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1. MESSAGE OF THE BOARD OF DIRECTORS

Esteemed Shareholders of our Company,

Thanks to the precautions we took at the beginning of the year we succeeded to reach our targeted results despite to the constriction in 2009 in the global economy, and the economical difficulties continuing also in our country.

The crisis occurred at the end of 2008 in the foreign financial markets continued to be effective also during 2009. Despite to a growing of 5,7% in the economy of the USA, who is the source of the crises, during the last quarter it was constricted by 2,4% during the entire year. As per the data of Eurostat, European Union's Statistics Institution, European Union's economy decreased by 4,1%, while the industrial production in the EU region decreased by %14,9 during the entire 2009. Parallel to these developments also the economy of Turkey commenced to decrease in the last quarter of 2008 after a consecutive 27 quarterly improvement. The Turkey economy having decreased in the first quarter of 2009 by 14,5 showed in the second quarter a decrease of 7,7%; in the third quarter of 2,9%, and along the recovering signs in the fourth quarter it showed an improvement of 6%. Accordingly during the entire 2009 a decrease of 4,7% occurred. These decreasing in the economy reflected to the other macro economy indicators, and per capita income of 10.436 USD in 2008 decreased in 2009 to 8.456 USD with a reduction of 19%.

In 2009 a decrease in all real sector divisions occurred, the highest constriction on sectoral basis occurred with 16,3% in the construction sector. This condition forced also Ege Seramik to shrink as like as the other ceramic manufacturers. Thanks to its productive, effective, cost decreasing strategies targeted in 2009 Ege Seramik has overcome the affects of the global crises and discontinuation in the construction sector. We succeeded to increase the activity profit in a record rate with 409% despite to the decrease of the sales by 12% compared to the previous year.

Our company worked in 2009 with a capacity utilization rate of 64%, and realized a production of 16 million sqm. Despite to the decrease in the production volume our unit production cost did not increase, but decreased by 6% thanks to the Ar-Ge (R&G) studies we performed.

Despite to a serious constriction during 2009 both in our domestic and foreign markets Ege Seramik continued a sound cash flow, and succeeded to maintain its financial structure strong. Under this extent we made a loan principal repayment of 11 million USD during said term, and our long term debts of 34,5 million USD at the beginning of the year decreased to 23,5 million USD at the end of the year. In 2010 a loan principal repayment of 10,5 million USD will be made in accordance with the due dates.

Ege Seramik considers 2010 as the year of getting out of the crises and has targeted a growing of 39% in the production and sales by having prepared an ambitious budget. Our company has targeted to obtain a superiority to our competitors in the market by adding new product lines to our broad product portfolio with pricing fitting customer's expectations, and adopted the mission to be a leading ceramic brand providing comfortable living areas. We have no doubts that we will be able to reach all these targets with the success desire of our management and our employees, and the trust vested in us by you, our valuable shareholders. We wish that 2010 is a successful year in for our company, employees, customers and suppliers.

Yours Sincerely,

2. MILESTONES

- 1972 Ege Seramik is established in Izmir-Kemalpasa
- 1973 Production started with a capacity of 300.000 m²
- 1981 A large portion of the shares are purchased by Mr. Ibrahim Polat.
- 1982 Ege Insaat Malzemeleri Pazalama A.S. is founded in order to perform the sales and marketing activities of the Ege Seramik products
- 1983 Included within the structure of Ibrahim Polat Holding
- 1988 A five-annually investment program started
- 1992 Ege Seramik went to public in the IMKB (Istanbul Stock Exchange Market)
- 1994 Production capacity increased to 16 million m².
- 1995 Production capacity increased to 22 million m².
- 2004 Facilities of special shaped tiles are taken into operation
- 2004 Production capacity increased to 25 million m²
- 2005 Oracle ERP automation system is set up
- 2009 Digitile investment is engaged



3.INTRODUCTION

Report Term : 1 January 2009 – 31 December 2009

Title of Partnership : EGE SERAMIK SANAYI VE TICARET A.S.

board of Directors :



Ibrahim POLAT
Chairman of the Board of Directors



Murat POLAT
Vice-Chairman of the Board of Directors



Bülent ZIHNALI
Vice-Chairman of the Board of Directors



Baran DEMIR
Member of the Board of Directors

Auditing Board:

Baran DEMIR
Erdal OZYILDIRIM



Erdal OZYILDIRIM
Member of the Board of Directors

Member of the Audit Responsible Committee
Member of the Audit Responsible Committee

Board of Directors and Audition Board were appointed during the General Council Meeting dated 16.04.2009 in order to be in charge for one year.

Authorization and Restrictions of the Members of the Board of Directors and Audition Board

Company's businesses and management is executed under the extent of the provisions of the Turkish Trade Code by at least 5 and at most 7 persons to be appointed among the partners.

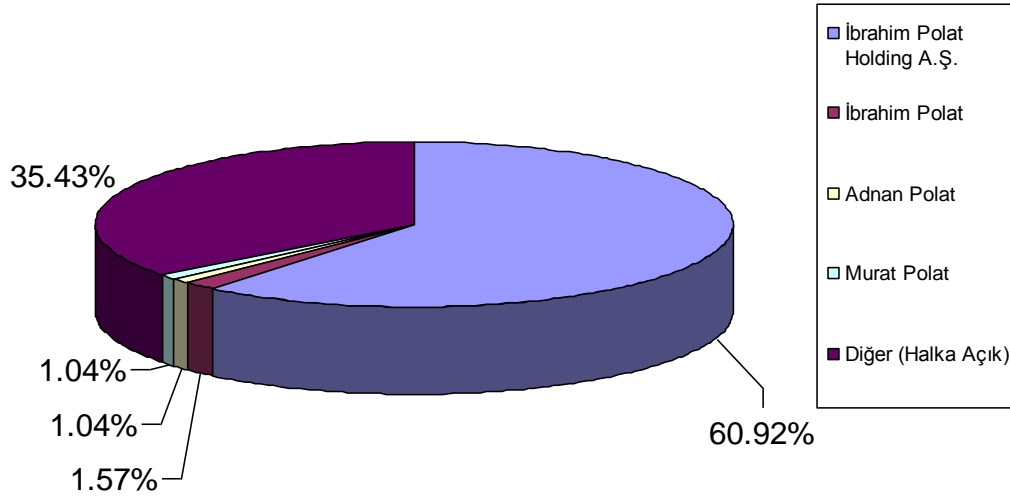
In case the Board of Directors is constituted by five persons, three persons shall be appointed from Group A, one person from Group B and one person from another Group of partners. In case the Board of Directors is constituted by seven persons, four of these shall be appointed from Group A, one from Group B and two persons among the other group partners.

Chairman and Members of the Board of the Directors are vested with the authorization mentioned in the Code of Capital Market Law, Turkish Trade Code, Company's Principal Articles, and further legislation.

And members of the Audition Board are vested with the authorization explained in the provisions of the 25th article of the Notification Serial X No.22 of the SPK (Capital Market Board)

Partnership structure

	Nominal (TL)	Rate %
Ibrahim Polat Holding A.S.	45.686.919	60,92%
Ibrahim Polat	1.177.702	1,57%
Adnan Polat	779.878	1,04%
Murat Polat	779.878	1,04%
Other (Public shares)	26.575.623	35,43%
	75.000.000	100%



4. SUMMARIZED FINANCIAL INDICATORS

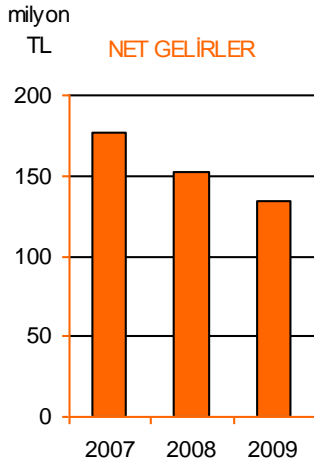
Are in accordance with the consolidated financial tables issued in accordance with the "Notification About the Accounting Standards in the Capital Market" serial: XI no:29 of the SPK.

Summarized Balance Sheet (1)	2009	2008	%
Current Assets	107.773.133	121.587.405	-11,36%
Fixed Assets	85.811.828	90.116.063	-4,78%
Actives	193.584.961	211.703.468	-8,56%
Short Term Liabilities	42.535.000	50.950.550	-16,52%
Long Term Liabilities	26.758.612	40.069.615	-33,22%
Main partnership excluded rate	257.571	246.855	4,34%
Equity	124.033.777	120.436.448	2,99%
Passives	193.584.961	211.703.468	-8,56%
Net enterprise capital	65.238.133	70.636.855	-7,64%

Summarized Income Table	2009	2008	%
Net Income	134.596.152	152.867.082	-11,95%
Gross Profit	33.274.157	23.531.367	41,40%
Activity Profit	9.235.675	-2.982.304	409,68%
Net Profit (-loss)	3.608.045	-15.327.790	123,54%
EBITDA	16.167.941	6.255.093	158,48%

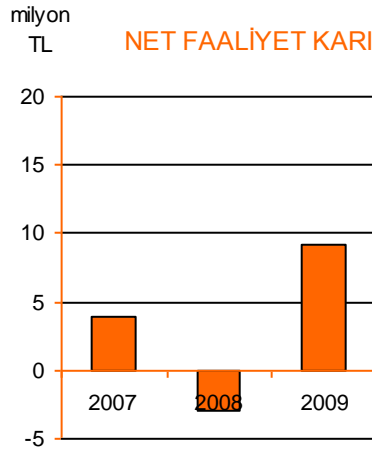
Million

NET INCOMES



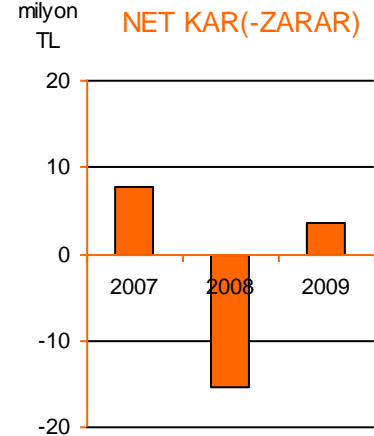
Million

NET ACTIVITY PROFIT



Million

NET PROFIT (-LOSS)



Financial Ratios	2009	2008
Current rate	2,53	2,39
Liquidity rate	1,78	1,64
Financial debt equity rateMali borç ö:	0,29	0,45
Activity profit margin	6,86%	-1,95%
Net profit margin	2,68%	-10,03%
EBITDA margin	12,01%	4,09%

5. INVESTMENTS

Ege Seramik made in 2009 a total investment of 4.196.414 TL for the betterment, repair and maintenance of the existing factory machines and installations, and taken to the fixed assets. No benefits were obtained from investment subsidies.

6. SECTORAL DEVELOPMENTS

The ceramic covering materials sector began to develop as of the 1950's made a rapid development attach after 1980. The number of manufacturers, which was only 6 until 1985, increased in 1998 to 23, and as of end of 2007 to 24. Turkey covers with its possessed capacity 3,5% of the world production, and 11% of the Europe production. The sector is exporting approx 30% of its production. The biggest export markets are the USA and Europe. Further it is

worldwide the eleventh biggest market in the ceramic tile consumption with a inland market volume of 160 million m2. The Turkish ceramic covering materials sector has a superior position against its competitors from technological point of view, since 60% of its total capacity is established after 1990.

The ceramic sector in Turkey has an established capacity of 360 million m2 and magnitude of approx. 2 billion EURO. The first five companies, where our company is included, constitutes 45% of the total capacity. Almost the entire ceramic request is covered by domestic manufacturers. The declination in the construction sector in 2009 Turkey forced a shrinkage of the ceramic sector. The capacity utilization rates of the sector dropped down from 90%'s to 50%'s. As per the IGEME reports exportation declined with 25% to 390 million USD. By this volume the exportation returned to the levels of 2004. In the same year ceramic covering materials importation of approximate 42 million USD was performed.

It is expected that the crises effects will be removed entirely in 2010, and that the

markets will begin to recure. Ege Seramik co-created its plans for 2010 accordingly, and targeted a growing of 38%.

The consistent foreign currency course in 2009 enabled our company to provide products with a long term pricing. In 2010 a foreign currency rate increasing of 8% is foreseen. The foreign currency rate increase will have a positive contribution to the profitability and cash flow of our company.

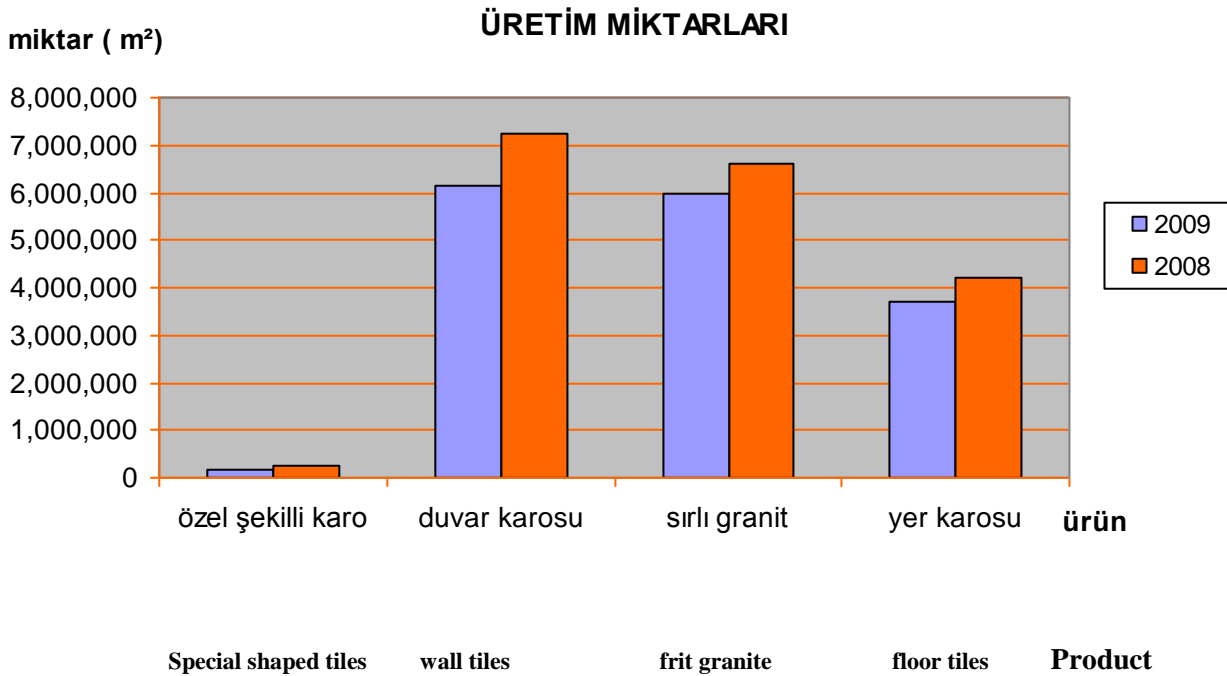
7. PRODUCTION

Ege Seramik worked in 2009 with a capacity utilization rate of 64%, and realized a product manufacture of 16.034.349 m2.

Production Quantity (m ²)	2009	2008	Difference	%
Special shaped tiles	158.815	253.422	-94.608	-37,33%
Wall tiles	6.159.668	7.256.596	-1.096.928	-15,12%
Frit granite	5.989.760	6.615.363	-625.603	-9,46%
Floor tiles	3.726.106	4.225.402	-499.296	-11,82%
Totally	16.034.349	18.350.784	-2.316.435	-12,62%

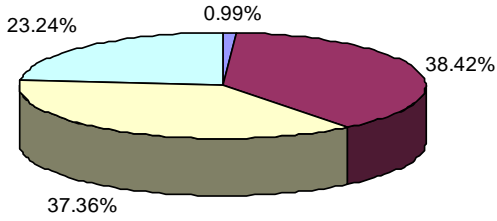
PRODUCTION QUANTITIES

Quantity (m2)



Product Distribution 2009

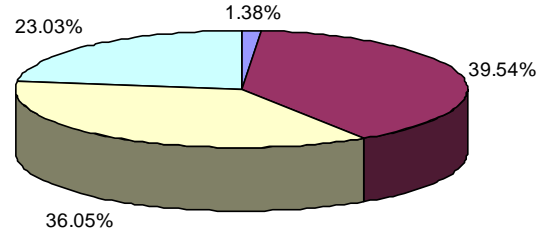
Ürün Dağılımı 2009



■ özel şekilli karo ■ duvar karosu □ sırlı granit □ yer karosu

Product Distribution 2008

Ürün Dağılımı 2008



■ özel şekilli karo ■ duvar karosu □ sırlı granit □ yer karosu

While our inland sales were realized as 10.708.651 m², our abroad sales were realized as 5.617.549 m². The share of the export within our sales was 34%.

Net Sales Incomes (TL)	2009	2008	Difference	%
Inland	86.308.537	98.906.499	-12.597.962	-12,74%
Abroad	48.287.615	53.936.100	-5.648.485	-10,47%
Other	0	24.483	-24.483	-100,00%
Total	134.596.152	152.867.082	-18.270.930	-11,95%

8. SALES

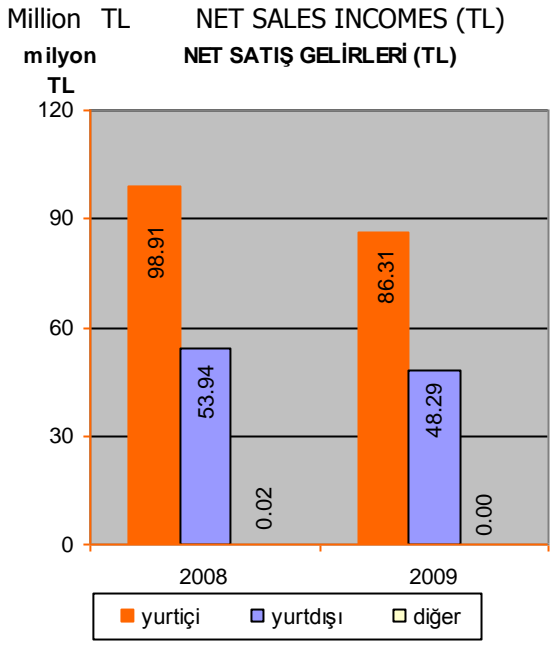
As per the financial tables prepared in accordance with the "Notification about the Accounting Standards in the Capital Market" with Serial: XI, No:29 of the SPK our consolidated net sales income in 2009 was realized as 134.596.152 TL. On the other side the sales quantity of Ege Seramik in the year 2009 is 16.326.199 m².

Sales (m ²)	2009	2008	Fark	%
Inland	10.708.651	13.287.219	-2.578.568	-19,41%
Abroad	5.617.549	7.199.505	-1.581.957	-21,97%
Total	16.326.199	20.486.724	-4.160.525	-20,31%

Net Sales Incomes (USD)	2009	2008	Difference	%
Inland	56.145.357	76.869.290	-20.723.933	-26,96%
Abroad	31.253.802	41.882.959	-10.629.157	-25,38%
Other		19.746	-19.746	-100,00%
Total	87.399.159	118.771.995	-31.372.836	-26,41%

In 2009 our export decreased 25% compared with the previous year and realized as 31.253.802 USD.

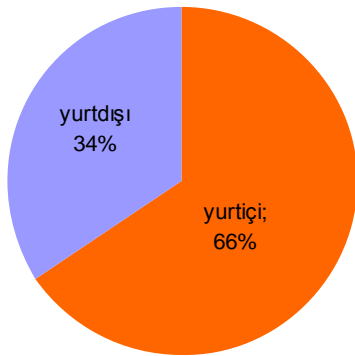
The markets, where we are most assertive, are the USA, Canada and Israel. In 2009 to 46 countries exportations were made, and 51% of the total abroad income was obtained from the USA, Canada and Israel.



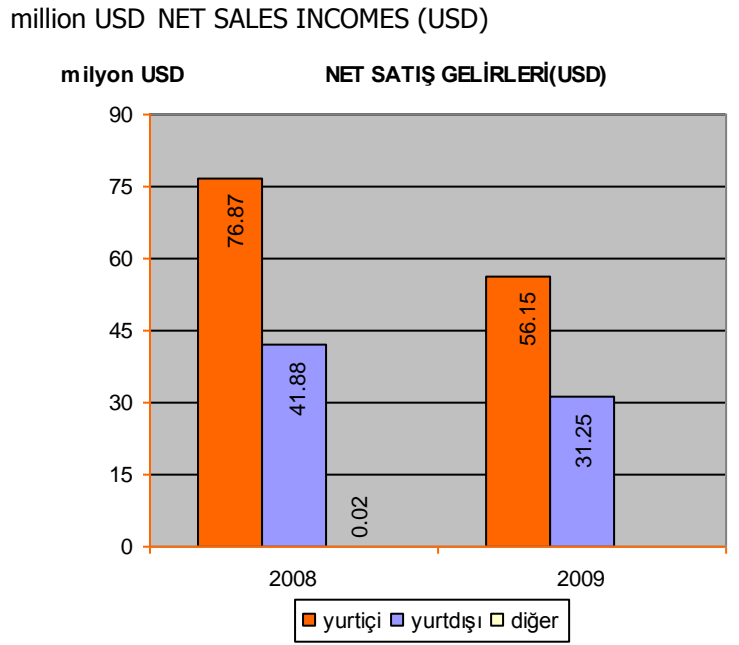
Inland Abroad other

Sales distribution

satışların dağılımı

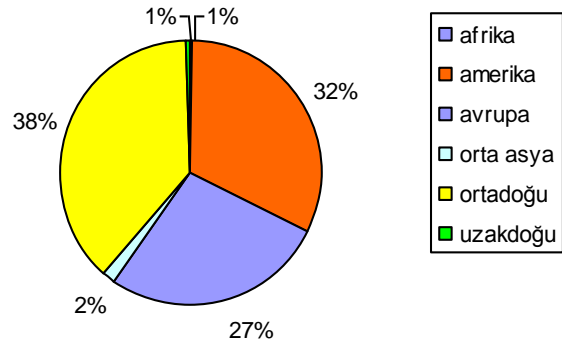


Africa America Europe Middle Asia Middle East Far East



Regional distribution of the abroad sales

yurtdışı satışların bölgesel dağılımı



9. PERSONNEL AND ADMINISTRATIVE ACTIVITIES

TOP MANAGEMENT

<u>Name Surname</u>	<u>Duties</u>
<u>Bulent ZIHNALI</u>	<u>Vice Chairman of the Board of Directors and Operation Group Chairman</u> Started his business life in 1975 at Ege Seramik, and was active during this time as manager of various ranks and as member of company's Board of Directors. On 16.02.2010 he has become as the Operation Group Chief Executive.
<u>Goksen YEDIGULLER</u>	<u>General Manager</u> Took up on 16.02.2010 his position as General Manager within the structure of Ege Seramik. Prior this duty he worked in some big ceramic factories of Turkey as top manager.
<u>Hasan B. PEKIN</u>	<u>Factory Manager</u> He took up at Ege Seramik in 1981. During the passed time he was active and manager in various departments. He continues his duty as Factory Manager and Deputy General Manager.
<u>Mehmet CIFCI</u>	<u>Technology Manager</u> He possesses the experience of the production responsibility in many companies of the sector, and participated to the structure of Ege Seramik in 2009 as Technology Manager. He still continues his duty.
<u>Kamil COSKUN</u>	<u>Manager of Financial and Administrative Affairs</u> After worked in our Group company since 2005 he participated to the structure of Ege Seramik in 2009 as Manager of Financial and Administrative Affairs. He still continues his duty.

Nevin CIFTCIOGLU Data Processing Manager

He participated to Ege Seramik's structure in 1992 as Analyst Programmer. He executes since 2004 his duty as Data Processing Manager.

I.Volkan DERINBAY Sales Planning Manager

He participated to Ege Seramik's structure in 2004 as Production Planning Responsible. As of 2005 he executes the duty as Sales-Planning Manager.

Ilyas YALCIN Personnel and Administrative Affairs Manager

He participated to Ege Seramik's structure in 2002 as Personnel and Administrative Affairs Manager. He still continues the same duty.

Gulcin POLAT HASBORA Business Development Manager

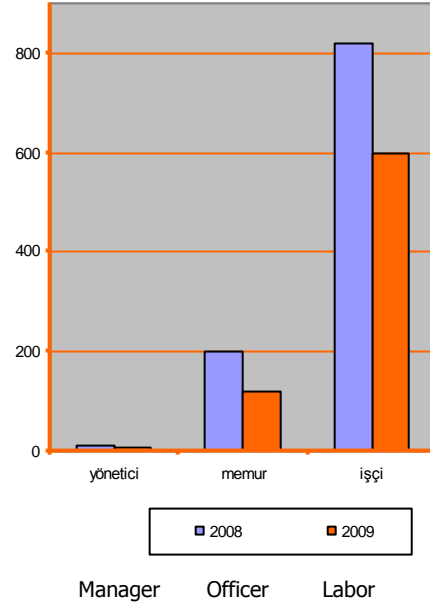
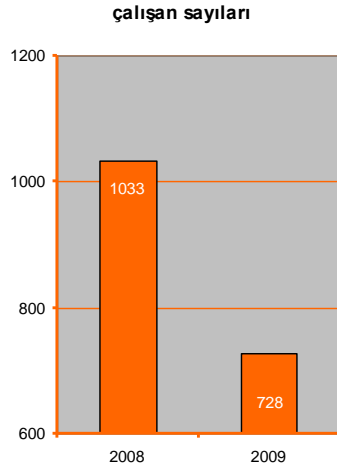
After his various duties in the Group companies since 2000, he has been appointed at the beginning of 2010 to this duty, and still continues as such.

Our average employee number in 2009 was realized as 705. The age average of our employees is 34, and the average seniority time is 7 years. 19% of our personnel is graduated from the university, 43% from high school and 38% from the elementary education school. 6% of our administration personnel is possessing the post graduate, 85% bachelor degree while 8% are high school and 1% are elementary school graduates.

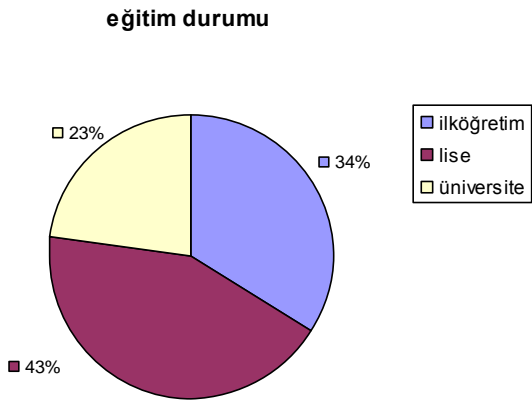
The employees working scope-intern at Ege Seramik are subject to the Collective Bargaining Agreement concluded with the CIMSE-IS Labor Union. Current agreement commenced on 01.01.2009 and shall expire on 31.12.2010. The scope-intern and scope-extern personnel received annually 4 salaries as bonus, further the scope-intern employees are receiving clothing, decease, marriage, heating, moving, and similar social aids.

Average Personnel Number	2008	2009
Manager	14	7
Officer	188	131
Labor	876	567
Total	1,078	705

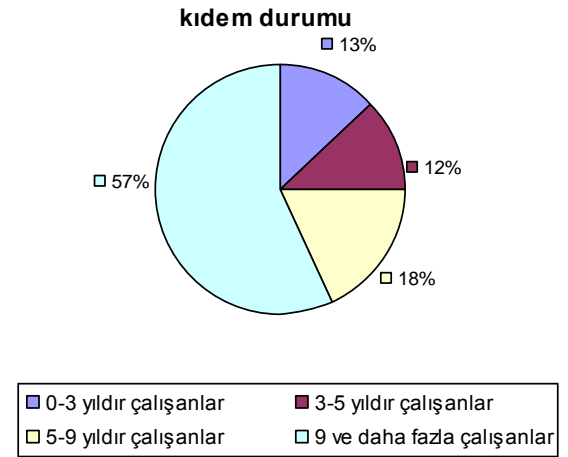
Number of employees



education



seniority



working since 0-3 years working since 3-5 years
 working since 5-9 years working since 9 and more 3 years

10. INSTITUTIONAL MANAGEMENT PRINCIPLES ADAPTATION REPORT

Declaration of Adaptation to Institutional Management Principles

The "Institutional Management Principles", which are accepted by the resolution no.35/835 dated 04.07.2003 of the SPK (Capital Markets Board) and publicized on July 2003, were adapted by our company, and our company is endeavored for the application during the activity term 2009 the principles mentioned in the Institutional Management Principles under the extent of the current market structure and partnership structure.

Our company considers the Institutional Management Principles quite positive both in respect of the company and shareowners. A more transparent management, where in respect of the shareholders it will be easier to utilize their rights, and a structure in which they will obtain more information will have been created. And this will be for the shareholders a reason of preference.

Our company's relation to its shareholders are executed by the Manager of Financial and Administrative Affairs. The Management for Financial and Administrative Affairs responses to the information requests of the shareholders, and information about general councils, share vouchers, profit distribution offers and similar subjects are provided. The rights of the shareholders are protected by means of activity reports prepared every year detailed, and special circumstances explanation for situations which require an explanation as per the legal legislations, and the information of the shareholders is ensured.

Since the public clarification and transparency subjects are covered by the regulations of the SPK, our company fulfills its legal liabilities exactly, and reveals its financial tables, financial table footnotes and independent audit reports to the public periodically. Further in case of extraordinary situations the company makes special circumstance explanations at the Stock Exchange Market of Istanbul. Through our company's internet site it is ensured that both shareholders and the public have a multi-purposed contact to our company. Our company has no further information policy, and legal arrangements regarding this subject are considered sufficient.

A- SHAREHOLDERS

a) Department of Relations to the Shareholders

Such works are executed by the responsible department created within the structure of the Management for Financial and Administrative Affairs. Main activities executed by the department are mentioned below:

- Performance of transactions regarding capital increasing made in past years, and regarding profit share payments,
- Keeping the share-book regarding the shareholder records in an orderly, safety and up-to-date manner,
- Conducting the General Council meeting in accordance with the applicable legislation, principle articles, and further company-intern arrangements,

- Conducting the company's General Council meeting, preparation of documents for the utilization of the shareholders, and dispatch of the minutes to the requiring persons,
- Negotiation of and response by the relevant authorized to written and verbal information of the shareholders regarding the company, excluding information involving confidentiality and commercial secrets,
- Considering the Notification Serial VIII, No:54 of the SPK, notification of necessary Special Circumstances to the IMKB and SPK,
- Tracking modifications in the legislation regarding the Capital Markets Law, and submission thereof to the attention of the relevant departments of the company.

All verbal information request made during the term to the departments regarding the profit shares were responded, shareholders were informed and necessary amendments in the applications, which were made for the share voucher amendments, were performed, and hand over to the shareholder against a protocol.

Manager of Financial and Administrative Affairs : Kamil Coskun

Phone : 0 232 8781700 /280

Fax : 0 232 8784209

E-mail :kcoskun@egeseramik.com

Commercial Accounting Responsible : S.Serkan ERDEM (responsible for relations to shareholders)

Phone : 0 232 8781700 /207

Fax : 0 232 8784209

E-mail :serdem@egeseramik.com

b) Utilization of Shareholder's Information Obtaining Right

When utilizing the information obtaining and inspection right, no shareholders will be distinguished.

Ege Seramik A.S.'s shareholders are contacting with our company by means of phone and fax, and are submitting their information request and questions. Almost all of the questions asked by the investors are related with the periodical profit, capital increase and dividend distribution subjects. If the answers given to such questions are currently not publicized in accordance with the legislation of the Capital Markets Board, such are questions are not answered, and in case of publicized answers they are submitted to the benefit of the shareholders.

Any information are provided up-to-date to the utilization of the shareholders on our company's web site in order to ensure the enlargement of shareholder's rights to obtain information.

The activity report of the year 2009 will be delivered to the shareholders, finance establishments and intermediates by hand or mail.

Any developments, which may effect shareholder's right utilization, are announced as special circumstances at the Stock Exchange Market of Istanbul, and published newspaper announcements.

Request for the appointment of a private auditor are arranged in the principle articles as an individual claim right, and in absence of a provision in the principle articles the relevant articles of the Turkish Trade Code shall considered. No "Private Auditor Appointment Request" was filed with our company during the year 2009.

c) General Council Information

- Our company's Ordinary General Council meeting regarding the activity of the year 2009 will be held up on 21.04.2010.

- In the principle articles there is no special meeting quorum is determined for the General Council meetings of our company, and the provisions of the Turkish Trade Code shall apply for the meeting and decision quorums.

- The invitations regarding the meetings are made in the issued of 2 national newspaper on 27.March 2010 and through publication in the Trade Register Gazette no.7533 dated 31.03.2010 The IMKB received the resolution of the Board of Directors regarding the content of the invitation as a special circumstance explanation. Such invitation publications include issued like the place, date and time of the general council, a draw of proxy for representatives participating to the general council meeting, deadline for the presentation of the documents showing the partnership shares for the participation to the meeting, and the date and place where Board of Directors' report, auditor report, independent external auditing report and income table reports will be made available to shareholder's inspection.

- In the publication it is mentioned that the shareholders have to apply latest one week prior to the meeting in order to participate to the General Council, and to complete the necessary procedures (clearing documents, share book record, voucher commitment, proxy presentation); in the application entrance cards are given including the meeting date, and thus the participation of the shareholders to the General Council and their vote utilization is ensured.

- After submission of financial tables of the activity year to the IMKB and publication there of 15 (fifteen) days prior to the General Council, the balance sheets, profit and loss charts, Board of Directors' activity report and auditor reports of the activity report were presented at our company's head office to the inspection of the shareholders. Further on the meeting day the annually activity report will be presented to the meeting attending shareholders.

- During the General Council meeting the shareholders will be able to use their rights to ask both verbal and written questions, and such questions of the shareholders will be answered by thr management.

In the article of our company's principle articles regulating the "duties and authorization of the Board of Directors" it is set forth that the duty distribution shall be made during the first meeting of the Board of Directors after the general council election. Accordingly, since partition, purchase,

sale, renting of assets in a significant amount etc. resolution of significance is left to the authorization of the Board of Directors, there is no other provision in the principle articles about the fact that such transactions shall be performed by the decision of the general council, provided that the principal provisions of the Turkish Trade Code are reserved. However, in order to ensure that the shareholders are informed about the development regarding this subject, when necessary information regarding this subject are both announced by means of a special circumstance explanation and submitted to the information of the shareholders through the explaining footnotes in the financial tables.

- The General Council minutes are made available to the inspection by the shareholders at company's general head office, as of the Ordinary General Council meeting they will be made available to the inspection by the shareholders on our company's web site.

- Within three months after the end of the account year and at least once a time annually the Ordinary General Council summons, and the meeting is conducted at company's head office.

d) Vote Rights and Minority Rights

In accordance with our company's principle articles the partners or their attorneys present at ordinary and extraordinary general council meetings have one vote right for each share, and no preemptive shares are existing for the vote utilization. During the General Council meetings the vote utilization methods shall be applied in accordance with the provisions of the Turkish Trade Code, the Capital Markets Law, and the relevant legislation.

Shareholders representing the minority shares are constituting with their participation, which they provide during the General Council, the Management together with the majority shareholders. No provision exist in our company's principle articles which allowing the accumulated vote utilization.

e) Profit Distribution Policy and Profit Distribution Time

Regarding our company profit distribution policy regarding the year 2009 and following years, as per the decision no.2/53 dated 18.01.2007 of the Capital Markets Board; the profit share distribution policy is determined as below, and are added to the meeting agenda as a separate agenda article purposing the information of our partners during the Ordinary General Council meeting to be conducted on 21.04.2010.

Profit Share Distribution is made in accordance with resolution taken during the General Council according to the Turkish Trade Code, Capital Markets Law and Regulations, provisions of the principle articles.

In our principle articles no regulation exists setting forth the distribution of profit share advance.

After deduction of the first profit share as per our company's principle articles, from the remaining eight percent are granted to the holders of A Group share, five percent to the holders of B Group shares, five percent to the members of the Board of Directors. Excluding this provision, no preempted group for obtaining a share from the profit exist and also no policy for the distribution of any profit to the employees, members of the Board of Directors or possessor of founder dividend shares.

The dividend amount to be distributed by our company to its partners is determined over the distributable profit (the amount remaining after deduction of spare reserves and taxes, fund and financial payments, and losses of past years, if any, which need to be separated in accordance with the laws) as 20%, which is the minimum profit distribution rate defined in the first sub-article of the 5th article of the "Notification About Principles to be Adhered During the Distribution of Dividend and Dividend Advances in Publicized Anonym Partnerships Subject to the Capital Markets Law Serial:IV No:27.

The sensitive balance between our company's growing strategy and the profit share distribution is executed with precision.

f) Share Assignment

There is no provision in company's principle articles preventing the assignment of bearer shares. The assignment of registered shares is only valid and effective if the Board of Directors decides for the assignment, and the relevant transaction is recorded to company's share-book.

g) Principle of Equal Process to Shareholders

Under the extent of the institutional management it is assured that all shareholders, including minority and foreign shareholders, are treated equal. Measurements preventing willful actions with damaging intend of shareholders against the company or the other shareholders are taken.

B- CLARIFICATION OF THE PUBLIC AND TRANSPARENCY

a) Company's Information Policy

Our company adopts the treating all of its shareholders and other beneficiaries under the extent of the principle of equality, impartiality, consistency and timing when providing information to them. It is essential that our publications and explanations processed under the extent of this policy are made in a manner observing our company's rights and benefits, and at the right time, in a accurate, complete, understandable, analyzable, and available with low costs.

Since the information/details, which announcement/reveal is made mandatory by the legislation, are deemed sufficient and detailed, the creation of an information policy was considered unnecessary. Regarding developments, which are likely to have an effect on the value of company's capital market instruments, and regarding developments, which may cause significant changes in our company's financial situation and/or activities immediate notifications are made to the public. However, information revealed to the public contain no information, which may effect the competition power and cause any loss of our company and shareholders or other beneficiaries, and are not covered under the scope of commercial secrets.

b) Special circumstance Explanations

All of our special circumstance explanations under the extent of the Principles about Clarification of the Public are announced in accordance with the legal regulations within due time. During 2009 our company had 19 Special Circumstance Explanation.

There are no sanctions applied by the SPK due to explanation to the public. No Special Circumstances Explanation is required other than SPK and IMKB, since our company is not quoted in the abroad stock market.

c) Company's Internet Site and Content

Company's internet address is www.egeseramik.com. It is used as a communication channel which is available for shareholders, investors, intermediate establishments, research specialist and other beneficiaries in respect of information revealed to the public, which are mentioned under the Institutional Management Principles, announcements regarding a general council meeting already conducted or to be conducted, agenda articles, information about the methods of participation to the general council, and in course of other subjects. The Institutional Management Adaptation Report is published at the internet address of Ege Seramik A.S. (www.egeseramik.com) enclosed to the activity report of the year 2009.

d) Relations between Real Person Final Holder of Dominant Shares/ Company and Shareholders, Members of the Board of Directors and Managers

During 2009 the company Ibrahim Polat Holding A.S. was the one shareholder possessing more than 5% of our company's shares, and possessed share rate was 60,92%. Company's partnership structure is mentioned in the activity report, the financial table footnotes, and on our web site.

e) Periodical Financial Tables and Report for the Clarification of the Public

The financial tables and footnotes thereof pertaining to the passed 3rd, 6th, 9th and 12th months from company's independent external audit are announced to the public by means of the SPK and IBMK , and are published on company's internet site.

f) Making Persons Public Who are Able to Learn from Inside

Any information, which are made out during the employment term, which awareness by persons other than necessary is not desired by the company and which can be defined as commercial secret are considered as "Company Data". All employees are prevented to perform any activities which may create any gaining through utilization of company data obtained from inside during and after employment with Ege Seramik Sanayi ve Ticaret A.S.

Persons who are in the position to obtain information, which may effect the value of company's capital market instruments, are the Members of the Board of Directors and top managers, and they are accounted to the public in the activity report.

C- BENEFICIARIES

a) Information of Beneficiaries

The beneficiaries are informed about company's activities through special circumstances explanations made both through the general council and under the extent of principles of public clarifications. Such information are provided through activity reports and Stock Exchange Market of Istanbul. Beneficiaries are informed about subject relevant with the company and considering themselves. Informing is made in providing information through meeting participations, sales campaigns and requests.

Company's employees are informed through monthly bulletins and over intranet.

b) Participation of Beneficiaries to the Management

No mechanism and model is created under the extent of the Institutional Management Principles in respect of the representation of beneficiaries in the Board of Directors. Participation of beneficiaries to the management is ensured through company-intern offers and questionnaire-similar means. Applications regarding working conditions and rights granted to the employees are constituted by agreements reached in result of negotiation with the labor union.

c) Human Resources Policy

Main principles of company's human resources policy are constituted as mentioned below;

- Employee's carrier objectives are considered along their personal qualifications and their opportunity equivalency with the personnel in the same condition is ensured.
- Employees are informed about subject relevant with the personal rights, carrier and company possibilities.
- No discrimination is made among the employees, and employees are protected against assault.
- There are no complaint received from the employees regarding any discrimination.
- Education plans are made and applied purposing the improvement of employee's knowledge and skills, and personal developments.
- Safe working environments and conditions are ensured for the employees.
- Criteria regarding personnel employment are expressed in writing, and observation of these criteria during the personnel employments is ensured.

d) Information about Customer and Supplier Relations

- Ege Seramik possesses the TS EN ISO 900:2000 (TSE-Turkey), DIN EN ISO 9001:2000 (DQS-Germany), IQ NET (DQS-Germany) Quality System Certificate, granted to establishments reached the international quality in respect of design, product development, production, facility and service, since 1994. Further, our company possesses the NF-UPEC Product Certificate (CSTB-France 1994), SII 005 Product Certificate (Israel Institute-2005) due to the adaptation to European standards shown by our company.
- Our customers and suppliers are considered as a whole, and it is essential that everybody acts with a team-spirit and adheres the determined rules and systems in order to realize our target of "providing high quality product and services to customers".
- Being customer-focused
- Customers voice starts in our company from the product development stage and is re-echoed until the product presentation, purchasing, production and shipments stages. Our company's main objective is not only to make profit, but also to create a customer value. In order to create a customer value, and to recognize and cover our customer's need and expectations exactly and correctly;
- Directed to increase our customer's satisfaction, our company uses questionnaires and other sources in order to measure the grade of ability of our establishment to cover the customer conditions. Satisfaction measurement is evaluated two times annually in accordance with the "Customer Satisfaction Pointing Instruction (TA-05-AR-KY)". In accordance with the point obtained from the evaluation we know where we stay from the eyes of the customers, and are aware what the expectations of our customer could be.

- The dissatisfaction of our customers purchasing our products regarding the product and services they got reach the vendors, external sales companies and the EGE SERAMIC FACTORY through phone, fax and e-mail.
- The Customer Complaint Evaluation Meeting is conducted every 3 month under the organization of the Quality Assurance Management. The customer evaluation reports pertaining to quarterly terms are distributed to the managers. The error examples, which constitute the subject of the complaints relevant with the term evaluated during the meeting, are shown to the responsible persons, and where required the relevant department is requested to take corrective actions in order to prevent the repetition of the mistakes.

e) Social Responsibility

Parallel to our company's environment sensitive policies, by means of the waste water production facilities the immediate discharge of the process water is prevented, and the waste water refining facility output values are continuously controlled.

The emissions released from the factory chimneys to the atmosphere are periodically measures, it is controlled if there are any deviations from the limit values given in the Emission Permission.

During the CE conformity marking activities the applications covered by the (89/106/EEC) Construction Material Regulation and EN 14411 Harmonized Standard are continued.

There are no lawsuit sued against our company due to damages caused to the environment.

D- BOARD OF DIRECTORS

a) Structure, Constitution and Independent Members of the Board of Directors

Company's Board of Directors consists from below mentioned names:

Chairman	: IBRAHIM POLAT	Non-executive member
Vice Chairman	: MURAT POLAT	Non-executive member
Vice Chairman	: BULENT ZIHNALI	Executive member
MEMBER	: BARAN DEMIR	Non-executive member
MEMBER	: ERDAL OZYILDIRIM	Non-executive member

The Board of Directors consists from 5 persons appointed by the Shareholders General Council under the provisions of the Turkish Trade Code. There are no independent members among the members appointed during the General Council.

In case of empty place in the membership of the Board of Directors during the term, the provisions of the 315th article of the Turkish Trade Code apply.

The performance of transactions covered by the scope of business of the company by the Chairman and the members of the Board of Directors in person or through others, and their partnership to such companies required the approval of the General Council under the extent of the articles 334 and 335 of the TTK.

b) Qualification of the Members of the Board of Directors

There is no regulation in company's principle articles in respect of the appointment criteria of the members of Board of Directors, however the members of our current Board of Members are matching the criteria mentioned in the articles 3.1.1, 3.1.2 and 3.1.5 of the Part IV of the SPK Institutional Management Principles. We have no member of the Board of Directors not matching these criteria.

c) Company's Mission and Vision, and Strategic Targets

Our company's vision is to provide a product and service quality perfect enough to meet customer's requests and expectations in due time and in highest level.

Our company's employees assumed this mission. To follow the developments and innovations, to bring to their country the latest technological investments, to provide employment, to seek always the improvement of the export, and most important being in the awareness of "being a leader industrial enterprise".

d) Risk Management and Internal Control Mechanism

The compliance of the performed procedures and activities both in respect of legal regulations and company's policies are audited by the Auditing Committee and internal auditors of our company.

Audits are performed by independent external auditors, and the results are directly notified to company's top management. Ways of solution of notified problems are search through multidimensional communications, and policies are created.

e) Authorizations and Responsibilities of the Members of the Board of Directors and Managers

Provisions about the duties and authorizations of the Board of Directors are existing in our company's principle articles. The members or persons from external being authorized to represent the company, the signature authorizations of the general manager, manager and officers, and the subjects and term of their signature authorizations are determined by the Board of Directors. The names of the signature authorized members of the Board of Directors and further persons, and their authorization limits are mentioned detailed in a circular letter of authorized signatories. The authorizations and responsibilities of the other managers are mentioned in the principle articles, and also task definitions showing the authorizations and responsibilities of all employees in general of our company including the top managers are defined.

f) Principles of the Activity of the Board of Directors

In accordance with company's principle articles; the Board of Directors meets whenever required by the businesses of the company. However, it is mandatory that the Board of Directors summons once a time monthly. During the year 2009 totally 29 Board of Directors' meetings were conducted.

Members are invited to the meetings by the General Management secretaryship in written Meeting agenda is determined through the negotiations made by the Chairman of the Board Directors with the members.

Members of the Board of Directors are making the task distribution among themselves. They may appoint a General Manager or managers among themselves or externally regarding the execution of all or a part of company's businesses. The Members of the Board of Directors have no weighted vote right and/or veto right.

g) Prohibition of Transactions with the Company and Competition

The members of company's Board of Directors were not involved in any transaction which is covered by the scope of the Prohibition of Transactions with the Company and Competition.

h) Ethical Rules

There are no regulations regarding ethical rules defined by company's Board of Directors for the company and employees, and published to the employees and public. However, task definitions are established for the employees, and it ensured that they act in a manner respecting the laws, ethical values, traditions and in an environment friendly manner during their words and actions in accordance with principles recognized in the business life.

i) Number, Structure and Independency of Committees constituted in the the Board of Directors

An audit committee consisting from 2 persons is constituted by the Board of Directors. No other institutional management committee and not further committees are established.

The audit committee summons once a time every 3 months, and is constituted by 2 members. The Audit Committee obtains continuously information regarding tasks mentioned in the legislation, submits to the Board of Directors its opinions and determinations about the financial tables showing company's quarterly performance, and being made public.

j) Financial Rights Granted to the Board of Directors

No wage is determined for the members of the Board of Directors during the General Council. Accordingly our members of the Board of Directors do not receive any wage and benefit due to their tasks.

11. PROFIT DISTRIBUTION POLICY

Our company's Profit Distribution Policy is as mentioned in the Institutional Management Principles Adaptation Reports of the previous years, and in the General Council Meeting Minutes of the past year;

It is made in accordance with the resolution taken by the General Council as per the provisions of the Turkish Trade Code, Capital Markets Law and Regulations, and provisions of the principle articles.

Our principle articles contain no regulation setting a distribution of a profit share advance forth.

In accordance with our company's principle articles from the amount remaining after deduction of the first profit share, eight percent is granted to the shareholder of Group A, five percent to the shareholders of Group B, and five percent to the members of the Board of Directors. Other than this provision, there is no preempted group in order to receive a share from the profit, and also not policy for the distribution of any profit to the employees, members of the board of directors or founding dividend shareholders exists, other than this one.

The dividend amount to be distributed by our company to its partners is determined over the distributable profit (the amount remaining after deduction of spare reserves and taxes, fund and financial payments, and losses of past years, if any, which need to be separated in accordance with the laws) as 20%, which is the minimum profit distribution rate defined in the first sub-article of the 5th article of the "Notification About Principles to be Adhered During the Distribution of Dividend and Dividend Advances in Publicized Anonym Partnerships Subject to the Capital Markets Law Serial:IV No:27.

The sensitive balance between our company's growing strategy and the profit share distribution is executed with precision.

Excluding circumstance, which pay require extraordinary requirements in the investment and other fund needs required for company's long term growing, and under economical conditions, it is one of company's basic aims to continue the profit distribution policy. However, depending on the projects in the agenda and condition of the funds, our company's Board of Directors may review this policy every year.

The time and manner of payment of the profit share is determined by the General Council upon the offer of the Board of Directors considering the Notifications of the Capital Markets Board. The Board of Directors essentially considers to take all measurements in respect of place, time and manner in order to ensure submission of the annually profit to the partners under the extent of the legislation.

Since the profit of 2009 will be deducted from the losses of the past year, no profit distribution could be performed.

12. ADMENDMENTS MADE DURING THE TERM IN THE PRINCIPLE ARTICLES

During the Ordinary General Council Meeting dated 16.04.2009 the 6th article of company's principle articles about the capital increase, which registration was accomplished with the "Certificate about Completion of the Capital Increase Made by Anonymous Partnerships Subject to the Registered Capital System" no. 612 dated 11.04.2009 obtained from the Capital Markets Board, was amended (increase of the capital from 52.632.000 TL to 75.000.000 TL).

The new version of the amended article is mentioned below.

" Article 6 – The company accepted the registered capital system in accordance with the provisions of the law no. 3794 and amended law no. 2499, and passed over to this system by the permission no. 369 dated 17.06.1993 of the Capital Markets Board. Ceiling of company's registered capital is 75.000.000,00 (seventy-five-thousand-million) Turkish Liras, and is separated into 7.500.000.000 (seven-billlion-five-hundred-milllion) shares with a nominal value of 1 (one) Kr each.

Company's issued capital is 75.000.000,00 (seventy-five-million) Turkish Liras, and is paid in entirely, and registered with the "Certificate about the Accomplishment of the Capital Increase made by Anonymous Partnerships subject to the Registered Capital System" no. 612 dated 11.04.2008 of the Capital Markets Board. Company's issued capital of 75.000.000,00 (seventy-five-million) TL consisting from 7.500.000.000 shares with a value of 1 (one) Kr each is separated into 1200 share of Group A, 1800 shares of Group B, and 7.499.997.000 shares of Group C, all bearer shares.

The Board of Directors is authorized to increase the capital, and to determine the quantity of the share, which are issued as bearer and registered shares within the ceiling of the registered capital. For the amendment of company's principle articles the shareholders use during the General Council their votes, which they undertook.

Assignment of bearer shares is only valid with the decision of the Board of Directors for the assignation and registration of the transaction to the share book.

While the nominal value of the shares was 1.000,- (one thousand) Turkish Liras, it was amended as 1 (one) Kr under the extent of the law about performance of a modification in the TTK no. 5274. Due to this modification the total share number decreased and against 10 shares with a value of 1.000,- (thousand) TL of each 1 share with a value of 1 (one) Kurus – Turkish Cent- will be give. By means with the subject modification the rights of the shareholders born by the shares are reserved.

The shares representing the capital will be recorded in accordance with the recording principles."

13. ISSUED CAPITAL MARKET INSTRUMENTS

Non.