

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

**Financial Statements and
Independent Audit Report as of
1 January 2013 and 31 December 2013**

**(Convenience translation of a report and
financial statements originally issued in Turkish)**

Ege Seramik Sanayi ve Ticaret Anonim Şirketi
Financial Statements and Independent Audit Report as of 1 January 2013 and 31
December 2013

To the Boards of Directors of
Ege Seramik Sanayi Ve Ticaret A.Ş.

Introduction

We have audited the accompanying financial position of Ege Seramik Sanayi ve Ticaret Anonim Şirketi (The Company), as at December 31,2013 and the related financial statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and summary of significant accounting policies and explanatory notes.

Company's Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of financial statements in accordance with Turkey Accounting Standards which is issued by the Public Oversight Accounting and Auditing Standards Authority. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ege Seramik Sanayi ve Ticaret A.Ş. as at December 31,2013 and its financial performance and cash flows for the year ended in accordance with financial reporting standards published by Capital Market Board.

Reports On Independent Auditor's Responsibilities Arising From Other Regulatory Requirements

In Accordance with Article 402 of Turkish Commercial Code ("TCC") 6102; Board of Directors have made the statement required under our audit and have provided the requested documents. Furthermore, There were not significant issues which is about the Company's bookkeeping activities during the period of January 1-December 31 regarding inappropriate to Law and Articles of Association to compliance with the code and provisions relating to financial reporting.

Pursuant to Article 378 of Turkish Commercial Code 6102, shares in companies traded on the stock exchange, board of directors is responsible for early diagnosis of endangering causes of the company's existence,development and continue, for it purpose with necessary measures to remedy implementation and management of risk, set up of an expert committee, run the system and obliged to develop. According to the same law of Article 398 of paragraph 4, in order to diagnose , If there is system which explain structure of this and application of committee,it is necessary to present with audit report to administration committee issuing different report and determining its basics by POC.Our audit have not covered evaluation of operationaol effectiveness and adequacy which is realized by the Company Management in order to manage these risks. There has not been an explanation of the basis of this report by Public Oversight Accounting and Auditing Standards Authority at balance sheet date. Consequently, a seperate report is not prepared about this subject. Nonetheless, The company has established said the committee on April 26, 2013 and committee consists of two members.

As Bağımsız Denetim ve YMM A.Ş.
(Member of **NEXIA INTERNATIONAL**)

Osman Tuğrul ÖZSÜT,
Engagement Partner, Chief Auditor

03.03.2014
Istanbul, Turkey

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

Financial Statements and Disclosures as of January 1, 2013 and December 31, 2013

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EGE SERAMİK SANAYİ VE TİCARET A.Ş.

FOR THE YEAR ENDED DECEMBER 31,2013
STATEMENT OF FINANCIAL POSITION (TRY)
(Currency - TRY, unless otherwise indicated)

		<i>Re-stated</i>	
		Current Period Independent Audited	Prior Period Independent Audited
ASSETS	Notes	31 December 2013	31 December 2012
Current Assets			
Cash and cash equivalent	53	15.965.844	24.684.884
Trade Receivables	6-7	98.987.637	81.172.136
<i>Due from related parties</i>	6-7	20.344.689	14.930.188
<i>Other trade receivables</i>	6-7	78.642.948	66.241.948
Other Receivables	9	842.266	470.998
<i>Due from related parties</i>	6	-	-
<i>Other receivables</i>	9	842.266	470.998
Inventories	10	50.477.653	43.110.351
Prepaid expenses	12	1.871.632	4.263.688
Other current assets	29	6.379.689	5.719.844
TOTAL CURRENT ASSETS		174.524.721	159.421.901
Non-current Assets			
Financial Investments	4	4.045	4.045
Other Receivables	9	30.382	52.813
<i>Due from related parties</i>	6	-	-
<i>Other trade receivables</i>	9	30.382	52.813
Tangible fixed assets	14	88.428.017	82.491.079
Intangible fixed assets	17	760.016	628.302
Prepaid expenses	12	16.888	13.749
Deferred tax assets	40	9.373.387	4.237.535
TOTAL NON-CURRENT ASSETS		98.612.735	87.427.523
TOTAL ASSETS		273.137.456	246.849.424

The accompanying notes are an integral part of these financial statements.

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

FOR THE YEAR ENDED DECEMBER 31,2013
STATEMENT OF FINANCIAL POSITION (TRY)
(Currency - TRY, unless otherwise indicated)

		Current Period Independent Audited	<i>Re-stated</i> Prior Period Independent Audited
LIABILITIES	Notes	31 December 2013	31 December 2012
Short Term Liabilities			
Trade payables	6-7	49.382.154	36.732.409
<i>Due to related parties</i>	6-7	-	179.748
<i>Other trade payables</i>	6-7	49.382.154	36.552.661
Employee benefit payables	27	3.379.179	2.940.969
Other payables	6-9	1.149.767	751.467
<i>Due to related parties</i>	6-9	21.004	84.691
<i>Other payables</i>	9	1.128.763	666.776
Deferred incomes	12	25.863.569	20.531.812
Corporate tax payable	25	2.598.613	5.581.572
Short term provisions	25	1.207.309	918.218
<i>Regarding employee benefits short term provisions</i>		-	-
<i>Other short term provisions</i>	25	1.207.309	918.218
Other short term liabilities	29	5.962.384	5.489.427
TOTAL SHORT TERM LIABILITIES		89.542.975	72.945.874
Long Term Liabilities			
Long term provisions		14.155.610	11.564.844
<i>Regarding employee benefits long term provisions</i>	27	14.155.610	11.564.844
<i>Other long term provisions</i>		-	-
TOTAL LONG TERM PROVISIONS		14.155.610	11.564.844
EQUITY			
Equity of main company		169.438.871	162.338.706
Paid in share capital	30	75.000.000	75.000.000
Difference of capital adjustment	30	24.778.008	24.778.008
Regarding pay premiums/discounts	30	35.838.595	35.838.595
Reclasification to profit or loss accumulated other comprehensive income or expenses	30	695.282	276.116
<i>Actuarial loss/profit fund</i>	30	695.282	276.116
Limited reserve from profit	30	6.009.652	3.088.630
Retained earnings	30	(2.004.187)	815.339
Period profit/(loss)	41	29.121.521	22.542.018
TOTAL EQUITY		169.438.871	162.338.706
TOTAL LIABILITIES		273.137.456	246.849.424

The accompanying notes are an integral part of these financial statements.

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

JANUARY,1 AND DECEMBER,31 2013 PERIOD
LOSS/PROFIT AND OTHER COMPREHENSIVE INCOME STATEMENT
(Currency - TRY, unless otherwise indicated)

		Current Period Independent Audited	<i>Re-stated</i> Prior Period Independent Audited
PROFIT OR LOSS	Notes	01.01-31.12.2013	01.01-31.12.2012
Revenues	31	252.824.421	225.001.304
Cost of sales	31	(182.455.897)	(167.304.176)
Sales Gross Profit/Loss		70.368.524	57.697.128
Revenue of Financial Sector Operations			
Cost of Financial Sector Operations			
Gross Profit/Loss of Financial Sector Operations		-	
GROSS PROFIT/(LOSS)		70.368.524	57.697.128
General administration expenses(-)	33	(15.946.341)	(12.525.123)
Distribution and selling expenses(-)	33	(15.611.259)	(14.820.682)
Research and development expenses	33	(2.196.474)	(1.938.697)
Other income	34	9.326.646	9.972.823
Other expenses(-)	34	(13.422.268)	(11.140.309)
OTHER OPERATING PROFIT/(LOSS)		32.518.828	27.245.140
Income of investment operations	35	742.037	360.505
Expenses of investment operations(-)	35	(3.103.087)	(27.837)
Shares of equity method investments profit/(loss)		-	-
OPERATIONS PROFIT/(LOSS)BEFORE FINANCING OPERATIONS		30.157.778	27.577.808
Financial incomes	37	1.473.715	1.529.716
Financial expenses(-)	37	(915.219)	(895.611)
PROFIT/(LOSS) FROM ONGOING OPERATIONS (BEFORE TAX)		30.716.274	28.211.913
Tax Income/(Loss) From Ongoing Operations		(1.594.753)	(5.669.895)
Current Tax Income/(loss)	40	(6.835.396)	(5.850.104)
Deferred Tax Income/(loss)	40	5.240.643	180.209
PROFIT/(LOSS) FROM ONGOING OPERATIONS		29.121.521	22.542.018
CURRENT PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS			
PROFIT/(LOSS) FOR THE PERIOD		29.121.521	22.542.018
OTHER COMPREHENSIVE INCOME/(LOSS)			
NOT TO RECLASSIFICATION IN PROFIT/(LOSS)			
Calculated Actuarial Gains and Losses on the basis of Employee Benefits	38	523.957	345.145
Tax Effect	40	(104.791)	(69.029)
Other Comprehensive Income/(Loss) (After Tax)		419.166	276.116
TOTAL COMPREHENSIVE INCOME		29.540.687	22.818.134
Earning Per Share		0,003883	0,003006
Earning per share from ongoing operations	41	0,003883	0,003006

The accompanying notes are an integral part of these financial statements.

EGE SERAMİK SANAYİ VE TİCARET A.Ş.

INDEPENDENT AUDITED

STATEMENT OF CHANGES IN EQUITY WITH PERIOD OF DECEMBER 31, 2013

(Currency - TRY, unless otherwise indicated)

	Notes	Capital		Share Premium	Restricted Income Reserves	Not to Reclassification Accumulated Other Comprehensive Income/Expense in Profit/(Loss)		Retained Earnings	Total Equity
		Capital	Differences			Actuarial Gains/(Losses)	Minority Interest		
Balances at January 1,2012		75.000.000	24.778.008	35.838.595	799.762	-	5	19.572.162	155.988.532
Other omprehensive income/(loss)	30					276.116	-	(276.116)	-
Net income/(loss) for the period		-	-	-	-	-	-	22.818.135	22.818.135
Dividend payment	30	-	-	-	-	-	-	(16.467.956)	(16.467.956)
Transfer	30	-	-	-	2.288.868		(5)	(2.288.868)	(5)
Balances at December 31,2012		75.000.000	24.778.008	35.838.595	3.088.630	276.116	-	23.357.357	162.338.706
Balances at January 1,2013	Not	75.000.000	24.778.008	35.838.595	3.088.630	276.116	-	23.357.357	162.338.706
Sermaye Artışı									
Other omprehensive income/(loss)	30					419.166		-	419.166
Net income/(loss) for the period		-	-	-	-	-	-	29.121.521	29.121.521
Dividend payment	30	-	-	-	-	-	-	(22.440.522)	(22.440.522)
Transfer	30	-	-	-	2.921.022		-	(2.921.022)	-
Balances at December 31,2013		75.000.000	24.778.008	35.838.595	6.009.652	695.282	-	27.117.334	169.438.871

The accompanying notes are an integral part of these financial statements.

Ege Seramik Sanayi ve Ticaret Anonim Şirketi
Period of January 01-December 31 2013
Explanatory Notes to Financial Statements
(Currency-TRY,unless otherwise indicated)

EGE SERAMİK SANAYİ VE TİCARET A.Ş.
STATEMENT OF CASH FLOW FOR THE PERIOD
AS AT BETWEEN JANUARY 1 AND DECEMBER 31,2013
(Currency - TRY, unless otherwise indicated)

	Notes	<i>Re-stated</i>	
		Current Period	Prior Period
		Past	Past
		2013	2012
A. CASH FLOW FROM BUSINESS OPERATIONS		30.221.485	41.459.446
Profit/(Loss) for the period		29.121.521	22.542.018
Adjustments Related to Net Profit/(Loss) For The Period		17.436.343	15.777.443
Adjustments related to Amortization and Depreciations	10-31-33-34	9.380.575	7.258.496
Adjustments related to Impairment/Reversal			
- Inventory net realisable value provision	10	(45.018)	(7.558)
Adjustments related to provisions			
-Provision for termination indemnities	27	2.309.904	376.109
-Provision of Tax	40	6.835.396	5.850.104
-Provision of Unused Vacation	27	304.869	280.723
-Legal Cases Provision, Net	25	289.091	68.859
-Provision for Doubtful Trade Receivables	7	1.834.143	1.414.219
-Warranty Reserve Provision		-	(4.008)
-Rediscount Effect of Sales	31	287.968	481.826
-Rediscount Effect of Purchases	10	(204.622)	(225.314)
Adjustments related to Interest Income/(loss)			
Interest income/ Loss of income Accruals	29	473.209	299.773
Expense Accruals (Interest and other)	29	55.904	69.356
Adjustments related to tac income/(loss)	40	(5.135.852)	(111.180)
Adjustments related to gains/(loss) arising from disposal of fixed assets	35	1.050.776	26.042
Minority interests	30	-	(5)
Actual Changes in Business Capital		(16.336.379)	3.139.986
Adjustments related to stocks increases/decreases	10	(7.322.284)	(2.781.939)
Adjustments related to trade receivables increases/decreases	7	(19.649.644)	(19.168.682)
Change in other receivable	9	(348.837)	9.446.335
Change in other assets	29	(928.432)	(196.723)
Change in trade payables	7	12.649.745	7.648.027
Change in provision	25	(0)	(378.857)
Change in prepaid expenses	12	2.388.917	(895.805)
Change in employee benefits within the scope of debt	27	438.210	1.706.123
Change in other payables	9	398.300	(532.237)
Provisions for employee benefits	27	(24.007)	371.286
Income taxes and liabilities for the period	25-40	(9.818.355)	(1.602.702)
Change in deferred incomes	12	4.987.885	9.225.422
Change in other liabilities	29	472.957	23.622
Actuarial Gains/(Loses)	30	419.166	276.116
Cash Flows From Operating Activities Obtained		30.221.485	41.459.446
B. CASH FLOWS FROM INVESTING ACTIVITIES		(16.500.003)	(13.997.664)
Change in tangible fixed assets	14	(16.160.005)	(13.402.224)
Change in intangible fixed assets	17	(339.998)	(595.440)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(22.440.522)	(16.467.956)
Dividend Payment	30	(22.440.522)	(16.467.956)
CASH AND CASH EQUIVALENTS İNCREASE/DECREASE,NET BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		21.502.446	52.453.273
D. IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS İNCREASE/DECREASE ON CASH AND CASH EQUIVALENTS		(8.719.040)	10.993.827
E. CASH AND CASH EQUIVALENTS FOR THE BEGINNING OF PERIOD		24.684.884	13.691.058
CASH AND CASH EQUIVALENT FOR THE END OF PERIOD		15.965.844	24.684.884

Ege Seramik Sanayi ve Ticaret Anonim Şirketi
Period of January 01-December 31 2013
Explanatory Notes to Financial Statements
(Currency-TRY,unless otherwise indicated)

1.ORGANIZATION AND THE CORE BUSINESS OF 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 1972 and it is a subsidiary company of Ibrahim 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 Borsa Istanbul A.Ş (BIST) since 1993. As of December 31, 2013 it has 33, 94% of its shares registered in BIST.

As of 01.01.2009, the company makes sales and distribution of its products in domestic market itself and major part of sales and distribution of its products in abroad with intervention of its group companies which are Ege Seramik İç ve Dış Ticaret A.Ş. and Ege Seramik America INC.

As of December 31, 2013 and December 31, 2012, share capital and ownership structure is as follows;

Shareholders	31 December 2013		31 December 2012	
	Amount	Share	Amount	Share
İbrahim Polat Holding A.Ş.	45.686.919	60,92%	45.686.919	60,92%
İbrahim Polat	2.300.617	3,07%	2.300.616	3,07%
Adnan Polat	779.878	1,04%	779.878	1,04%
Murat Polat	779.878	1,04%	779.877	1,04%
Other	25.452.709	33,94%	25.452.710	33,94%
	75.000.000	100%	75.000.000	100%

As of 31.12.2013, in company's structure there are 178 white-collar personnel employed (31.12.2012: 172), 898 blue-collar personnel employed (31.12.2012: 778) and 1076 personnel employed in total (31.12.2012:950).

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

Ankara Asfaltı 26.Km Ansızca Mevkii
35170 Kemalpaşa -İZMİR

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

a. Principals of Presentation

Accounting Standards

Company have prepared its legal boks and financial statements related with accounting principles which are determined by Turkish Commercial Code and Tax Legislation. Financial statements have determined the legal record of company and in order to become appropriate notification of Capital Market Board (CMA), it depended on changes of adjustments and reclassification.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

CMB, Series II, No, 14.1 “Principles regarding to Financial Reporting on the Capital Markets” have published on Official Gazette at June 13, 2013 and after April 1, 2013 finalizing interim financial report to be valid, it have entered into force on the date of publication. This notification have determined principles, rules and procedures which will be issued by enterprises with financial reports and preparing them to be presented. Related notification and Serial XI, with no 29 “Principles Notification related with Financial Reporting on Capital Markets” have repealed.

Supported by Series II, with no 14.1.”Principles Notification related with Financial Reporting in Capital Markets”, companies have considered Accounting/Financial Reporting Standards (IAS/IFRS) which is published by Public Oversight Accounting and Auditing Standards Authority in order to prepare their financial tables. Therefore, the accompanying financial statements have been prepared according to IAS/IFRS, on the other hand, financial tables and notes have been presented with mandatory formats and information that is implemented by CMB.

Functional and Presentation Currency

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

As of December 31, 2013 Dollar rate is 1 USD = TRY 2,1343 (December 31, 2012: TRY 1,7826); 1 EUR = TRY 2,9365 (December 31, 2012 = TRY 2,3517) 1 GBP = TRY 3,5114 (December 31, 2012: TRY 2,8708), 1 CHF = TRY 2,3899 (December 31, 2012: TRY 1,9430) which are published by The Central Bank of Republic of Turkey.

Adjusting Financial Tables in Hyperinflation Periods

The companies, who are preparing their financial tables according to CMB Accounting Standards, are not using inflation accounting according to a decision given in March 17, 2005 that will be in effect since January 01, 2005. The preparing and presenting financial tables are not done in accordance with TAS/TAS 29” Financial Reporting in Economies with High Inflation” according to the decision given by CMB.

Base of Consolidation

The company has not have subsidiary.

Comparative Information’s and Adjustments of Previous Financial Reports

Company has prepared the statement of financial position as of December 31, 2013 comparatively to the statement of financial position as of December 31, 2012; comprehensive income statement, cash flow statement for the period between January 1 – December 31, 2013 comparatively to comprehensive income statement and cash flow statement for the period between January 1 - December 31, 2012; Shareholders’ Equity for the period between January 1 - December 31, 2013 comparatively Shareholders’ Equity for the period between January 1 – December 31, 2012.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

b. Changes in Accounting Policies

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

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

TAS 19 – In scope of the standard of the employee benefit, termination indemnity actuarial (loss)/profit has been recognized in the equity. This implementation is effective for the accounting periods after January 1, 2013 and implementation applied for previous period too. As of December 31, 2012 the company's financial position statement for the net income period, actuarial profit TRY 331.339 amount for the net deferred tax effect and previous years' net actuarial loss TRY 55.223 amount profit net deferred tax effect (total TRY 276.116 amount actuarial profit) are classified in pension plan to actuarial loss/profit fund at the same financial position date.

TAS 19 – According to change of employee benefits standards which was conducted and effected at January 1,2013, employee short term benefits have included short term benefits that available annual reporting periods following the twelve months be met in the expected. In this context, due to the fact that the company's expectation is unfulfilled all provision of unused vacation in all of the reporting periods following within twelve months, such provision of unused vacation had been classified as other long term benefits of provided employee. So that, necessary classifications have been made on the prior period financial statements. In this context, in the balance sheet as at December 31, 2012, amounting of TRY 659,580 provision of unused vacation had been reclassified from short term provisions to accountant of provided employee benefits long term provisions.

As of June 7, 2013 and 20/670 numbered meeting decision of CMB, financial statement examples and use guidance has been published in accordance with Capital Market Financial Reporting for capital market institutions for interim periods after March 31, 2013. Classifications below have been made for the company's financial position statement and income statement as of December 31, 2012 in accordance with these formats.

As of December 31, 2012 the company's financial statement condition classifications as below:

- i) Due to personnel, taxes payable and other withdrawals which are presented in other payables with an amount of TRY 2.940.969 are classified in the employee benefits payables,
- ii) Provision for unused vacation which is presented in provision for liabilities with an amount of TRY 659.580, are classified as a short term provision related to employee benefits,
- iii) Income accrual and advances received which are presented in other short term liabilities with and amount of TRY 669.337, TRY 19.862.474 respectively, are classified within deferred incomes as separate account,

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2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

- iv) Provision for termination indemnities with an amount of TRY 10.905.264 which is presented at employee benefits provisions, is classified in the long term provisions account in the employee benefits provisions,
- v) Advances given for purchases with an amount of TRY 3.392.531 and prepaid expenses for future months with an amount of TRY 871.157 are classified as short term prepaid expenses,
- vi) Prepaid expenses for future period with an amount of TRY 13.749 which is presented in other non-current assets, is classified as long term prepaid expenses.

Classifications in the income statement as of December 31, 2012 are below:

- i) Profit from sales of fixed assets which is presented in other income with an amount of TRY 360.505, is classified as income from investment operations,
- ii) Exchange difference income at the amount of TRY 6.388.287 which is related to trade payables and receivables, interest income related to credit sales with an amount of TRY 421.032 which are presented in financial income, accrued interest income with an amount of TRY 938.610 and current account interest income with an amount of TRY 359.814 are classified as other income from operations.
- iii) Exchange difference expense at the amount of TRY 7.286.448 which is related to trade payables and receivables, accrued interest expense with an amount of TRY 1.014.693, term current account expense at the amount of TRY 74.585 are classified as other expenses from operations.
- iv) Other income which are presented in sales revenue with an amount of TRY 67.999 classified in other income from operations.

c) Amendments and Errors at Accounting Estimates

If effects of change in accounting estimates are creating change in asset, liability or equity items, related asset, liability or equity items' net book value should be adjusted in the related period.

Reflection of financial statements in terms of change in effect for accounting estimates in the future stands for estimates are applied after date transactions, events and conditions.

Except the period regarding to error or conditions that are not calculated cumulative effects, previous period errors are adjusted rearranging in retroactive way.

a) New and Regulated Standards and Comments

Applied accounting policies while preparing consolidated financial statements for the period ended December 31, 2013 are consistent with previous years' interpretations except for new and amended standards are effective as of January 1, 2013 and the International Financial Reporting Interpretations Committee ("IFRIC") outlined in the following. These standards and interpretations are described in the paragraphs related effects on the Company's financial position and performance.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

New standards, amendments and interpretations which are effective from January 1, 2013, are as follows:

TAS 19 Employee Benefits (Amended)

A variety of subjects has been clarified within the amendment standard or has been made changes on the application. Among these numerous amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The company accounted its remeasurement gains/losses in the table of profit or loss before this change. The conclusion of accounted remeasurement gains/losses under comprehensive income realized change, impact of this change on financial status and performance of the company is explained on note 2.b as retrospective. Moreover, within change of short and long term personnel social rights presentation, unused provisions of permits on the short term provisions is classified long term provisions as retrospective.

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the IASB also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. Transitional requirement of this amendment is similar to TFRS 10. This amendment will not have any impact on the financial position or performance of the Company.

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the IASB also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

TFRS 10 Consolidated Financial Statements

TFRS 10 replaces the portion of TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. The Company does not expect that this standard will have an impact on the financial position or performance of the Company.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

IFRS 7 Financial Instruments: Clarifying of Financial Assets and Debts (Change)

Change require explanation of some information about rights and regulation of the company's financial instrument's about clarifying (example: guarantees contracts). Explanation for the user of financia statement;

In order to evaluate impact of clarifying process to the company's financial status, compare and analize preparing financial statements according to accepted accounting standars, it presents beneficial infomrmations.

New explanations should make all financial instruments which are clarified on the statement of financial statue in accordance with TAS 32. Even this explanations are not clarified on financial statue table in accordance with TAS 32, it is current regulation of clarifying and financial instrument which have similar agreement. Change only affected basics of explanation and did not any affect on the company's financial statements.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments only change grouping other comprehensive income statement items. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

IFRS 12 Income Taxes: Recovery of Assets (Amendment)

Contain of IFRS 12 all of the disclosures that should be given related to joint ventures, affiliates, subsidiaries and organizational management. This standard is only about basic of presenatations and does not impact on explanation of the company.

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. These statements should be given only at the beginning period of using IFRS 13. The standard does not impact on financial statements of company.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. TFRS 11 Joint Arrangements and TFRS 12 Disclosure of Interests in Other Entities has been amended with the same reasons to provide transition relief. This change is not valid and does not ant impact on financial statements and performance of the company.

b) Improvements to TFRSs

The effective date for the amendments for annual periods beginning on or after 1 January 2013 and 2009-2011 annual period explained below has no impact on the company's financial position and performance.

TAS 1 Presentation of Financial Statements

Optional information with additional comparative and minimum presentation of comparative information has been clarified in the difference.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from TAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

TAS 34 Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

c) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, after the new standards and interpretations become in effect.

TFRS 9 Financial Instruments – Classification and Measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The company has been measuring standard effect on the financial position and performance.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amended)

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TAS 36 Impairment of Assets – Non - recoverable value disclosures for non-financial assets (Amendment)

TFRS 13 " Fair Value Measurements " have changed some of the disclosure requirements after the change of standard TAS 36 Impairment of assets related to impaired assets, the recoverable values . The amendment is impaired assets (or group of assets) at fair value less costs to dispose of additional disclosure requirements related to the measurement of the recoverable amount. This change is effective for annual periods beginning on or after 1 January 2014 will be applied retrospectively. With earlier application permitted TFRS 13 applied them in business. The amendment affected the disclosure requirements and the company will have no effect on the financial position or performance.

TAS 39 Financial Instruments: Recognition and Measurement - Transfer of derivative financial instruments and hedge accounting continuity (Amendment)

TAS 39 Financial Instruments: This change is a result of the hedging instrument by law or regulation, the transfer to the other party in the event of a central provision mandating a narrow hedge accounting provides an exception to stop. This change is effective for annual periods beginning on or after 1 January 2014 will be applied retrospectively. The aforementioned standard is not expected to have an impact on the financial position or performance of the Company.

TFRYK 21 Interpretation Taxes and Tax-Like Liabilities

This interpretation clarifies that taxes and tax-like liabilities should be recorded when it is occurred by the management within the rules of related laws. Meanwhile, this interpretation, also clarifies of taxes and tax-like liabilities under applicable law to pay the tax only gradually over a period of action if it happens to reveal gradually that may accrue. The minimum threshold is exceeded; resulting in a mandatory duty, the liability recorded as exceeding the minimum threshold will be absent. This review is for annual periods beginning

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

on or after 1 January 2014 with earlier application permitted is effective. This interpretation is to be applied retroactively. The company has evaluated the effects of this standard on the financial position and performance of the company.

d) New and amendment stand arts and interpretations publishes by the International Accounting Standards Boards (IASB) but not published by the Accounting and Auditing Standards Authority

New standards at the below list and current TFRS standard changes has not been effective in current reporting period but published by the IASB. However these standards, interpretations and amendments are not adapted / published to TFRS by the Accounting and Auditing Standards Authority and they do make part of TFRS due to this reason. The company is going to make necessary changes in the financial statements and disclosures after TFRS is effective.

Financial Instruments – Accounting of Protection from Risk and Changes of IFRS 9, IFRS 7 and IAS 39 (2013)

On November 2013, IASC published a new version of IFRS 9 which is include necesseries protection accounting from new risk and changes of IAS 39 and IFRS 7. Businesses can make choice of accounting policy for procedures from risk protection conditioning with continue application of necesseries of IAS 30 accounting protection from risk. There is no validity date on this standard, but, it is applicable status. New mandatory validity date will determine after finishing phase of IASC’s Project impairment. The company evaluate impact on this standard’s financial statue and performance.

TFRS 10 Consolidated Financial Statements (Amendment)

TFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with TFRS 9 Financial Instruments. Subjected area amendment is not expected to have an impact on the company’s financial position and performance.

Improvements to IFRS

IASC had published ‘Annual Improvements in IFRS’ inculding to ‘period of 2010-2012’ and ‘period of 2011-2013’ on December,2013. Except from changes of standard of “basis for conclusions”, changes are valid from July 1,2014.

Annual Improvements - 2010–2012 Period

IFRS 2 Share-based Payment

Definitions related to vesting conditions have changed and service and performance condition

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

has been defined in order to fix the problems. Changes will be applied prospectively.

IFRS 3 Business Combinations

Contingent consideration that is not classified as equity in combination of business, whether or not become the scope of IFRS 9 , it is recognized in profit or loss measuring fair value in subsequent value. Changes will be applied prospectively for business combinations.

IFRS 8 Operating Sections

Changes are as follows: i) Operating sections may be aggregated or consolidated with core principles of standards consistently. ii) Reconciliation of operating assets with total assets, if this reconciliation report to administrator who is authorized decision makers about operations of business, it should be explained. Changes will be applied retrospectively.

IFRS 13 Fair Value Measurement

As described in the reasons of decisions; short term trade receivables and payables, that is not determined interest rates, can be shown at original invoice amount in cases where the effect of discounting is insignificant. Changes will be implemented immediately.

IAS 16 Tangible Assets and IAS 38 Intangible Assets

Changes of IAS 16.35(a) and IAS 38.80 (a) was to clarify that it can be done in the following way: i) Gross carrying amount of the asset is adjusted market value will be or ii) the market value of the asset's net book is determined and net book value that will be come to like market value, gross book value is adjusted proportionally . Changes will be applied retrospectively.

IAS 24 Related Party Disclosures

Changes clarify that the subject has an associated related party disclosure in key management personnel of the entity's manage. Changes will be applied retrospectively.

Annual Improvements: 2011–2013 Period

IFRS 3 Business Combinations

Change, i) not only business association is not within the scope of IFRS 3, but also partnership agreements ii) this scope exception have been clarified for becoming applicable only for partnership agreement of financial statements. Changes will be applied prospectively.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

IFRS 13 Fair Value Measurement

Exception portfolio of IFRS 13 is applicable in financial assets, financial liabilities and other contracts and this situations have been clarified. Changes will be applied prospectively.

IAS 40 Investment Property

Mutual relationship between IFRS 3 and IAS 40 has been clarified when the real estate classified as real estate of investment and real estate used by property of owner. Changes will be applied prospectively.

The aforementioned change is not expected to have an impact on the financial position or performance of the Company.

IFRS 14- Temporary Standard Subject to Regulation Regarding Deferred Account

IASC had published this standard at January,2014. The company who applicate the IFRS and regulate the prices, amounts that account about the price regulation in accordance with prior legislation, IFRS 14 permits the continues of carrying to financial tables which are prepared in terms of IFRS for these amounts. The company who prepare its financial statements in accordance with IFRS, it can not applicate this standard. Standard will be applied as retrospective for starting annual account period on 1 January 2016 and after this date, early application is permitted. Standard is not current fort he company and it is not affect the company's financial statues or performance.

Policy Decisions published by POC

In addition to determining above, policy decisions which shown below an accordance with POC Turket Accounting Standars. "Financial Table Examples and User Guide" gain validity with publishing date, however, other decisions applicated validity for beginning annual report periods after December 31,2012.

Financial Table Exampls and User Guide

POC published "Financial Table Examples and User Guide" on May 20,2013 in order to provide only one financial statement and facilitate its audit. Financial table examplas that located on this regulation published for becoming sample to companies who have to applicate TAS except banking, insurance, individual retirement or financial institution that establish for capital activiy. The company made the changes that determined on the note 2.b with the aim of fulfilling necesseries of this regulation.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

Accounting for Business Combination Under Common Control

According to decision i) business combination under common control (pooling of interest) should be accounted by this method, ii) therefore, betterment do not take place on the financial tables and iii) while combination of rights method is applying, on the beginning of report period financial table should fix and present as comparative. This situation adjudicated. This decision did not any affect to the company's financial tables.

Accounting of Usufructary Notes

Usufructary notes should be accounted in which the cases as financial liability in which the cases the as equity instruments were clarified. This decision did not any affect to the company's financial tables.

Accounting of Participation Investment as Mutual

If a company has its own share on the business who have participation investment, this situation is defined mutual participation relation . The subject of accounting od mutual participation is evaluated depending on the type of investment and different accounting basics that applied.With this decision, subject was evaluated under three main title and each of their accounting basics were determined.

- i) The case is that having subsidiarity main partnerships own equity
- ii) İştiraklerin veya iş ortaklığının yatırımcı işletmenin özkaynağa dayalı finansal araçlarına sahip olması durumu, The case is that participations or subsidiaries have investor of business's equity's financial instruments.
- iii) Bussiness's depending on equity financial instruments, company who have investment in terms of TAS 39 and TFRS 9.

This decision did not any affect for the company's financial tables.

d. Summary of Important Accounting Policies

Cash and Cash Equivalents

Cash can be implied as cash and demand deposit in the Company and cash equivalent can be implied as short term investments which have unimportant risk to lose value, higher liquidity and can be converted easily to cash. Cash equivalents are assets which are used for investment purpose, kept for short term cash liabilities and they cannot be used for other purposes.(Note:53)

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

Trade Receivables

Trade Receivables are the receivables sourced from company which are come from a debtor cause of a direct supply of goods or services. They are valued by using effective interest method thought discounted cost. Without a specified term, short-term trade receivables are valued on their amount of invoice when accrued interest has insignificant effects. (Note:7)

In case of receivables become impossible to collect, 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. Possible collection amount is the rediscounted value which is calculated with effective interest method on amount of original trade receivables, collectible guarantees and other cash transactions. (Note: 7)

If the amount of low value decreases after written as a loss, the amount of decrease will record in other income in the current period.

Related Parties

The Company will consider as a related party if one the conditions below are met.

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

Financial Instrument

Financial Assets

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

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

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

Effective Interest Method

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

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

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

a)Net realizable value difference of financial assets which recorded as profit/(loss)

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

b)Financial assets hold till 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 hold till its maturity. Financial assets hold till its maturity can be presented in financial statement by the amortized cost according to effective interest method deducted from amount of decrease in value.

c)Assets available for sale

The Company has equity instruments which are not open to capital market but ready to be sold. Since their appropriate value could not be defined in an accredited way, they are recorded with their cost values. (Note:4)

d)Loans and receivables

Loans and receivables which are not in the capital market and have steady and computable payments are classified in this category. Credits and receivables are recorded by deducting loss in value decrease from the cost which was calculated by using effective interest method. (Note:7)

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Agreement which represents right of Company on assets after deducting all liabilities can be count as financial instrument on equity. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

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

a)Financial liabilities at fair value through profit and loss

Financial liabilities at fair value difference recorded as profit and loss are stated at their fair value, and they revalue at financial statement date and every reporting period. Change in fair value record in comprehensive income statement. The net gain or loss recognized in comprehensive income statement incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially recorded at fair value after deduction of transaction costs.

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

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

Inventories

Inventories are valued on the basis of the weighted average cost method by considering the cost or the net realizable value, whichever is the lowest. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The cost of inventories cover all purchasing costs, conversion costs and other expenses made to bring the inventories into their current state and condition. When net realizable value of inventories is less than their cost, inventories will be valued according to their realizable value and the difference will be record as an item in comprehensive income statement. In cases where impairment of inventories are no longer effective or net realizable value is increased, impairment of inventories which was recorded as loss in previous comprehensive income statement will be a provision no longer required. The amount of provision no longer required is limited with the amount of provision which was allocated in previous periods. (Note: 10)

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

Tangible Fixed Assets

Tangible assets are reflected to financial statements according to their acquisition date: if they are acquired before January 1, 2005 they will state on acquisition cost which are rearranged with buying power of TRY in December 31, 2004 and if they are acquired after January 1, 2005, they will state with its acquisition cost after deduction of accumulated depreciation and accumulated impairment loss. Depreciation is calculated according to normal amortization method on amounts which are rearranged according to inflation. There is no applicable amortization method for land in the report because of their nature and useful life is unlimited. Tangible fixed assets are amortized with rates below according to their economic useful live.

	<u>Years</u>
Land Improvements	8-50
Buildings	50
Plant, Machinery and Equipment	4-15
Motor Vehicles	5
Furniture and Fixtures	3-15
Special Costs	lease term (in days) or the less than useful life

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

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

Maintenance or repair cost of tangible asset can be recorded as expense under normal conditions. However, in exceptional cases if maintenance and repair are resulted with improvement in tangible assets, the cost in question can be recorded as asset and it will be counted in amortization of related asset with remaining useful life. (Note: 14)

Intangible Assets

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

	<u>Years</u>
Rights	3-15

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

In case of decrease in value, the book value of intangible assets can be discounted to its recovered value. Recovered value is the value that whichever is higher between useful value and net selling price. (Note:17)

Leasing Transactions

Financial Leasing Transactions

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

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 recorded 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.

Borrowing Costs

Company reflects borrowing costs as financing cost during credit period in its comprehensive income statement. Financing cost which is sourced from credits is recorded to comprehensive income statement when they occur.

Provisions, Contingent Liabilities and Assets

Provisions

Provisions which are present in gross Company up as of the statement of financial position date can be accounted in case where there is a legal liability sourced from past or a structural liability and it is highly possible to realize exit of resources to fulfill this liability, there is a

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

reliable estimated amount of liability. In cases where here is more than one a like liability, the need for the possibility of exit of resources which can provide economic profit evaluate by taking in account of all same liabilities in same quality. Even if there is a little possibility to realize exit of resources for a liability in same quality, Company allocates provision.

Company does not allocate provision for operational loss in future. In cases when the value effect of money is important, amount of provision determine with present value of expenses which will be needed to fulfill liability.

Contingent Liabilities and Assets

Assets and liabilities which are related to the cases whether it will or will not realize one or more than one cases, which are not entirely in Company's control to realize in future, and which are sourced from past, can be accepted as contingent liabilities and assets. Company does not reflect assets and liabilities related to condition to its records.

Contingent liabilities are explained in explanatory notes of financial statements during the possibility of exit for an economic 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.

Employee Benefits

a) Defined Benefit Plan

Provisions for severance benefit reflect upon to actuarial work according to TAS 19 "employee benefit".

Liability of severance benefit means value of estimated total provisions for possible liabilities which will occur in future cause of ending the agreement between Company and its personnel for defined reasons according to Turkish Labor Law or retirement of personnel according to related law as of statement of financial position date.

Company calculates severance benefit by predicting discounted net value of deserved benefits or based on the information from Company's experience about fire a personnel or quit of the personnel and reflects to its financial statements.

b) Defined Contribution Proportions

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

Revenue

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

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

Sales Income

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

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

Interest Revenue

Interest revenues are recorded as income on accrual basis.

Rent Revenues

Rent revenues are recorded as income on periodical accrual basis.

Effects of Exchange Differences

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

Calculated Taxed on Corporation Revenue

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

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2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

Corporate tax rate in Turkey is 20%. 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%. Adding profit to capital cannot be count as distribution of dividend and applied for withholding tax.

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

Earnings per Share

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

Subsequent Events

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

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

Statement of Cash Flow

In cash flow statement Company reports 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.

2.BASIS OF PRESENTATION OF FINANCIAL STATEMENTS(CONTINUED)

e. Important Accounting Estimates, Assumptions and Evaluation

Preparing of financial statements make need of using estimates and assumptions which will effect income and expense amount which are reported at account period, explanation of contingent assets and liability and amount of assets and liabilities which are reported as of statement of financial position date. These estimates and assumptions give the most reliable information about Company managements' present events and transactions. Although realized results can show differences from assumptions. Estimates and assumptions that may cause significant adjustments for carrying amounts of assets and liabilities in the next reporting period are as follows:

Deffered Tax Assets

The company accounted deferred tax and liabilities in order to temporary timing differences arising from diversity between financial tables that determine tax and prepared financial tables in accordance with CMC reporting standards. Assets of deffered tax estimated the amount of recoverable partially or completely. During the assesment, future profit projections and other tax assets expiration dates and potential tax planning strategies were considered.

The consequence of evaluation, as of 31 December 2013, under with no 5520 Corporate Tax Law's 32/A substance, because of reduced corporate tax over the temporary differences can be predicted and under tax laws within the time of continuning rights of reduced corporate law reach to the consequence of amount of TRY 4.429.926. For reduced corporate tax , deffered tax assets was accounted . (Note 40).

3.MERGERS

There is not ant mergers. (December 31, 2012)

4.OTHER BUSINESS INTEREST

Financial Investments

Financial assets in unquoted equity shares and ratios as stated cost and available-for-sale in December 31,2013 and December 31,2012 as follows:

	31 December 2013		31 December 2012	
	<u>TRY</u>	<u>%</u>	<u>TRY</u>	<u>%</u>
Ceramics Research Center	4.000	8,00	4.000	8,00
Turgutlu Water Product Inc.	45	1,00	45	1,00
TOTAL	4.045		4.045	

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5. SEGMENTS REPORTING

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. RELATED PARTY DISCLOSURES

As of 31 December 2013 and 31 December 2012 balances to related party disclosures:

a)Due from related parties :

Trade receivables from affiliates:

	31 December 2013	31 December 2012
Egeseramik İç Ve Dış Ticaret A.Ş.	11.523.762	8.507.035
Ege Seramik East Europe S.A.	-	1.625.485
Ege Seramik America INC.	8.821.827	4.800.337
	20.345.589	14.932.857
Deduction: Unearned interest expense	(900)	(2.669)
TOTAL	20.344.689	14.930.188

The company has been making its domestic sales and distribution of goods itself, important part of foreign abroad sales and distribution has been made through Egeseramik İç ve Dış Ticaret A.S ve Ege Seramik America INC.

	MaturityPeriod
Egeseramik İç ve Dış Ticaret A.Ş	90 Days
Ege Seramik America S.A	90 Days

b) Due to related parties :

b.1) Trade payables to related parties

	31 December 2013	31 December 2012
Polat Maden San.Tic.A.Ş.	0,00	23.849
Egeseramik İç Ve Dış Ticaret A.Ş.	0,00	156.397
	0,00	180.246
Deduction: Unearned interest income		(498)
TOTAL	0,00	179.748

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6. RELATED PARTY DISCLOSURES (CONTINUED)

b.2) Other payables to related parties

	31 December 2013	31 December 2012
Dividend Payable	21.004	84.691
TOTAL	21.004	84.691

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

a) Product Sales to Related Parties :

	01 January - 31 December 2013	01 January - 31 December 2012
Egeseramik İç Ve Dış Ticaret A.Ş.	40.640.426	37.073.996
Ege Seramik America INC.	35.466.339	32.569.052
Ege Vitrikiye Sağlık Gereçleri San. Tic. A.Ş.	45.783	552.861
Polat Turizm Otel San. ve Tic. AŞ.	33.069	-
İbrahim Polat Holding A.Ş.	1.165	-
MP İnşaat Sanayi ve Ticaret A.Ş.	-	195.763
TOTAL	76.186.782	70.391.672

b) Raw material sales to related parties:

	01 January - 31 December 2013	01 January - 31 December 2012
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	436	12.738
Polat Maden San. Tic. A.Ş.	-	57.779
TOTAL	436	70.517

c) Service sales to related parties:

	01 January - 31 December 2013	01 January - 31 December 2012
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	5.218	92.380
Egeseramik İç Ve Dış Ticaret A.Ş.	5.252	13.240
Polat Maden San.Tic.A.Ş.	2.542	8.229
Ege Seramik America INC.	31.580	135.178
Polat Turizm Otel San. ve Tic. AŞ.	12.849	-
TOTAL	57.441	249.027

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6. RELATED PARTY DISCLOSURES (CONTINUED)

d) Raw material purchase and related parties goods:

	01 January - 31 December 2013	01 January - 31 December 2012
Polat Maden San.Tic.A.Ş.	2.317.291	2.805.168
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	12.850	97.207
TOTAL	2.330.142	2.902.375

e) Service purchases from related parties :

	01 January - 31 December 2013	01 January - 31 December 2012
İbrahim Polat Holding A.Ş.	623.820	593.078
Ege Seramik Amerika INC.	-	483
Polat Turizm Otelcilik A.Ş.	54.729	3.863
Egeseramik İç Ve Dış Ticaret A.Ş.	-	888
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	333	171
TOTAL	678.882	598.483

f) Financing revenues from related parties transaction:

	01 January - 31 December 2013	01 January - 31 December 2012
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	4.632	807.978
Ege Seramik Trading Holding SA.	-	55.924
TOPLAM	4.632	863.902

The company's receivables from related parties have applied to the interest rates are as follows:

	Interest Rate % TRY	
	01 January - 31 December 2013	01 January - 31 December 2012
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	8,27%	9,97%-10,87%

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6. RELATED PARTY DISLOSURES (CONTINUED)

g) Financial expenses from related parties transactions :

	01 January - 31 December 2013	01 January - 31 December 2012
Egeseramik İç Ve Dış Ticaret A.Ş.	12.230	25.711
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	-	11.758
Ege Seramik Amerika INC.	-	4.122
Polat Maden San.ve Tic.A.Ş.	-	11.161
TOTAL	12.230	52.752

h) Marketing, sales and distribution expenses from related parties:

	01 January - 31 December 2013	01 January - 31 December 2012
Ege Seramik Amerika INC.	38.214	143.314
Ege Seramik East Europe S.A.	0	49.200
Ege Vitrikiye Sağlık Gereçleri San.Tic.A.Ş.	0	1.355
Egeseramik İç Ve Dış Ticaret A.Ş.	520.698	723.443
MP İnşaat Sanayi ve Ticaret A.Ş.	0	159
Polat Turizm Otel San.ve Tic. A.Ş.	44.620	69.785
İbrahim Polat Holding A.Ş.	681	812
TOTAL	604.213	988.068

The senior management remuneration and other benefits for twelve month period of 2013 are as follows:

- Short term employee benefits:** The senior management remuneration and other benefits totally TRY 2.477.106 (31.12.2012: TRY1.420.982) in twelve months period of 2013.
- After employment benefits:** Severance pay is paid to employees who deserve the rights recognized by law. Other than there is none extra payment.
- Other long term benefits:** None.
- Layoff benefits:** None.
- Share based payments:** None.

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7.TRADE RECEIVABLE AND PAYABLES

Trade Receivables

	31 December 2013	31 December 2012
Customer Current Accounts	31.459.812	28.146.337
-Receivables from Related Parties(Note:6)	20.345.589	14.932.857
-Other Receivables	11.114.223	13.213.480
Notes Receivables	69.344.606	54.438.136
-Note Receivables from Related Parties(Not:6)	-	-
-Other notes receivables	69.344.606	54.438.136
Doubtful Receivables	1.834.143	1.414.219
Provision of Doubtful Receivables(-)	(1.834.143)	(1.414.219)
	100.804.418	82.584.473
Deduction:Unearned interest expense	(1.816.781)	(1.412.337)
-Receivables from Related Parties(Note:6)	(900)	(2.669)
-Other Receivables	(1.815.881)	(1.409.668)
TOTAL	98.987.637	81.172.136

As of December 31, 2013, at the amount of TRY 77.454.355 collateral received for provision of receivable other than related parties is presented in note 25.

The accompanying financial statement for the company in the provision does not require more than a provision for doubtful receivables. The company, a significant portion of the receivables is tied up as collateral, collateral amounts correspond to their receivables. According to all unsecured receivables are related to the provision for doubtful receivables and which is in progress in a law suit.

	31 December 2013	31 December 2012
Not due	25.491.021	23.514.549
Overdue 0-30 days	3.362.296	868.173
Overdue 30-90 days	223.412	426.502
Overdue 90-180 days	589.682	197.978
Overdue 180-360 days	43.487	161.027
Overdue more than 360 days	1.749.914	2.978.108
TOTAL	31.459.812	28.146.337

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7.TRADE RECEIVABLE AND PAYABLES (CONTINUED)

As of December 31, 2013, and December 31, 2012 provision for doubtful trade receivables' movement table is given below:

	31 December 2013	31 December 2012
Jan 01	1.414.219	1.076.593
Current period of provision for doubtful receivables	419.924	385.349
Collected and no longer required provisions	-	(47.723)
TOTAL	1.834.143	1.414.219

Trade Payables

	31 December 2013	31 December 2012
Trade Payables	49.520.359	36.865.073
-Trade Payables from Related Parties	-	180.246
-Other trade payables	49.520.359	36.684.827
Notes Payables	-	-
Other note payables	-	-
	49.520.359	36.865.073
Deduction: Unearned interest expense	(138.205)	(132.664)
-Trade Payables from Related Parties	-	(498)
-Other trade payables	(138.205)	(132.166)
TOTAL	49.382.154	36.732.409

	31 December 2013	31 December 2012
Not due	47.444.956	31.355.348
Overdue 0-30 days	1.023.071	2.102.533
Overdue 30-90 days	666.924	2.357.350
Overdue 90-180 days	181.060	1.007.090
Overdue 180-360 days	204.348	33.225
Overdue more than 360 days	-	9.527
TOTAL	49.520.359	36.865.073

8.RECEIVABLES AND PAYABLES FROM ORGANIZATONS OF FINACIAL SECTOR

None (31.12.2012 None).

9.OTHER RECEIVABLES AND PAYABLES

Short term Other Receivabled from not-Related Parties

	31 Dec 2013	31 Dec 2012
Receivables from tax office	842.266	470.998
TOTAL	842.266	470.998

Long Term Other Receivables from not-Related Parties

	31 Dec 2013	31 Dec 2012
Deposits and guarentees given	30.382	52.813
TOTAL	30.382	52.813

Short Term Other Receivables

	31 Dec 2013	31 Dec 2012
Other payabled to related parties	21.004	84.691
Taxes and funds payables	1.128.763	666.776
TOTAL	1.149.767	751.467

10.INVENTORIES

	31 Dec 2013	31 Dec 2012
Raw material	19.136.006	19.121.560
Semi finished good -Production	3.993.477	2.819.611
Finished goods	27.183.772	21.176.886
Trade goods	46.251	8.264
Live assets	-	-
Other Inventories	158.256	69.157
	50.517.762	43.195.478
Inventory Impairment (-)	(40.109)	(85.127)
TOTAL	50.477.653	43.110.351

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10.INVENTORIES (CONTINUED)

Provisions of inventory impairment during the period are as below:

	31 Dec 2013	31 Dec 2012
Opening balance	(85.127)	(92.685)
Canceled provision due to the increase in net realizable value (-)	45.018	7.558
Provision for current period	-	-
TOTAL	(40.109)	(85.127)

As of 31.12.2013 there is depreciation expense amount of TRY 1.071.108 (December 31,2013; TRY 734.897) on inventories at the end of period.

Inventories are measured at the lower of cost which is calculated with weighted average method and net realizable value. Company's raw material inventories in the amount of TRY 1.077.866 (31.12.2012: TRY 1.062.995) at net realizable value and TRY 18.058.140 (31.12.2012:18.058.565) at cost which are reflected its financial statements. Company's finished goods inventories in the amount TRY 117.358 (31.12.2012: TRY 203.250) at net realizable value and TRY 27.066.414 (31.12.2012: 20.973.636) at cost which are reflected its financial statements.

In accordance with TAS 2 company's credit sales are discounted and it is at the amount of TRY 204.622. Annual discount rate was applied %6, for TRY, 5 for EURO, USD and CHF.

11. LIVE ASSETS

None. (31.12.2012 None).

12. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses

	31 Dec 2013	31 Dec 2012
Prepaid expenses for future months*	1.015.686	871.157
Advances given to cost	855.946	3.392.531
TOTAL	1.871.632	4.263.688

Long term prepaid expenses

	31 Dec 2013	31 Dec 2012
Prepaid expenses for future years	16.888	13.749
TOTAL	16.888	13.749

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12.PREPAID EXPENSES AND DEFERRED INCOME (CONTINUED)

Deferred incomes

	31 Dec 2013	31 Dec 2012
Prepaid incomes for future months*	615.322	669.337
Advances received	25.248.247	19.862.475
TOTAL	25.863.569	20.531.812

* In accordance with TAS 18 Revenue, company's credit sales are discounted, the amount is TRY 287.968. Annual discount rate was 6, 5% for TRY, %2, 5 for EURO, USD and CHF.

13. INVESTMENT PROPERTY

None. (31.12.2012 None).

14.TANGIBLE FIXED ASSETS

	31 DECEMBER 2012	Additions	Transfers	Disposals	31 DECEMBER 2013
Land	8.360.141	-	-	987.160	7.372.981
Land improvements	23.718.223	200.642	-	-	23.918.865
Building	49.212.720	223.030	889.425	-	50.325.174
Plant,machinery and equio-pment	160.277.499	1.269.869	19.685.925	6.687.750	174.545.543
Vehicles	1.257.552	52.592	-	40.796	1.269.347
Furniture anf fixtures	5.415.176	818.026	212.912	47.148	6.398.965
Construction in progress	7.192.412	13.595.850	-20.788.262	-	0
Special Costs	342.883	-	-	-	342.883
TOTAL COST	255.776.606	16.160.008	0	7.762.854	264.173.759
Land improvements	16.154.511	568.644	-	-	16.723.155
Building	22.049.761	1.100.266	-	-	23.150.027
Plant,machinery and equipment	130.758.708	6.810.385	-	6.624.134	130.944.959
Vehicles	451.551	152.896	-	40.796	563.651
Furniture anf fixtures	3.528.113	540.101	-	47.148	4.021.065
Special Costs	342.883	-	-	-	342.883
ACCUMULATED DEPRECIATION	173.285.528	9.172.292	-	6.712.079	175.745.741
NET BOOK VALUE	82.491.079	6.987.716	0	1.050.776	88.428.018

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14.TANGIBLE FIXED ASSETS (CONTINUED)

	31 DECEMBER 2011	Additions	Transfers	Disposals	31 DECEMBER 2012
Land	8.360.141	-	-	-	8.360.141
Land improvements	23.711.223	7.000	-	-	23.718.223
Building	48.923.467	200.161	89.092	-	49.212.720
Plant,machinery and equipment	156.975.198	1.467.785	3.457.707	1.623.191	160.277.499
Vehicles	1.168.427	99.756	-	10.631	1.257.552
Furniture anf fixtures	4.501.755	251.969	732.134	70.682	5.415.176
Construction in progress	-	11.875.597	(4.683.185)	-	7.192.412
Special costs	438.675	-	(95.792)	-	342.883
TOTAL COST	244.078.886	13.902.268	(500.044)	1.704.504	255.776.606
Land improvements	15.572.054	582.457	-	-	16.154.511
Building	20.888.289	1.072.380	89.092	-	22.049.761
Plant,machinery and equipment	127.290.638	5.060.986	4.590	1.597.506	130.758.708
Vehicles	348.757	113.425	-	10.631	451.551
Furniture anf fixtures	3.261.063	335.622	2.110	70.682	3.528.113
Special costs	436.826	1.849	(95.792)	-	342.883
ACCUMULATED DEPRECIATION	167.797.627	7.166.719	-	1.678.819	173.285.528
NET BOOK VALUE	76.281.259	6.735.549	(500.044)	25.685	82.491.079

15.DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS FROM INTEREST ON RIGHTS

None. (31.12.2012 None).

16.SHARES OF MEMBERS ON BUSINESS COOPERATIVE AND SIMILAR FINANCIAL INSTRUMENTS

None. (31.12.2012 None).

17.INTANGIBLE FIXED ASSETS

	31 DECEMBER 2012	Additions	Transfers	Disposals	31 DECEMBER 2013
Establishments and foundation expenses	-	-	-	-	-
Rights	6.704.385	339.998	-	-	7.044.383
Other intangible fixed assets	-	-	-	-	-
TOTAL COST	6.704.385	339.998	-	-	7.044.382
Establishments and foundation expenses	-	-	-	-	-
Rights	6.076.083	208.284	-	-	6.284.367
Other intangible fixed assets	-	-	-	-	-
ACCUMULATED DEPRECIATION	6.076.083	208.284	-	-	6.284.367
NET BOOK VALUE	628.302	131.714	-	-	760.016

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17.INTANGIBLE FIXED ASSETS (CONTINUED)

	31 DECEMBER 2011	Additions	Transfers	Disposals	31 DECEMBER 2012
Establishments and foundation expenses	2.853	-	-	2.853	-
Rights	6.108.945	95.396	500.044	-	6.704.385
Other intangible fixed assets	4.650	-	-	4.650	-
TOTAL COST	6.116.448	95.396	500.044	7.503	6.704.385
Establishments and foundation expenses	2.853	-	-	2.853	-
Rights	5.984.306	91.777	-	-	6.076.083
Other intangible fixed assets	4.293	-	-	4.293	-
ACCUMULATED DEPRECIATION	5.991.452	91.777	-	7.146	6.076.083
NET BOOK VALUE	124.996	3.619	500.044	357	628.302

18.GOODWILL

None. (31 December 2012 None.)

19.EVALUATING AND RESEARCHING OF MINE RESOURCES

None. (31 December 2012 None.)

20.LEASING OPEATIONS

None. (31 December 2012 None.)

21. SERVICE CONCESSION ARRANGEMENTS

None. (31 December 2012 None.)

22.IMPAIRMENT OF ASSETS

None. (31 December 2012 None.)

23.INCENTIVE AND HELP OF GOVERNMENT

The company complied modernization investment in accordance with Investment Encouragment Document with no 107017 and date of 1 October 2012. For closing visa as of 17 February 2014, was appealed to the Turkey Republic Economy of Ministry. Within the Investment Encouragment Document, supporting of reduced corporate tax, customs tax and VAT exceptions was taken advantage, in addition to that supporting of insurance Premium of employer was taken advantage.

24.COST OF BORROWING

None. (31 December 2012 None.)

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25.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for period income tax, net

	31 December 2013	31 December 2012
Current tax provision	6.835.396	5.731.858
Prepaid taxes and funds (-)	(4.236.783)	(150.286)
TOTAL	2.598.613	5.581.572

Short Term Provisions

a)Other short term provisions

	31 December 2013	31 December 2012
Provision for law suit	1.207.309	918.218
TOTAL	1.207.309	918.218

	31 December 2013	31 December 2012
Provision for law suit	1.207.309	918.218
TOTAL	1.207.309	918.218

As of 31.12.2013 provisions for short term liabilities movement table are given below:

	31 December 2012	Additional Provisions (Note:34)	Payments Cancelled (-)	31 December 2013
Provision for law suit	918.218	369.335	(80.244)	1.207.309
TOTAL	918.218	369.335	(80.244)	1.207.309

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25.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Letters of guarantee given by the Company

To given	Explanation	31 December 2013
Gazi Osmanpaşa 1.İcra Müdürlüğü	Mahkeme Sürecine İstinaden	185.000
İzmir Kemalpaşa İslah Org.San.Bölgesi Md.	Doğalgaz Alım Sözleşmesi gereği	65.385
Tedaş	Elektrik Alımı İşlemleri Gereği	54.200
İzmir Şehirçi Doğalgaz Dağıtım Taah.A.Ş.	Doğalgaz Alım Sözleşmesi gereği	5.695
Konak Vergi Dairesi	Vergisel İşlemleri Gereği	5
		310.285

Pledges given by the Company

There are no pledges given by the Company on 31.12.2013.

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25.PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Guarantees given by the Company

GUARANTEES PLEDGES MORTGAGES		31.12.2013	31.12.2012
A)	Total amount of GPM given on behalf of its own legal personali	310.285	9.828.184
B)	Total amount of GPM given in favor of the fully consolidated subsidiaries		
C)	Total amount of GPM given ordinary trade activities provided in order to guarantee the debts of other 3rd parties		
D)	The total amount of given other GPM		
i)	Total amount of GPM given on behalf of the parent company		
ii)	Total amount of GPM given on behalf of other group companies which are not included in scope of B and C		
iii)	The amount of GPM given on behalf of 3rd parties which are not included in scope of C		
TOTAL		310.285	9.828.184

As of 31.12.2013, Company's GPM to Company's equity ratio is 0,18 %.(31.12.2012: 6%)

Guarantees received by the Company

	31.12.2013	31.12.2012
Letters of guarantee received	30.031.000	20.566.000
Guarantees cheques received	510.000	510.000
Guarantees notes received	572.355	572.355
Mortgages	46.341.000	50.406.000
	77.454.355	72.054.355

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 TRY 1.207.309 as of December 31, 2013 (December 31, 2012: TRY 918.218).

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 presented in provisions for payables account in short term liabilities at balance sheet.

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26.COMMITMENTS

None. (31 Aralık 2012 None.)

27.EMPLOYEES BENEFIT OBLIGATIONS

Severance Payments and Provision of Permits

The Company 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 3.254,44 as of December 31, 2013. (December 31, 2012: TRY 3.033, 98)

	31 December 2013	31 December 2012
Provision for severance payment	13.191.161	10.905.264
Provision for permit	964.449	659.580
TOTAL	14.155.610	11.564.844

It needs a calculation which can be doing with some assumptions for calculation of company's liabilities in accordance with 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 TAS/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 of December 31, 2013 and December 31, 2012are depicted below:

	31 December 2013	31 December 2012
Discount rate	%9.50	%8.50
Estimated increase rate	%5.00	%5.00

Employees benefit obligations movements as December 31, 2013 - December 31, 2012 are as follows:

	31 Dec 2013	31 Dec 2012
Opening balance	10.905.264	10.536.726
Additional provisions	2.309.904	376.109
Outputs (-)	(24.007)	(7.571)
Period-end balance	13.191.161	10.905.264

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27.EMPLOYEES BENEFIT OBLIGATIONS (CONTINUED)

	2013	2012
January 01	10.905.264	10.536.726
Interest expenses	1.036.000	895.622
Current service cost	3.795.116	930.218
Paid in period	(2.021.262)	(1.112.157)
Actuarial gain/(loss)	(523.957)	(345.145)
December 31	13.191.161	10.905.264

Provision for permit movement as December 31, 2013 - December 31, 2012 are as follows:

	31 Dec 2013	31 Dec 2012
Opening balance	659.580	378.857
Additional provisions	304.869	280.723
Outputs (-)	-	-
Period-end balance	964.449	659.580

Payables within employee benefits

	31 December 2013	31 December 2012
Due to personnel	2.398.095	2.142.605
Payable taxes and funds	967.954	793.415
Payable other liabilities	13.130	4.949
TOTAL	3.379.179	2.940.969

28.EXPENSES BY NATURE

	January 1-December 31,2013	January 1-December 31,2012
Sales cost (note:31)	182.455.897	167.304.176
General operating expenses(note:33)	15.946.341	12.525.123
Marketing expenses (note:33)	15.611.259	14.820.682
Research and Development expenses (note:33)	2.196.474	1.938.697
TOTAL	216.209.971	196.588.678

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29.OTHER ASSETS AND LIABILITIES

Other current assets

	31 December 2013	31 December 2012
Accrued expenses	473.209	299.773
Other VAT	5.906.479	5.420.071
TOTAL	6.379.689	5.719.844

*The amount of TRY 5.906.479, which is the Other VAT account, is occurred from the sale of export in according to VAT Law in the article of 11/1-c and the amount of TRY 5.906.479 of Other VAT in short-term liabilities after deduction of export transactions will be closed by tax Office.

Other short term liabilities

	31 December 2013	31 December 2012
Accrued expenses	55.905	69.356
Other VAT	5.906.479	5.420.071
TOTAL	5.962.384	5.489.427

30.CAPITAL,RESERVES AND OTHER EQUITY ITEMS

Paid-in Capital

The Company adopted the registered capital system which is known for companies who are subject to CMB regulations.

As of December 31, 2013 and December 31, 2012 unadjusted for inflation registered capital of the company is as follows:

	31 December 2013	31 December 2012
The registered capital limit	150.000.000	150.000.000
Authorized and paid-in capital	75.000.000	75.000.000

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30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Paid-in Capital structure of the Company between December 31, 2013 and December 31, 2012 given on the following table:

		31 December 2013			21 December 2012		
	Share allocation	Amount	Number of shares	Rate	Amount	Number of shares	Rate
Adnan Polat	A	3,60	360	0,00%	3,60	360	0,00%
Adnan Polat	B	5,20	520	0,00%	5,20	520	0,00%
Adnan Polat	C	779.869,04	77.986.904	1,04%	779.869,04	77.986.904	1,04%
<i>Adnan Polat-Public Share</i>		113.790,00			113.790,00		
Total		779.877,84		1,04%	779.877,84		1,04%
İbrahim Polat	A	3,95	395	0,00%	3,89	389	0,00%
İbrahim Polat	B	6,65	665	0,00%	6,56	656	0,00%
İbrahim Polat	C	2.300.605,93	230.060.593	3,07%	2.300.605,20	230.061.196	3,07%
<i>İbrahim Polat-Public Share</i>		2.300.005,28			2.300.005,28		
Total		2.300.616,53		3,07%	2.300.615,65		3,07%
Murat Polat	A	3,60	360	0,00%	3,60	360	0,00%
Murat Polat	B	5,20	520	0,00%	5,20	520	0,00%
Murat Polat	C	779.868,61	77.986.861	1,04%	779.868,61	77.986.861	1,04%
<i>Murat Polat-Public Share</i>		130.149,00			130.149,00		
Total		779.877,41		1,04%	779.877,41		1,04%
Other	A	0,85	85	0,00%	0,91	91	0,00%
Other	B	0,95	95	0,00%	1,04	104	0,00%
Total		1,79		0,00%	1,94		0,00%
Public Share and Other	C	25.452.707,48	2.545.270.748	33,94%	25.452.708,21	2.545.270.145	33,94%
İbrahim Polat Holding A.Ş.	C	45.686.918,95	4.568.691.895	60,92%	45.686.918,95	4.568.691.895	60,92%
		75.000.000,00	7.500.000.000,00	100%	75.000.000,00	7.500.000.000,00	100%
Inflation adjustment to capital		24.778.008,00			24.778.008,00		
		99.778.008,00	14.922.011.854,00		99.778.008,00	14.922.011.854,00	

(*) Inflation adjustment to capital is the difference between total amount of capital adjusted according to inflation and capital amount before inflation adjustment.

Company's registered share capital maximum limit is 150.000.000 (hundred and fifty million) Turkish Lira and each with a nominal value of 1 (one) kr is divided into 15.000.000.000 shares. The Company's issued share capital 75.000.000 (seventy five million) Turkish Lira is fully paid. The Company's share capital consists of 75.000.000 (seventy five million) and 7.500.000.000 issued shares;

Each has the value of 1 (one)
1.200 item A Group registered,
1.800 item B Group registered and
7.499.997.000 items C Group are divided into a bearer share.

The Board of Directors is authorized to increase the registered capital ceiling in the capital, to issue the registered shares and bearer shares and to determine the amount of those who belong to registered shares and bearer shares. The certificate of incorporation to change in the General Assembly meeting of shareholders vote for the amount of capital they have committed.

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30. CAPITAL,RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

In someone's name transfer of shares, however, the Board of Directors and the company decides to transfer the share register will be effective for registration. The Board of Directors may not authorize the transfer of shares without giving reasons. Group A and B shares representing the capital privileged shares.

Company business and management is conducted by Management committee that constitute of six people who are chosen among natural and legal person. These people are nominated by General Meeting of Shareholder within Turkish Trade Law.

Two member of Board of Directors are chosen with absolute majority of shareholder of A group, a member is chosen with absolute majority of shareholder of B group, other three member, regardless of which group shareholders, they are chosen among shareholders's members who will they Show. On Board of Directors, each member have a vote right.

A composition of shareholders are entitled to receive a share of 8% of the statement of financial position's income after the deduction of tax, 1st legal reserve and the first dividends and participate in the distribution of 2nd dividends.

B composition of shareholders are entitled to receive a share of 5% of the statement of financial position's income after the deduction of tax, 1st legal reserve and the first dividends and participate in the distribution of 2nd dividends.

Held on 26.04.2013 in accordance with the description the Capital Market Law and the Company's Articles of Association,

TRY 4.353.292, 73 First dividends to shareholders,

TRY 2.263.712, 23 According to the main contracts of article of 26/c in the lines of 2. and 3 to the preferred shareholders,

TRY 757.472,94 According to the main contracts of article of 26/c in the line of 4. to the board of directors,

TRY 10.743.907, 00 Second dividends to shareholders,

TRY 4.322.137,17 Extraordinary Reserves, made in the form of dividend payments.

Share Premium

According to declaration numbered Serial XI No: 29, due to announcement which 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.

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30. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Inflation adjustment differences share premium is recorded in retained earnings:

	31 December 2013	31 December 2012
Share premium	35.838.595	35.838.595
TOPLAM	35.838.595	35.838.595

Actuarial loss/gain fund movements are like below:

	31 December 2013	31 December 2012
Opening balance	276.116	(555.001)
Current actuarial gain/loss	419.166	831.117
TOTAL	695.282	276.116

Restricted Reserves

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

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 recorded in retained earnings.

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 financial position.

	31 December 2012	Additions	31 December 2013
	Balance		Balance
Restricted reserves allocated from profit	3.088.630	2.921.022	6.009.652
TOTAL	3.088.630	2.921.022	6.009.652

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30. CAPITAL,RESERVES AND OTHER EQUITY ITEMS (CONTINUED)

Retained Earnings

Net profit for the period other than the accumulated profits / losses are clarified and presented in this item. Extraordinary reserves are considered as retained earnings and presented in this item. Restricted reserves share premium, outstanding legal reserves and inflation adjustment presented in retained earnings.

Retained Earnings	31 December 2013 Balance	31 December 2012 Balance
Accumulated profit/loss	22.662.075	19.296.047
Dividend	(22.440.522)	(16.467.956)
Legal reserves	(2.921.022)	(2.288.868)
Aktüeryal (Kayıp)/Kazanç Fonu	695.282	276.116
TOTAL	(2.004.187)	815.339

As due to declaration of Capital Market Board as of February 08, 2008 which is numbered as 4/138, minimum distribution rate of dividend should be applied as 20% (December 31, 2007: 20%) for incorporated companies who has shares transacted in stock exchange, which is effective as of January 1, 2008. According to this declaration, companies can distribute cash dividend, share to its partners without any cost by adding dividend to capital, can realize dividend distribution by distributing certain amount of cash or certain amount of shares without any cost. And this declaration gives opportunity to abandon the amount of dividend to partnership structure in case if first year dividend amount is less than 5 % of paid-in capital or issued capital however this declaration obligates to distribute first year dividend in cash from profit for the period sourced from their activities for incorporated companies whose shares are separated as “old” and “new”, which increase their capital without realizing dividend distributions for previous periods.

Besides, in accordance with declaration of CMB is numbered as 7/242 as of February 25, 2005, 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 cannot 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, there won't be profit distribution.

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31.SALES AND COST OF SALES

Sales are as follows:

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Domestic sales	163.173.303	144.168.977
Foreign sales	92.077.792	84.332.400
Gross Sales	255.251.095	228.501.377
Sales returns (-)	(1.795.552)	(1.816.450)
Sales discounts (-)	(406.395)	(330.127)
Other discounts (-)	(224.727)	(1.353.497)
Returns and discounts	(2.426.674)	(3.500.073)
Net sales	252.824.421	225.001.304

According to TAS 18, in most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. For example, an entity may provide interest free credit to the buyer or accept a note receivable bearing a below-market interest rate from the buyer as consideration for the sale of goods. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

In accordance with TAS 18 Revenue, company's credit sales are discounted, the amount is TRY 287.968. Annual discount rate was applied 6.5% for TRY, USD, CHF GBP and EURO for 2.5%.

Details of costs of sales are as below;

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Cost of goods sold	182.420.978	166.531.788
Cost of trade goods sold	34.919	772.388
TOTAL	182.455.897	167.304.176

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31.SALES AND COST OF SALES (CONTINUED)

Cost of sales according to their nature between 1 January – 31 December 2013 and 1 January – 31 June 2012 periods is like below:

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Material usage share	82.824.156	77.783.214
Natural gas usage	49.647.109	41.156.013
Personnel expense share	28.680.411	24.577.520
Indirect material usage	12.773.343	13.171.053
Depreciation and amortization expense share	6.993.367	5.678.442
Transportation expense	2.429.951	1.818.212
Maintanenca and repair expense	2.254.068	1.600.461
Food and subsistence expense	1.482.627	1.195.844
Diesel and LPG usage	1.040.040	1.011.796
Other general production expense	841.792	937.745
Shipping cost	785.120	688.243
Insurance expense	516.993	461.421
Cost of trade goods sold	34.919	772.388
The net effect of the delayed goods customs declaration	(64.297)	(79.470)
Domestic consumption	(928.381)	(1.575.708)
Changes in finished goods	(5.681.457)	(1.878.009)
Changes in semi-finished inventory	(1.173.864)	(14.989)
	182.455.897	167.304.176

According to Inventories standard, entity may purchase inventories on deferred settlement terms. When the arrangement effectively contains a financing element, that element, for example a difference between the purchase prices for normal credit terms and the amount paid, is recognized as interest expense over the period of the financing.

In accordance with TAS 2 Inventories, company's costs of goods sold of TRY 204.622 from forward purchases are discounted. Annual discount rate was applied 6.5% for TRY, USD, GBP, CHF and EURO for 2.5%.

32.CONTRACTS OF CONSTRUCTION

None. (31 December 2012 None.)

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33.GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

Marketing, Sales and Distribution Expenses

Details of marketing, sales and distribution expenses according to their nature between 1 January –31 December , 2013 and 1 January –30 June, 2012 periods are like below;

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Domestic sales expenses	6.626.694	5.555.484
Overseas sales expenses	2.911.505	2.866.109
Personnel expenses	3.241.560	3.049.161
Advertising expenses	1.905.404	1.855.491
Ceramic boards, construction sales expenses	565.047	993.455
Packaging expenses	219.634	372.588
Other	141.414	128.393
TOTAL	15.611.259	14.820.682

Details of general administration expenses according to their nature 1 January – 31 December 2013, and 1 January – 30 June 2012, periods are like below;

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Personnel expense	4.629.911	4.428.857
Severance allowance paid	2.833.861	721.254
Cost of severance allowance paid	2.021.262	1.112.157
Outsourced services	1.891.878	1.508.903
Advisory expenses	1.027.291	828.197
Depreciation and amortization expense	979.050	665.860
Taxes, duties and levies	370.763	447.370
Subscribe Fees and expenses	384.152	441.285
The court, law enforcement expenses	277.554	351.461
Communication expenses	214.987	270.131
Notice of termination expenses paid	205.425	651.955
Travel expenses	185.408	132.814
Insurance expenses	119.664	114.987
Electric charge	135.587	197.633
Transfer and resource expenses	89.377	79.343
Rent expense	58.531	46.825
Other	521.640	526.091
TOTAL	15.946.341	12.525.123

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33. GENERAL OPERATING EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (CONTINUED)
Research and Development Expenses

Details of research and development expenses according to their nature 1 January – 31 December 2013, and 1 January – 30 June 2012, periods are like below;

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Personnel expenses	1.665.544	1.359.997
Outsourcing services	261.779	247.825
Other	269.152	330.875
TOTAL	2.196.474	1.938.697

34. OTHER OPERATIONAL INCOME AND EXPENSE
Other Operational Incomes

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Exchange rate income	5.855.664	6.388.287
Rediscount interest income	954.770	938.610
Scrap sales	354.437	248.876
Reflected revenues	269.016	229.445
Confirmation differences gains	230.249	18.746
Maturity differences	229.265	780.847
Brand and promote fair income	132.198	67.999
Rental income	127.580	6.864
Sale of sample ceramic and board	116.581	98.615
Provision of lawsuit cancellation (note:25)	80.244	200.081
Cancellation of decrease in value of stock (note:10)	45.018	7.558
Material price differences are reflected in	42.009	88.565
Insurance claim income	37.198	22.622
Cancellation of provision for severance payment (note:27)	24.007	7.571
Export freight and insurance income	4.956	3.334
Cancellation of provision doubtful receivables	-	47.723
Cancellation of provision warranty expense	-	4.008
Management consulting income	-	511
Other	823.453	812.561
Total other income	9.326.646	9.972.823

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34. OTHER OPERATIONAL INCOME AND EXPENSE (CONTINUED)

Other Operational Expenses

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Exchange difference expense	8.443.516	7.286.448
Rediscount interest expense	1.949.445	1.014.693
Confirmation differences	663.063	128.479
Idle capacity expenses and losses	375.170	584.047
Provision for lawsuit expenses(note:25)	369.335	268.940
Provision for doubtful receivables (note:7)	419.924	385.349
Provision for vacation unused	304.869	280.723
Projected expenses	269.016	225.908
Numune pano ve seramik satışları	116.581	98.615
Chargeable material and price differences	42.009	88.565
Professional dues	23.310	22.590
Penalties and late payment penalties	23.003	249.662
Maturity differences expense	8.066	74.585
Prior period profit and loss	1.874	49.127
Other	413.087	382.578
Total Other Expenses	13.422.268	11.140.309

Amount of Idle capacity expenses and losses which is became TRY 375.170 as of 31 December 2013 (31.12.2012:TRY 584.047) have consisted of amortization expenses that is TRY 337.050 (31.12.2012: TRY 179.297) and personel expenses that is TRY 38.120 (31.12.2012:404.750).

35. EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES

Revenues from investing activities

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Gain on sale of assets	742.037	360.505
TOTAL	742.037	360.505

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35. EXPENDITURES AND REVENUES FROM INVESTING ACTIVITIES
(CONTINUED)

Loss from investing activities

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Loss of sale on fixed assets	3.834	-
Exchange difference expense	3.099.253	27.837
TOTAL	3.103.087	27.837

36. EXPENSES CLASSIFIED BY PRINCIPLE TYPES

Details of expenses according to principle types 1 January – 31 December 2013, and 1 January – 30 June 2012, periods are like below;

Amortization expenses	01 Jan-31 Dec 2013	01 Jan-31 Dec 2012
Sales cost	6.993.367	5.678.442
General Operating Expense	979.050	665.860
Idle capacity expenses and losses	337.050	179.297
TOTAL	8.309.467	6.523.599

Personnel expenses	01 Jan-31 Dec 2013	01 Jan-31 Dec 2012
Sales cost	28.680.411	24.577.520
Research and development expense	1.665.544	1.359.997
Marketing, sales and distribution expenses	3.241.560	3.049.161
General operating expensesn	4.629.911	4.428.857
Idle capacity expenses and losses	38.120	404.750
TOTAL	38.255.546	33.820.285

37. FINANCIAL EXPENSES AND INCOMES

Financial Expenses

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Exchange differences expense	374.675	427.521
Interest and bank expenses	540.544	468.089
TOTAL	915.219	895.611

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37. FINANCIAL EXPENSES AND INCOMES (CONTINUED)

Financial Incomes

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Bank interest income	671.816	1.055.841
Exchange differences income	801.899	473.876
TOTAL	1.473.715	1.529.716

38. ANALYSIS OF OTHER COMPREHENSIVE INCOMES

Details of other comprehensive incomes/(expense) 1 January – 31 December 2013, and 1 January – 30 June 2012, periods are like below;

	01 Jan-31 Dec 2013	01 Jan-31 Dec 2012
Not reclassified on gain/(loss)		
Actuerial gains/(loss)(Note:27)	523.957	345.145
Deferred tax revenue/(expense)(Note:40)	(104.791)	(69.029)
TOTAL	419.166	276.116

39. FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (31 December 2012 None.)

40. INCOME TAXES (INCULUDING DEFERRED TAX ASSETS AND LIABILITIES)

Tax expense/income in comprehensive income statement for periods ended at 31 December 2013 - 31 December 2012, is like below:

	01 Jan - 31 Dec 2013	01 Jan - 31 Dec 2012
Tax expense for the period	(6.835.396)	(5.850.104)
Deferred tax gain/loss	5.240.643	180.209
Total tax income/(expense)	(1.594.753)	(5.669.895)

40. INCOME TAXES (INCULUDING DEFERRED TAX ASSETS AND LIABILITIES)
(CONTINUED)

Current Tax

Corporate tax rate is 20% in Turkey. 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.

According to the Corporate Tax Law numbered with 5520, corporate tax rate is %20. This rate is applied to the tax bases in accordance with the laws of corporate income tax to be added to deductible expenses, exemptions which place at tax laws (such as affiliation privilege) and usage of deductions (like investment incentives). As of December 31, 2003, there was an act which predicted to change in Tax Procedure Law, Income Tax Law and Corporate Tax Law ("Act numbered as 5024"), it predicts that income and corporate taxpayer, who determines its profit according to statement of financial position base, keep their financial statements with inflation adjustment starting after January 1, 2004. These taxpayers also have to make inflation adjustment for their financial statements at December 31, 2003. It is an obligation that taxpayers, who have to make inflation adjustment according to the general declaration published by Ministry of Finance as of 28 February 2004, have to make adjustments in their statement of financial position after January 1, 2004 if there is the case which obligates adjustment.

Company will calculate tax amount for the period according to declaration numbered 338 if there are conditions (such as increase in price index in last 12 periods at 100% and 10% for current period) needs for adjustments in the direction of 5024 numbered Law and mentioned declarations.

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

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

75% of profit from sales of property, subsidiary's shares, management shares, shares for which company has first right of purchase 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.

40. INCOME TAXES (INCULUDING DEFERRED TAX ASSETS AND LIABILITIES)
(CONTINUED)

Investmen Discount

Investment discount is outlaw effective as of January 01, 2006.However, in cases where company's taxable profit is not enough to recover the amount of investment discount which company did not get benefit as of December 31, 2005, this investment discount can be carry forward in order to be deducted from future taxable profit of company. Moreover this deduction can be made only for profit earned for the years 2006, 2007 and 2008.Investment discount which could not deduct from profit earned for the year 2008 cannot be carry forward for future periods. As of October 15, 2009 there was a lawsuit in constitutional court related to not to carry forward this investment discount. According to decision of this law suit, time limitation was no longer applicable for carry forward for future periods because of constitutional rights. As a result of this:

- a- Investments which will start after January 1, 2006 in same scope with already started applications which are made before April 24, 2003,
- b- In scope of cancelled article numbered as 19 in Income Tax Law, exception amount of investment discount cannot be subjected to any withholding tax. According to the acts which are effective before July 24, 2003, in case of using the right of earned investment discount, company will make withholding tax as rate of 19, 8% on used investment discount exception without distributing or not distributing of profit.

Application of Reduced Corporate Tax

With no 2009/15199 Invsetments, accordance with State aids decisions,on the large scale investments and regional application invsetments,under with no 5520 Corporate Tax Law 32/A sunstance, reduced corporate tax aids was taken. According to investment contribution rate which determined on the region of encouragment region, until reaching contributed amount, every year ill be paid corporate tax by missing are taking advantage of these incentives.

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

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

Current period tax expense:

A new regulation has been done for applying aforesaid investment discount for 2010 and following years gains by law issued in August 1, 2010 dated 6009 numbered official gazette The investment allowance can be used up to 25% of the profit with this arrangement.

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40. INCOME TAXES (INCULUDING DEFERRED TAX ASSETS AND LIABILITIES)
(CONTINUED)

However, given the Constitutional Court on 09.02.2012 Case No: 2010/93 according to the decision (suspension of execution) and imposed on 100% of the investment incentive from the year 2011 and tax provision is calculated accordingly. Therefore investment discount withholding tax will be calculated at the rate of 19, 8 % of the investment discount that is used in the scope of income tax laws.

	01 Jan-31 Dec.2013	01 Jan-31 Dec 2012
Profit/loss before tax	32.852.981	26.307.940
Non-deductible expenses	3.156.679	2.641.135
Investment discount	(8.412.912)	(28.948.775)
Deductible exception and discount even so loss	(438.173)	-
Other discount	(250)	(300)
Corporate tax base	27.158.325	-
Reduced Corporate tax base	2.382.048	-
Corporate tax	4.955.255	-
Reduced Corporate tax	214.384	-
Investment allowance tax	1.665.757	5.850.104
Tax cost for period	6.835.396	5.850.104

As of December 31, 2013, Company has no retained loss which can be deducted from corporate tax for future periods.

Deferred Tax

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

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

Detail of accumulated temporary differences using tax rates of deferred tax assets and liabilities as of December 31, 2013, and December 31, 2012 is as below:

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40. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(CONTINUED)

	Accumulated Temporary Differences		Tax Rate	Deferred Tax Assets/(Liabilities)	
	31 December 2013	31 December 2012		31 December 2013	31 December 2012
Deferred Tax Assets/(Liabilities)					
Employee benefits	13.107.695	10.905.264	20%	2.621.539	2.181.052
Debt provisions	1.207.309	1.577.798	20%	241.462	315.560
Provision of doubtful receivables	787.517	787.517	20%	157.503	157.503
Tangible fixed assets	9.655.320	6.958.810	20%	1.931.064	1.391.762
Intangible fixed assets	(326.567)	(70.697)	20%	(65.313)	(14.139)
Inventory	202.688	691.516	20%	40.538	138.303
Maturity differences on sales	287.967	481.826	20%	57.593	96.365
Maturity differences on receivables	(204.622)	(225.314)	20%	(40.924)	(45.063)
Investment rediscount	-	8.095.710	0,20%	-	16.191
Reduced Corporate Tax	22.149.628	-	20%	4.429.926	-
				9.373.387	4.237.535

	31 December 2013	31 December 2012
Opening balance	4.237.535	4.126.355
Current year deferred tax gain/(loss)	5.240.643	180.209
Deferred tax reflected in shareholders' equity	(104.791)	(69.029)
Deferred tax assets	9.373.387	4.237.535

(*) It is accounted deferred tax related to amount actuarial gains/(loss) in terms of change ofTAS 19 provided benefit for employee.

41.EARNING PER SHARE

	Jan 01- Dec 31 2013	Jan 01- Dec 31 2013
Net profit /(loss)	29.121.521	22.542.018
Weighted average number of ordinary share	7.500.000.000	7.500.000.000
Profit/(loss) per share with nominal value of 1 TRY	0,003883	0,003006
(unlimited)		

42.SHARE BASED PAYMENT

None. (31 December 2012 None.)

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43. CONTRACTS OF INSURANCE

None. (31 December 2012 None.)

44.EFFECTS OF EXCHANGE RATE CHANGES

None. (31 December 2012 None.)

45. REPORTING IN THE HYPER INFLATION ECONOMY

Prepared financial tables before the period of January 01,2005, in order to show change of purchasing power of TRY, inflations adjustments were made using general wholesale price index under IAS 29. In this standard, financial tables prepared with currency on the high inflation periods, conditioning using adjustment coefficient, financial statements of Money expressed in terms of current purchasing power is predicted.

CMC took a decision on March 17,2005, with this decision, companies who operate in Turkey and prepare financial table in accordance with accounting and reporting principles which are adopted by CMC (CMC Financial Reporting Standard) proclaimed unnecessary application of inflation accounting as of 01.01.2005. Therefore, conditioning with started on 01.01.2005, Financial Reporting on the high inflation economies standard (IAS 29) that is published by IASC, were not applied.

46. DERIVATIVE INSTRUMENTS

None. (31 December 2012 None.)

47.FINANCIAL INSTRUMENTS

None. (31 December 2012 None.)

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48.LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS

Credit Risk

Credit risks are shown because of financial instruments species as follow:

31 December 2013	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Part	Other partie	Related Part	Other partie			
Maximum credit risk exposure as of reporting ended (A+B+C+D+E) *	20.344.689	78.642.948	-	842.266	15.965.699	-	0
-Section of credit risk quaranteed with collateralized	-	-	-	-	-	-	-
A.overdue and not impaired financial assets of net book value	18.024.502	74.235.204	-	-	15.965.699	-	0
B. Renegotiated of terms; otherwise overdue or impaired financial assets of net book value	-	-	-	-	-	-	-
C. Past due and impaired financial assets of net book value	2.320.187	4.407.744	-	842.266	-	-	-
D.Assets of net book value which is overdue	-	-	-	-	-	-	-
-Past due (gros carrying amount)	-	1.834.143	-	-	-	-	-
- <i>Impairment(-)</i>	-	(1.834.143)	-	-	-	-	-
- <i>Section of net value that is quaranteed with collateral</i>	-	-	-	-	-	-	-
- Overdue (Gross carrying amount)	-	-	-	-	-	-	-
- <i>Impairment (-)</i>	-	-	-	-	-	-	-
- <i>Section of net value that is quaranteed with collateral</i>	-	-	-	-	-	-	-
E. Items which is include credit risk of balance off	-	-	-	-	-	-	-

*In order to determine amount terms that icrease security of credit not take into account like received quarentees.

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48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Credit risks are shown because of financial instruments species as follow:

31 December 2012	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other parties	Related Party	Other parties			
Maximum credit risk exposure as of reporting ended (A+B+C+D+E) *	14.930.188	66.241.948	-	470.998	24.683.736	-	3.392.531
-Section of credit risk guaranteed with collateralized	-	-	-	-	-	-	-
A. overdue and not impaired financial assets of net book value	13.304.703	62.476.504	-	-	24.683.736	-	3.392.531
B. Renegotiated of terms; otherwise overdue or impaired financial assets of net book value	-	-	-	-	-	-	-
C. Past due and impaired financial assets of net book value	1.625.485	3.765.444	-	470.998	-	-	-
D. Assets of net book value which is overdue	-	-	-	-	-	-	-
-Past due (gross carrying amount)	-	1.414.219	-	-	-	-	-
-Impairment(-)	-	(1.414.219)	-	-	-	-	-
-Section of net value that is guaranteed with collateral	-	-	-	-	-	-	-
- Overdue (Gross carrying amount)	-	-	-	-	-	-	-
-Impairment (-)	-	-	-	-	-	-	-
-Section of net value that is guaranteed with collateral	-	-	-	-	-	-	-
E. Items which include credit risk of balance off	-	-	-	-	-	-	-

*In order to determine amount terms that increase security of credit not take into account like received guarantees.

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48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Table of asset aging which are overdue but not impaired is shown :

31 December 2013	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other parties	Related Parties	Other parties			
Overdue 1-30 days	2.320.187	1.042.109	-	-	-	-	-
Overdue 1-3 months	-	223.412	-	-	-	-	-
Overdue 3-12 months	-	633.168	-	-	-	-	-
Overdue 1-5 years	-	2.509.055	-	842.266	-	-	-
Overdue more than 5 years	-	-	-	-	-	-	-
secyion quarenteed with collateral	-	-	-	-	-	-	-
Total	2.320.187	4.407.744	-	842.266	-	-	-

31 December 2012	Receivables				Bank Deposits	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other parties	Related Parties	Other parties			
Overdue 1-30 days	-	868.173	-	-	-	-	-
Overdue 1-3 months	-	426.502	-	-	-	-	-
Overdue 3-12 months	-	359.005	-	-	-	-	-
Overdue 1-5 years	1.625.485	2.111.764	-	470.998	-	-	-
Overdue more than 5 years	-	-	-	-	-	-	-
secyion quarenteed with collateral	-	-	-	-	-	-	-
Total	1.625.485	3.765.444	-	470.998	-	-	-

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48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity table related to derivative and non-derivative financial liabilities is presented below:

31.12.2013

Contractual Maturity	Book Value	Contractual cash total output (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities	53.911.100	53.911.100	25.953.536	17.664.676	10.292.888	-
Bank credits	-	-	-	-	-	-
Financial leasing liabilities	-	-	-	-	-	-
Commercial debt	49.382.154	49.382.154	21.424.590	17.664.676	10.292.888	-
Other debt	4.528.946	4.528.946	4.528.946	-	-	-
Contractual Maturity	Book Value	Contractual cash total output (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Derivative Financial Liabilities(Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

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48. LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31.12.2012

Contractual Maturity	Book Value	Contractual cash total output (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Non derivative financial liabilities	40.424.845	38.959.705	22.111.917	16.838.261	9.527	-
Bank credits						-
Financial leasing liabilities		-	-	-	-	-
Commercial debt	36.732.409	36.732.409	19.884.621	16.838.261	9.527	-
Other debt	3.692.436	3.692.436	3.692.436		-	-
Contractual Maturity	Book Value	Contractual cash total output (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Derivative Financial Liabilities (Net)	-	-	-	-	-	-
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

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48.LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk

Market risk is exchange which will affect the company negatively in interest rate, foreign exchange rate and the value of securities.

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FOREIGN EXCHANGE POSITION TABLE										
	31 December 2013					31 December 2012				
	TL (Functional Currency)	USD	Euro	GBP	Other	TL (Functional Currency)	USD	Euro	GBP	Other
1. Trade Receivables	23.188.050	8.544.766	1.252.956	362.149	-	16.511.831	6.714.974	1.750.412	148.138	-
2a. Monetary Financial Assets(Including Cash, Bank Accounts)	3.461.289	1.580.503	29.975	-	-	11.756.127	6.199.157	300.000	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
3. Other	368.088	24.065	107.858	-	-	2.399.438	211.523	859.964	-	-
4. Current Assets (1+2+3)	27.017.427	10.149.335	1.390.789	362.149	-	30.667.396	13.125.653	2.910.376	148.138	-
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)	27.017.427	10.149.335	1.390.789	362.149	-	30.667.396	13.125.653	2.910.376	148.138	-
10. Trade Payables	33.949.117	1.079.094	10.736.030	34.077	-	17.619.892	609.268	6.994.855	23.494	8.526
11. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	560	-	191	-	-	111.747	49.159	10.255	-	-
12b. Non-Other Monetary Liabilities	-	-	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	33.949.677	1.079.094	10.736.221	34.077	-	17.731.639	658.427	7.005.110	23.494	8.526
14. Trade Payables	-	-	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-	-	-
16a. Monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
16b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-	-	-
17. Long term Liabilities (14+15+16)	-	-	-	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	33.949.677	1.079.094	10.736.221	34.077	-	17.731.639	658.427	7.005.110	23.494	8.526
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)	(6.932.249)	9.070.241	(9.345.433)	328.073	-	12.935.757	12.467.227	(4.094.734)	124.644	(8.526)
21. Net Position of Foreign Exchange Asset/(Liability) for Monetary (=1+2a+5+6a-10-11-12a-14-15-16a)	(7.300.338)	9.046.175	(9.453.290)	328.073	-	10.536.319	12.255.704	(4.954.698)	124.644	(8.526)
22. Total Realized Value of Hedged Financial Instrument										
23. Export	88.838.594	36.070.892	4.908.171	2.747.170	-	83.383.303	35.098.205	5.522.728	2.748.190	-
24. Import	36.390.557	5.190.948	10.666.742	125.593	54.800	19.938.657	3.253.861	10.388.359	158.166	-

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48. . LEVEL AND NATURE OF RISKS SOURCED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Currency Position Sensitivity Analys

Foreign Exchange Rate Sensitivity Analysis				
31 December 2013				
	Gain/Loss		Shareholders Equity	
	Inflation for Foreign Exchange	Devaluation for Foreign Exchange	Inflation for Foreign Exchange	Devaluation for Foreign Exchange
In case of change in USD against TL AS 20% ;				
1- Net Asset/Liability of USD	3.871.723	(3.871.723)	-	-
2- Protected Part of USD's Risk(-)	-	-	-	-
3- Net Effects of USD (1+2)	3.871.723	(3.871.723)	-	-
In case of change Euro against TL as 20% ;				
4- Net Asset/Liability of Euro	(5.488.572)	5.488.572	-	-
5- Protected Part of Euro's Risk(-)	-	-	-	-
6- Net Effects of Euro (4+5)	(5.488.572)	5.488.572	-	-
In case of change others against TL as 20% ;				
7- Net Asset/Liability of Other	230.399	(230.399)	-	-
8- Protected Part of Other's Risk(-)	-	-	-	-
9- Net Effect of Others (7+8)	230.399	(230.399)	-	-
TOTAL (3+6+9+12)	(1.386.450)	1.386.450	-	-
31 December 2012				
	Gain/Loss		Shareholders Equity	
	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	4.444.816	(4.444.816)	-	-
2- Protected Part of USD's Risk(-)	-	-	-	-
3- Net Effects of USD (1+2)	4.444.816	(4.444.816)	-	-
In case of change Euro against TL as 20% ;				
4- Net Asset/Liability of Euro	(1.925.917)	1.925.917	-	-
5- Protected Part of Euro's Risk(-)	-	-	-	-
6- Net Effects of Euro (4+5)	(1.925.917)	1.925.917	-	-
In case of change others against TL as 20% ;				
7- Net Asset/Liability of Other	68.253	(68.253)	-	-
8- Protected Part of Other's Risk(-)	-	-	-	-
9- Net Effect of Others (7+8)	68.253	(68.253)	-	-
TOTAL (3+6+9+12)	2.587.152	(2.587.152)	-	-

49. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION)

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.

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49.FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION AND PROTECTION OF FINANCIAL HEDGE ACCOUNTING EXPLANATION) (CONTINUED)

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.

50. EVENTS AFTER THE REPORTING PERIOD

There are no important issues need to be explained after the balance sheet date until reporting date.

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

None.(31.12.2012 none).

52. TAS FIRST PASS

None.(31.12.2012 none).

53. EXPLANATION ABOUT CASH FLOW TABLES

Cash and Cash Equivalents

	31 Dec 2013	31 Dec 2012
Cash	145	1.148
Bank	10.535.330	20.683.765
-Demand deposit	765.658	239.076
-Time deposit	9.769.672	20.444.689
Demand cheques	-	-
Other Current assets	5.430.369	3.999.971
-Repo	5.052.522	3.671.397
-POS Accounts	377.847	328.574
	15.965.844	24.684.884

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53.EXPLANATION ABOUT CASH FLOW TABLES (CONTINUED)

Currency of Time Deposit	Maturity	Interest Rate	31.12.2013	
			TRY	
TRY	20.01.2014	9,50%	1.250.000	
TRY	27.01.2014	9,60%	1.800.000	
TRY	14.01.2014	9,25%	2.500.000	
TRY	20.01.2014	9,35%	2.000.000	
TOTAL			7.550.000	

Currency of Time Deposit	Maturity	Interest Rate	31.12.2013	31.12.2013
			USD	TRY
USD	02.01.2014	0,75%	350.000	747.005
USD	02.01.2014	0,75%	190.000	405.517
USD	03.02.2014	3,15%	500.000	1.067.150
TOTAL			1.040.000	2.219.672

Currency of Repo	Maturity	Interest Rate	31.12.2013	
			TRY	
TL	03.01.2014	7,50%	1.400.000	
TL	02.01.2014	7,00%	2.500.000	
TOTAL			3.900.000	

Currency of Repo	Maturity	Interest Rate	31.12.2013	31.12.2013
			USD	TRY
USD	20.01.2014	3,10%	200.000	426.860
USD	17.01.2014	3,15%	340.000	725.662
TOTAL			540.000	1.152.522

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53.EXPLANATION ABOUT CASH FLOW TABLES (CONTINUED)

Detail of Currency of time deposit and currency of repo related to 31 December 2012 is below:

Currency of Time Deposit	Maturity	Interest Rate	31.12.2012 TRY	
TRY	04.01.2013	8,50%	3.000.000	
TRY	09.01.2013	8,50%	1.000.000	
TRY	07.01.2013	8,75%	2.500.000	
TRY	08.01.2013	8,50%	1.750.000	
TRY	25.01.2013	8,70%	1.409.959	
TOTAL			9.659.959	

Currency of Time Deposit	Maturity	Interest Rate	31.12.2012 USD	31.12.2012 TRY
USD	02.01.2013	3,85%	1.200.000	2.139.120
USD	08.01.2013	3,84%	900.000	1.604.340
USD	09.01.2013	3,84%	1.000.000	1.782.600
USD	22.01.2013	3,76%	750.000	1.336.950
USD	25.01.2013	3,94%	1.000.000	1.782.600
USD	01.02.2013	3,89%	1.200.000	2.139.120
TOTAL			6.050.000	10.784.730

Currency of Repo	Maturity	Interest Rate	31.12.2012 TRY	
TRY	07.01.2013	5,75%	2.550.000	
TRY	02.01.2013	5,75%	150.000	
TOTAL			2.700.000	

Currency of Repo	Maturity	Interest Rate	31.12.2012 USD	31.12.2012 TRY
USD	02.01.2013	0,65%	149.157	265.887
TOTAL			149.157	265.887

Currency of Repo	Maturity	Interest Rate	31.12.2012 USD	31.12.2012 TRY
EUR	02.01.2013	0,75%	300.000	705.510
TOTAL			300.000	705.510

54.EXPLANATIONS ABOUT STATEMENT OF CHANGES IN EQUITY

The company's equity change table is presented as appropriate for explanatory notes and financial tables of basics which are published on July 07, 2013 and with no 2103/19 weekly newsletter by CMC.

Effect of accountant politics changes that explain in note 2, effect of accumulated gains/losses account and effects of accumulated other comprehensive incomes/expenses as proffit/loss restrospective which is shown in other comprehensive income are shown that equity change table.