724
	-	**273.723**

Provisions for Payables	31 December 2008	31 December 2007
Provisions for Cost Expenses	75.812	116.470
Provisions for Other Expenses and Payables	893.229	1.808.100
	969.041	**1.924.570**

The table below shows transactions for provisions for payables between December 31st, 2008-December 31st, 2007:

	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 (Explanatory Note:31)	763.629	75.811	839.440
Payments	(1.678.499)	(116.470)	(1.794.969)
Balance Amount At the end of Period	**893.230**	**75.811**	**969.041**

Guarantees Given

	31 December 2008	31 December 2007
Letter of Guarantees Given	2.590.624	71.336
	2.590.624	**71.336**

Guarantees Received

	31 December 2008	31 December 2007
Letter of guarantees received	405.177	351.223
Guarantees cherubs received	600.000	-
Guarantees notes received	23.000	23.000
	1.028.177	**374.223**

22. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Hypothecs 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 hypotec is used for the factory building, which is located in Kemalpaşa/Izmir at Kırovası point in Ansızca Village, which is 128.369 m2, and its auxiliary buildings on that address.

Ongoing Law Suits and Law Suits in which Company is Defendant

Company has allocated a provision for ongoing law suits about severance pay and notice of compensation and return to work, at amount of TL 893.230 as of December 31, 2008 (December 31st, 2007: TRY 129.601).

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 balance sheet.

23. COMMITMENTS

The company has no commitments (None at December 31, 2007.)

24. EMPLOYEES BENEFIT OBLIGATIONS

Termination indemnities:

	31 December 2008	31 December 2007
Provisions for termination indemnities	7.523.044	6.906.830
	7.523.044	**6.906.830**

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 2.173,18 as of December 31st, 2008. (December 31, 2007: TRY 2.030, 19).

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 31st, 2008 and December 31st, 2007, is like below.

	31 December 2008	31 December 2007
Discount Rate	*%12.00*	*%11.00*
Estimated Increase Rate	*%5.24*	*%5.00*

24. EMPLOYEES BENEFIT OBLIGATIONS (continued)

The transactions on provisions for severance payment account between December 31st, 2008 and December 31st, 2007 is presented in the table below:

Balance amount at the beginning of period	6.906.830
Additional Provisions (Explanatory Note:30)	1.572.585
Payment / Cancelation of Provisions (Explanatory Note:31)	(956.371)
Balance amount at the end of period	**7.523.044**

25. RETIREMENT PLAN

The company has no retirement plan (None at December 31, 2007.)

26. OTHER ASSETS and LIABILITIES

Other Current Assets

	December 31st, 2008	December 31st, 2007
Advanced Received	925.666	3.025.999
Prepaid Expenses for Future Periods	631.509	593.950
Income Accruals	22.997	142.524
Other TAV	-	645
Prepaid Tax and Funds	-	30.569
Advances to Personnel	1.253	52.692
Work Advances	-	16.703
Other Current Assets	-	25.654
	1.581.425	**3.888.736**

Other Non-Current Asset

	December 31st, 2008	December 31st, 2007
Prepaid Expenses For Future Years	64	79.221
	64	**79.221**

Other Short Term Liabilities

	December 31st, 2008	December 31st, 2007
Income For Future Periods	278.188	796.562
Expense Accruals	255.467	118.293
Other TAV	-	645
Advances Received	-	1.757.142
	533.655	**2.672.642**

27. CAPITAL

Paid-in Capital

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 31st, 2008 and December 31st, 2007, is like below:

	December31st, 2008	December 31st, 2007
Registered Capital Limit	75.000.000	75.000.000
Approved and Paid-in Capital	75.000.000	52.632.000

Paid-in Capital structure of company between December 31st, 2008 and December 31st, 2007 is like table below:

	December31st, 2008		December 31st, 2007	
	Share Amount	Share Percentage	Share Amount	Share Percentage
İbrahim Polat Holding A.Ş.	45.686.919	60,92%	36.184.919	68,75%
Adnan Polat	903.270	1,20%	263.165	0,50%
İbrahim Polat	825.465	1,10%	789.515	1,50%
Murat Polat	263.163	0,35%	263.163	0,50%
Other	27.321.183	36,43%	15.131.238	28,75%
	75.000.000	**1**	**52.632.000**	**1**
Capital Adjustment Differences	66.529.523		66.529.523	
	141.529.523		**119.161.523**	

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

Company used a credit at amount of USD 50.000.000 from Morgan Stanley & Co. International Limited ("Morgan Stanley") for a 7 years term.

Board of director of company has been taken a decision which is numbered as 2008/02 at January 17th, 2008 about that credit:

Company has canceled the agreement, which is signed between Ibrahim Polat Holding and Morgan Stanley at February 28th, 2007. And the content of this agreement is that Morgan Stanley will buy 6.433.000 numbers of shares of the company with an amount of TRY 5, 50 per share at 3, 5 years of after starting date of usage of credit and at 7 years of that credit, Morgan Stanley will buy again 6.433.000 number of shares with an amount of TRY 6, 30 per share. This agreement is purposed to increase capital amount of company with that credit. Instead of this agreement above, company decided not to wait the times written on agreement such as 3,5 years and 7 years of credit usage time, to increase capital amount from TRY 52.632.000 to TRY 75.000.000 by limitating right of preference by purchase of 12.866.000 number of shares at amount of TRY 2,60 per share by Morgan Stanley, 9.502.000 number of shares at amount of TRY 2,60 per share by Ibrahim Polat Holding A.Ş. and except these articles, capital commitment payables of Ibrahim Polat Holding A.Ş. will be paid by collection of receivables of Ibrahim Polat Holding A.Ş. from Ege Seramik San. Ve Tic A.Ş..

27. CAPITAL (continued)

In this scope, accordingly to increasing company's capital from TRY 52.632.000 to TRY 75.000.000, it has been taken under board records in the documents of CMB which is numbered as 11/249 at March 03, 2008 as exporting company's shares at amount of TRY 22.368.000 and this increase in company's capital is made in Direct Sales Market at March 11st, 2008 by limitating right of preference of partners and its cash transactions are completed at March 13rd, 2008.

Company's capital maximum limit is now TRY 75.000.000 and company reached that limit with its increase in capital as of March 13, 2008.

"A" and "B" groups of shares on the shares which represent capital is privileged shares.

- Shareholders who have "A" group of shares take 8% share after deduction of previous year profit dividend, previous year legal capital reserve, fund and tax from balance sheet profit. And they can join to second year profit dividend.
- Shareholders who has "B" group of shares take 5% share after deduction of previous year profit dividend, legal capital reserve, fund and tax from balance sheet profit. And they can join to second year profit dividend

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 balance sheet.

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

	Balance amount at December 31st, 2007	**Additions**	**Balance amount at December 31st, 2008**
Share Premium	181.858	35.656.736	35.838.594
	181.858	**35.656.736**	**35.838.594**

Restricted Reserves Allocated from Profit

Legal Reserves are 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 can not be used for other purposes till they did not exceed 50% of paid-in capital.

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

27. CAPITAL (continued)

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 balance sheet.

	Balance amount at December 31st, 2007	Additions	Balance amount at December 31st, 2008
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.

Previous Years’ Profit/Loss	**Balance Amount at 31 December 2007**	**Additions***	**Disposals**	**Balance Amount at 31 December 2008**
Accumulated Profit/Loss **(New Adjusted form)** (Explanatory Note 2)	(79.585.063)	7.665.425	-	(71.919.638)
Extraordinary Legal Reserves	391.815	-	-	391.815
Inflation Adjustment Differences for Extraordinary Legal Reserves	16.983.482	-	-	16.983.482
Inflation Adjustment Differences for Legal Reserves	12.260.391	-	-	12.260.391
	387.935	-	-	387.935
Inflation Adjustment Differences for Share Premium				
Balance Amount at 31 December 2008	**(49.561.440)**	**7.665.425**	**-**	**(41.896.015)**

* New adjusted net profit for the period at 31 December 2007 is added to previous years’ profit/loss.

27. CAPITAL (continued)

Minority Interest

	December 31st, 2008	December 31st, 2007
Balance Amount as of 1 January	249.236	260.582
Minority Interest sourced from subsidiary which is in scope of consideration	-	
Net Profit for the Period	(2.316)	(9.266)
Transfers from Special Reserves	(65)	(2.080)
	246.855	**249.236**

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 31st, 2007: 20%) for incorporated companies who has shares transacted in stock exchange, which is valid as of January 1st, 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 25th, 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 31st, 2008 and December 31st, 2007.

28. SALES and COST of GOODS SOLD

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Domestic Sales	102.365.403	117.053.708
Export Sales	53.936.100	62.722.493
Other Income	24.484	-
Sales Returns (-)	(2.421.996)	(2.126.202)
Sales Discounts (-)	(961.669)	(930.255)
Other Discounts (-)	(75.240)	-
	152.867.082	**176.719.744**

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Cost of Products Sold	126.404.390	142.738.947
Cost of Good Sold (Trade)	2.931.324	490.841
Cost of Services Given	-	2.747.094
	129.335.714	**145.976.883**

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

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Marketing, Sales and Distribution Expenses	7.475.036	9.646.864
General Administration Expenses	15.725.988	14.174.441
Research and Development Expenses	1.594.301	2.411.098
	24.795.325	**26.232.403**

30. EXPENSES ACCORDING TO THEIR QUALIFICATIONS

Cost of sales according to their nature between January 1st – December 31st, 2008 and January 1st – December 31st, 2007 periods is like below:

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Material Usage Share	64.756.214	75.491.579
Provision for Loss Value in Inventory	662.423	-
Personnel Expense Share	18.519.219	19.896.611
Depreciation and Redemption Expense Share	6.616.203	6.754.049
Other	38.781.655	43.834.644
	129.335.714	**145.976.883**

Marketing, Sales and Distribution Expenses according to their nature between January 1st – December 31st, 2008 and January 1st – December 31st, 2007 periods is like below:

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Marketing and Sales Expenses:		
Personnel Expense Share	221.048	369.901
Other	7.253.988	9.276.963
	7.475.036	**9.646.864**

General Administration Expenses according to their nature January 1st – December 31st, 2008 and January 1st – December 31st, 2007 periods is like below:

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
General Administration Expenses:		
Personnel Expense Share	5.172.292	6.911.352
Provision of Severance Payment	1.572.585	1.233.989
Depreciation and Redemption Expense Share	1.552.743	2.835.815
Other	7.428.368	3.193.285
	15.725.988	**14.174.441**

30. EXPENSES ACCORDING TO THEIR QUALIFICATIONS (Continued)

Research and Development Expenses according to their nature between January 1st – December 31st, 2008 and January 1st – December 31st, 2007 periods is like below:

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Research and Development Expenses:		
Personnel Expense Share	1.312.164	1.865.445
Other	282.137	545.653
	1.594.301	**2.411.098**

31. OTHER OPERATIONAL INCOME and EXPENSES

Other Incomes

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Export Freight and Insurance Income	1.232.384	1.801.290
Reflected Income	716.881	1.255.302
Management Consulting Income	982.052	1.635.533
Provisions No Longer Required	956.371	76.681
Sales Income from Intangible Asset	89.550	41.157
Insurance and Damage Income	605.074	21.319
Other	605.519	1.391.091
	5.187.831	**6.222.373**

Other Expenses

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Provision for Suit Expense(-)	763.628	1.808.100
Provision for Loss Value of Inventory(-)	662.424	-
Reflected Expense	711.094	1.207.276
Expense and Loss from Idle Parts (*)	3.580.817	833.205
Other	1.188.215	2.987.266
	6.906.178	**6.835.847**

(*) Amounts which are recorded in expense and loss from idle parts are consist of at amount of TRY 878.207 (December 31st, 2007: TRY 208.642) as depreciation expense and at amount of TRY 2.702.610 (31.12.2007: TRY 624.743) as personnel expense.

32. FINANCIAL INCOMES

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Interest Income	1.906.264	798.877
Foreign Exchange Income	15.498.065	26.515.041
Rediscount Interest Income	1.762.282	978.569
	19.166.611	**28.292.487**

33. FINANCIAL EXPENSES

	January 1st – December 31st, 2008	January 1st – December 31st, 2007
Interest Expense for Bank Credit's Interest, Commission Expenses	21.327.496	13.762.643
Foreign Exchange Losses	13.226.850	9.834.034
Rediscount Interest Expenses (-)	496.627	1.479.701
	35.050.973	**25.076.378**

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

The company has fixed assets kept in hand to sell and discontinued operations (None at December 31st, 2007.)

35. TAX ASSETS and LIABILITIES

Tax Expense/Income in income statement for periods ended at December 31st, 2008 and December 31st, 2007 is like below:

Provisions for Income Tax for the period	December 31st, 2008	December 31st, 2007
Provision for income tax for the period and other legal liabilities **(New Adjusted Form) (Explanatory Note:2)**	-	(273.723)
Deferred Tax Income	3.538.877	816.789
	3.538.877	**543.066**

35. TAX ASSETS and LIABILITIES (continued)

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 balance sheet base, keep their financial statements with inflation adjustment starting after January 1st, 2004. These taxpayers also have to make inflation adjustment for their financial statements at December 31st, 2003. Taxpayers have to declare their balance sheet at December 31st, 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 balance sheet after January 1st, 2004 if there is the case which obligates adjustment.

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

There are not taking of withholding tax for corporate who obtain income in Turkey with a base or permanent representative and dividend payment to corporate that has a base in Turkey. Dividend payment except these above is taxable for withholding tax at 15% (10% before July 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 are 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.

35. TAX ASSETS and LIABILITIES (continued)

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 31st, 2005:

a) Investment which will start after January 1st, 2006 in same scope with already started investment in scope of incentive certificate which is made from application which are made before Apri 24th, 2003,
b) In scope of cancelled article numbered as 19 in Income Tax Law, Investment discount exception amount, (related to fixed asset expansion on TL 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 1st, 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 witholding tax on amounts which is excepted according to cancelled article numbered as 19 in Income Tax Law. According to the acts which are valid before July 24th, 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 is consist 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.

Deferred Tax

Company calculates deferred income tax assets and liabilities with recorded values in balance sheet items by considering difference effects which occurs as a result of evaluation for values in balance sheet 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 which will occurs after December 31st, 2008 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 31st, 2008 and December 31st, 2007:

35. TAX ASSETS and LIABILITIES (continued)

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	December 31st, 2008	**December 31st, 2007**	**December 31st, 2008**	**December 31st, 2007**
Deferred Tax Assets/(Liabilities)				
Benefits Provided to Personnel	7.523.044	6.906.830	1.504.609	1.381.366
Provisions for Payables	969.041	-	193.808	-
Tangible Fixed Assets	6.283.422	5.886.674	1.256.684	1.177.335
Intangible Fixed Assets	1.377.426	(525.750)	275.485	(105.150)
Inventories	382.178	668.574	76.436	133.715
Other Current Assets	-	17.886	-	5.309
Other Non-Current Assets	-	834.834	-	168.699
Financial Payables	-	92.795	-	18.559
Unaccrued Financing Expenses	-	41.363	-	8.273
Unused Investment Discounts	-	834.834	-	390.096
Unused Previous Years Loss	17.050.282	-	3.410.056	-
	33.585.393	**14.758.040**	**6.717.079**	**3.178.202**

Deferred Tax Assets at 12.31.2007	**3.178.202**
Deferred Tax Expenses Between 01.01.2008-12.31.2008	3.538.877
Deferred Tax Assets at 12.31.2008	**6.717.079**

36. EARNING PER SHARE

Earning per share for periods ended between December 31st, 2008 and December 31st, 2007 is TL (15.325.474) and profit/(loss) amount of TL 7.665.425 TL is calculated by dividing weighted average share numbers in related periods.

	January 1st, 2008 December 31st, 2008	**January 1st, 2007 December 31st, 2007**
Net Profit / (Loss)	(15.325.474)	7.665.425
Weighted Average Number of Ordinary Shares	7.073.187.945	5.263.200.000
Profit/(Loss) per share with nominal value of 1 TL (unlimited)	(0,00217)	0,00146

NOT 37 - EXPLANATIONS FROM RELATED PARTIES

1. Balance Amounts from related parties between December 31st, 2008 and December 31st, 2007:

a) Receivables Due From Related Parties

	December 31st, 2008	December 31st, 2007
Ege İnşaat Malzemeleri Pazarlama A.Ş.	39.435.129	51.386.309
Ege Seramik Dış Ticaret A.Ş.	6.980.186	8.246.512
Ege Seramik East Europe Ltd.	5.368.844	4.233.900
Ege Seramik Trading Holding S.A.	6.918.729	5.063.347
Ege Vitrifiye Sağlık Gereçleri San. Ve Tic. A.Ş.	13.915.874	2.350.780
Ege Seramik America INC.	4.023.327	4.297.800
Ege Seramik Italia S.R.L	3.314.782	2.337.547
Polat Maden San.ve Tic. A.Ş.	264.537	542.306
Ege Seramik Europe S.A.	-	755.892
	80.221.408	**79.214.393**

As of December 31st, 2008 amount of TRY 12.864.306 receivables due from related parties is shown as “Other Receivables” in consolidated financial statements (Explanatory Note 11) and the remaining amount which is TRY 67.357.101 is shown in “Trade Receivables” in consolidated financial statements. (Explanatory Note 10).

TL 7.519.163 of receivables from related companies is consist of notes receivables (December 31st, 2007: TRY 12.498.489) and TRY 59.837.938 of remaining receivables is consist of trade receivables (31 December 2007: TRY 66.715.904). (Explanatory Note 10)

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 .

Short term receivables of company from Ege Seramik Dış Ticaret A.Ş., Ege Seramik East Europe LTD., Ege Seramik America INC., ve Ege Seramik Italia S.R.L. is sourced from working with these companies to do sales and marketing activities in abroad and for them company applied term differences for twelve month period.

NOT 37 - EXPLANATIONS FROM RELATED PARTIES (Continued)

b) Payables due to related parties

	December 31st, 2008	December 31st, 2007
İbrahim Polat Holding A.Ş.	405.976	1.389.056
Polat İnşaat Sanayi ve Tic. A.Ş.	-	1.474
Polat Turizm ve Otel Sanayi ve Tic A.Ş.	402	-
	406.378	**1.390.530**
Dividends Payables	1.449	1.449
Short term payables due to related parties	**407.827**	**1.391.979**

Amount of TL 406.378 of short term payables due to related parties at 31 December 2008 is shown in Trade Payables (Explanatory Note 10) and the remaining amount is shown in other payables (Explanatory Note 11).

c) Long Term Payables Due to Related Parties

	31 December 2008	31 December 2007
İbrahim Polat Holding A.Ş.	-	*25.491.570
Long Term Payables Due to Related Parties	**-**	**25.491.570**

* Short and long term payables due to İbrahim Polat Holding A.Ş. is consist of USD 21.886.812 with 7,03075 % as termed to 6 January 2012.

USD 20.351.923 part of USD 22.749.646 of short and long term payables to İbrahim Polat Holding A.Ş. is closed by collection of capital commitment at amount of TL 24.705.200 as increase in capital and the rest amount USD 2.397.723 will been collected at 30 June 2008.

NOT 37 - EXPLANATIONS FROM RELATED PARTIES (continued)

2. Important sales to related parties and important purchase from related parties:

a) Product Sales to Related Parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
Ege İnşaat Malzemeleri Pazarlama A.Ş.	91.161.963	103.061.774
Ege Seramik Dış Ticaret A.Ş.	22.722.843	23.656.420
Ege Seramik America INC.	10.065.776	12.474.664
Ege Seramik East Europe ltd.	5.247.698	5.960.836
Ege Vitrifiye Sağlık Gereçleri San. Ve Tic. A.Ş.	2.312.244	1.927.256
Ege Seramik Italia S.R.L	679.064	1.459.350
Polat Turizm Otel San. ve Tic. AŞ.	-	16.266
Polat Maden San. Tic. A.Ş.	310	2.670
	132.189.898	**148.559.236**

b) Raw material sales to related parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
Ege Vitrifiye Sağlık Gereçleri San.Tic.A.Ş.	125.826	335.934
Polat Maden San. Tic. A.Ş.	-	20.518
	125.826	**356.452**

c) Serviced made to related parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	453.871	1.017.639
Ege İnşaat Malzemeleri Pazarlama A.Ş.	328.203	801.583
Ege Seramik Dış Ticaret A.Ş.	132.443	200.002
Polat Maden San.Tic.A.Ş.	34.240	122.929
Ege Seramik America INC.	-	97.651
Ege Seramik East Europe Ltd.	-	9.406
Ege Seramik Italia S.R.L	-	8.994
	948.757	**2.258.204**

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

NOT 37 - EXPLANATIONS FROM RELATED PARTIES (continued)

d) Material and raw material purchases from related parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
Ege İnşaat Malzemeleri Pazarlama A.Ş.	-	1.534.154
Polat Maden San. Tic. A.Ş.	835.371	1.249.646
Ege Seramik Europe S.A.	-	451.744
Ege Vitrifiye Sağlık Gereçleri San. Tic. A.Ş.	27.755	25.091
	863.126	**3.260.635**

e) Services purchased from related parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
İbrahim Polat Holding A.Ş.	284.400	316.901
Ege Vitrifiye Sağlık Gereçleri San. Ve Tic. A.Ş.	12.992	88.437
	297.392	**405.338**

f) Financing incomes about transactions to related parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
Ege Vitrifiye Sağlık Gereçleri San.ve Tic. A.Ş.	1.115.893	242.401
Ege İnşaat Malzemeleri Pazarlama A.Ş.	211.358	97.442
	1.327.251	**339.843**

g) Financing expenses about transactions to related parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
İbrahim Polat Holding A.Ş.	124.082	30.229
Polat Maden San.ve Tic. A.Ş.	-	5.626
Ege Seramik Dış Ticaret A.Ş.	126.620	-
Ege Seramik Amerika INC.	21.352	-
	272.054	**35.855**

h) Fixed Assets Sales to related parties

	1 Jan.– 31 Dec. 2008	1 Jan. – 31 Dec. 2007
Polat Maden San. Tic. A.Ş.	-	25.000
	-	**25.000**

NOT 37 - EXPLANATIONS FROM RELATED PARTIES (continued)

i) Fixed Purchase from related parties

	1 Jan.– 31 Dec. 2008	**1 Jan. – 31 Dec. 2007**
Ege İnşaat Malzemeleri Pazarlama A.Ş.	-	3.564
Ege Vitrifiye Sağlık Gereçleri San.ve Tic. A.Ş.	-	2.092
Polat İnşaat Sanayi ve Ticaret A.Ş.	-	1.249
	-	**6.905**

Total amount of salary and alike benefits which provided to higher management in 2008 as twelve months period is TL1.282.839 (2007:TL 1.660.067).

37. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS

a) Credit Risk

Credit risks which are suffered for company cause of financial instruments' class are shown in the table below:

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

	Receivables						
	Trade Receivables		Other Receivables				
Current Period	Related Parties	Other Parties	elated Parties	Other Parties	Money Amount in Bank Account	Derivative Instrument	Other
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 inmatured assets	-	-	-	-	-	-	-
-Loss in Value (-)	-	-	-	-	-	-	-
- Part of net value which is covered with guarantee, etc.	-	-	-	-	-	-	-
E. Elements which has credit risk except balance sheet	-	-	-	-	-	-	-

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

	Receivables				Money Amount in Bank Account	Derivative Instrument	Other
	Trade Receivables		Other Receivables				
Previous Period	**Related Parties**	**Other Parties**	**elated Parties**	**Other Parties**			
Suffered Maximum Credit Risk as of Reporting Date (A+B+C+D+E) *	**78.164.141**	**3.672.953**	**-**	**240.106**	**4.816.398**	**-**	**-**
- 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	50.598.833	1.084.545	-	240.106	4.816.398	-	-
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	27.565.308	2.588.409	-	-	-	-	-
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 inmatured 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.

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

* At calculating amounts, elements which provided an increase on credit safety for guarantees received are considered.

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

	Receivables						
	Trade Receivables		Other Receivables				
Current Period	Related Parties	Other Parties	elated Parties	Other Parties	Money Amount in Bank Account	Derivative Instrument	Other
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	-	-	-	-
1-1,5 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	-	-	-	-	-	-	-

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

	Receivables						
	Trade Receivables		Other Receivables				
Previous Period	Related Parties	Other Parties	elated Parties	Other Parties	Money Amount in Bank Account	Derivative Instrument	Other
1-3 months matured from its term	11.679.101	2.439.658		-	-	-	-
3-6 months matured from its term	4.803.382	148.751		-	-	-	-
6-12 months matured from its term	9.345.713			-	-	-	-
1-1,5 years matured from its term	1.737.112			-	-	-	-
More than 5 years matured from its term				-	-	-	-
Part which is covered with guarantee, etc	-	-	-	-	-	-	-

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

b) Liquidity Risk

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

Current Period

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	**82.516.624**	**82.516.624**	**35.367.225**	**14.258.600**	**32.547.488**	**-**
Bank Credits	53.725.339	53.725.340	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	**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	-	-	-	-	-	-

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

Previous Period

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	**135.550.365**	**135.550.365**	**33.503.840**	**11.409.199**	**32.402.326**	**58.235.000**
Bank Credits	68.848.637	68.848.637	1.430.257	2.986.059	6.197.321	58.235.000
Financial Leasing Liabilities	1.091.893	1.091.893	262.025	116.433	713.434	-
Trade Payables	34.202.930	34.202.930	25.896.223	8.306.707	-	-
Other Payables	31.406.905	31.406.906	5.915.335	-	25.491.570	-
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)**
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.

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

c) Market Risk

Foreign Money Risk

FOREIGN EXCHANGE POSITION	Current Period					Previous Period				
	TL (Functional Currency)	USD	Euro	GBP	Other	TL (Functional Currency)	USD	Euro	GBP	Other
1. Trade Receivables	32.220.864	4.841.454	11.306.990	316.151	-	30.835.974	6.846.020	12.443.092	680.269	-
2a. Monetary Financial Assets(Including Cash, Bank Accounts)	21.126	250	9.692	-	-	4.176.947	432.915	2.147.545	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	599.205	52.196	217.744	444	37.167	1.021.262	567.382	210.197	410	-
4. Current Assets (1+2+3)	**32.841.195**	**4.893.900**	**11.534.425**	**316.595**	**37.167**	**36.034.183**	**7.846.317**	**14.800.834**	**680.679**	-
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)	**32.841.195**	**4.893.900**	**11.534.425**	**316.595**	**37.167**	**36.034.183**	**7.846.317**	**14.800.834**	**680.679**	-
10. Trade Payables	18.798.138	976.238	8.064.766	7.769	27.754	22.282.555	1.419.920	12.035.656	4.326	34.395
11. Financial Liabilities	13.018.635	7.142.860	1.035.355	-	-	2.111.852	-	1.234.857	-	-
12a. Other Monetary Liabilities	1.446.477	885.441	50.180	-	-	-537.927	-25.661	-297.064	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**33.263.250**	**9.004.539**	**9.150.301**	**7.769**	**27.754**	**23.856.480**	**1.394.259**	**12.973.448**	**4.326**	**34.395**
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	33.013.980	17.857.140	2.806.720	-	-	65.105.978	50.000.000	4.017.646	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**33.013.980**	**17.857.140**	**2.806.720**	-	-	**65.105.978**	**50.000.000**	**4.017.646**	-	-
18. Total Liabilities (13+17)	**66.277.230**	**26.861.679**	**11.957.021**	**7.769**	**27.754**	**88.962.459**	**51.394.259**	**16.991.094**	**4.326**	**34.395**
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 and (Liability) (9-18+19)	**-33.436.035**	**-21.967.779**	**-422.596**	**308.826**	**9.413**	**-52.928.275**	**-43.547.942**	**-2.190.261**	**676.353**	**-34.395**
Asset/(Liability) for Monetary (=1+2a+5+6a-10-11-12a-14-15-16a)	-34.035.240	-22.019.975	-640.340	308.382	-27.754	-53.949.538	-44.115.324	-2.400.458	675.943	-34.395
22. Total Realized Value of Hedged Financial Instrument										
23. Export	**53.326.315**	**22.901.943**	**9.404.985**	**2.367.044**	-	**62.482.630**	**27.199.751**	**11.061.124**	**2.896.022**	-
24. Import	**20.928.439**	**2.376.247**	**9.362.460**	**7.795**	**44.723**	**28.207.170**	**4.446.273**	**12.553.075**	**1.309**	**54.035**

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

Sensitivity Analysis of Foreign Exchange Positions

Table of Sensitivity Analysis of Foreign Exchange				
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	(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**	**0**	**0**

38. LEVEL and NATURE OF RİSKS SOURCED FROM FINANCIAL INSTRUMENTS (continued)

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	(5.072.028)	5.072.028	-	-
2- Protected Part of USD’s Risk (-)	-	-	-	-
3- Net Effects of USD (1+2)	**(5.072.028)**	**5.072.028**	**-**	**-**
In case of change Euro against TL as 20%;				
4- Net Asset/Liability of Euro	(380.769)	380.769	-	-
5- Protected Part of USD’s Risk (-)	-	-	-	-
6- Net Effects of Euro (4+5)	**(380.769)**	**380.769**	**-**	**-**
In case of change in GBP against TL as 20%;				
7- Net Asset/Liability of Other Foreign Exchange	157.313	(157.313)	-	-
8- Protected Part of Other Foreign Exchange(-)	-	-	-	-
9- Net Effects of GBP (7+8)	**157.313**	**(157.313)**	**-**	**-**
Total(3+6+9+12)	**(5.295.484)**	**5.295.484**	**-**	**-**

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 balance sheet 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 BALANCE SHEET EVENTS

1) As of 01.01.2009 maximum severance payment is arrived to TRY 2.260,06.

2) As of March 11th, 2009, in company annual general meeting it has been decided unanimously that in decision of Board of Director which is taken according to acts which is numbered as Serial: XI, no:25 from Capital Market Board about "Accounting Standards at Capital Market" and the decision taken in December 30th, 2003 which is numbered as 1630, if there is an amount in "previous years loss" which is shown in equities group is deducted from current profit for the period after adjustments which is made first time on financial statement and undistributed previous years profits, remaining loss is deducted in extraordinary reserve fund, legal reserve funds after adjustment on equities items according to inflation accounting and in accordance with these acts above, previous year loss which is coming from financial statements in 2008 and inflation

40. POST BALANCE SHEET EVENTS (continued)

adjustments made for 2003 which amount is TRY 68.326.843,39 is deducted from extraordinary reserve funds, legal reserve funds and inflation differences on equities items, which is sourced from after inflation adjustment and company is approved to exterminate previous year loss.

After deduction of inflation differences from previous year loss there is a remaining amount of TRY 24.778.008 on Positive Difference of Capital Adjustment account.

3) In special case explanation at 03.16.2009, company is approved unanimously that company annual general meeting is held at this address which is Ankara Karayolu, 26.Km., Kemalpaşa-İzmir, in factory building at 10:30 in April 16th, 2009 and agenda of meeting is like below:

Beside regular agenda item, there are some other decisions taken which are:

- Approve and discussion of transactions related to deduction of positive inflation differences on previous year loss which is offered with decision numbered as 2009/07 in March 11th, 2009,
- Presentation of information about transaction made to related parties in accordance with fourth article of declaration of CMB which is numbered as Serial:IV, no: 41,
- Presentation for approve of Board of Director about changing of sixth article in company main agreement which is related to increase in capital fromTRY 52.632.000 to TRY 75.000.000 which is completed with documentation related to completion of capital increase made by anonymous partners who is related to registered capital systems with declaration of CMB numbered as 612 at April 11th, 2008

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.