

Corporate Credit Rating

Ceramics Industry

uşakseramik			Long Term	Short Term
International	Foreign currency		BBB-	A-3
	Local currency		BBB-	A-3
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
National	Local Rating		BBB (Trk)	A-3 (Trk)
	Outlook		Stable	Stable
Sponsor Support			3	-
Stand Alone			BC	-
Sovereign*	Foreign currency		BBB-	-
	Local currency		BBB-	-
	Outlook	FC	Stable	-
		LC	Stable	-

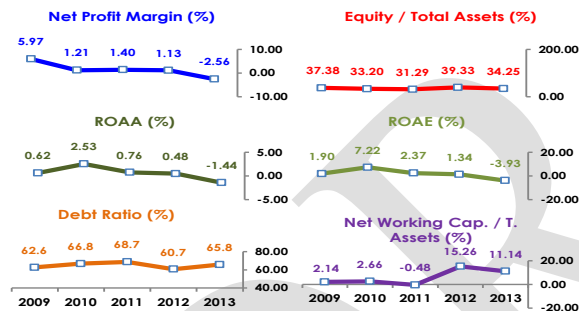
*Affirmed by Japan Credit Rating Agency, JCR on July 11, 2014

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Strengths

- Positive contribution to operational volume and market share sustainability due to consistent inter/national sales and assets growth rate supported by the long operational track record
- Improvements in branding opportunities through the Turquality programs
- Large share of sales from export activities to over 40 countries
- High level of compliance with corporate governance principles arising from its position as a publicly traded company
- Adequate audit infrastructure and high level of regulatory compliance
- Commercial and operational intra-group synergy
- Notable drop in non-performing receivables and provisions, positively affecting asset quality and contributing to risk level
- Technological investments and continuous innovations in the product range
- Advantages of efficiency in capacity utilization rates and regional incentives

UŞAK SERAMİK SAN. A.Ş.						
Financial Data	3Q2014	2013*	2012*	2011*	2010*	2009*
Total Assets (000 USD)	124,043	125,095	136,347	110,712	85,381	72,882
Total Assets (000 TRY)	282,471	266,503	242,370	209,125	131,281	108,397
Equity (000 TRY)	92,339	91,270	95,316	65,428	43,589	40,516
Net Profit (000 TRY)	899	-3,711	1,308	1,295	956	4,386
Sales (000 TRY)	125,471	145,161	115,743	92,247	78,782	73,485
Net Profit Margin (%)	0.72	-2.56	1.13	1.40	1.21	5.97
ROAA (%)	n.a	-1.44	0.48	0.76	2.53	0.62
ROAE (%)	n.a	-3.93	1.34	2.37	7.22	1.90
Equity / Total Assets (%)	32.69	34.25	39.33	31.29	33.20	37.38
Net Working Capital / T. Assets (%)	8.73	11.14	15.26	-0.48	2.66	2.14
Debt Ratio (%)	67.31	65.75	60.67	68.71	66.80	62.62
Asset Growth Rate (%)	n.a	9.96	15.90	59.29	21.11	34.63

*End of year **Audited End of Period

Overview

Uşak Seramik A.Ş. (hereafter **Uşak Seramik**, **Uşak** or **the Company**) was established in 1972 for the production of electroporcelain and currently operates in the ceramic industry producing wall and floor tiles. Uşak Seramik A.Ş. carries out production activities in the Banaz district of the Uşak Province and marketing activities, export and import processes in its headquarters in Istanbul and via retail stores throughout Turkey owned by the Tanışlar Group.

The majority of shares, currently 80.58%, have been publicly traded since 1990. The remaining shares, amounting to TRY 8.42mn, belong to **Tanser Seramik Sanayi ve Ticaret A.Ş.** As of FYE2013, the total asset size of Tanser Seramik Sanayi ve Ticaret A.Ş. was TRY 22.36mn.

The Company has followed a sustainable growth path in a ceramic sector with increased turnover and paid capital and enhanced technology techniques regarding production and operational processes. As of FYE2013, the labor force of the Company was 414 (FYE2012: 377).

Constraints

- Profitability pressure due to the upward trend in the debt ratio and resultant financial expenses due to interest expenses and FX losses
- Volatile profitability levels stemming from significant financing expenses exposed to foreign exchange and interest rates derived from inadequate use of financial instruments
- Lack of natural and structural mechanism against foreign exchange risk and short foreign currency position for the last two years
- Decreased NWC and low level of internal equity generation capacity through inadequacy of net profitability indicators
- High cost of sales pressuring profitability
- Augmented off balance sheet contingencies and commitments
- Dominance of short-term liabilities in the Company's funding composition exerting downward pressure on liquidity management
- Upward trend perception of pressure in the markets through persistent risk of social unrest and likelihood of a depreciation in the market outlook increasing funding costs and raw materials

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1. Rating Rationale

The ratings assigned by JCR Eurasia Rating for the financial structure of Uşak Seramik are the reflection of quantitative and qualitative assessments regarding the Company's on and off balance sheet financial positions, shareholder structure, level of free float and market conditions in its fields of activities.

Uşak Seramik's production is based on international standards through the ISO 9001, CE ve TSE quality documents. The Company has maintained its strong market position thanks to over 40 years of experience and an international sales network including exports to more than 40 countries including the USA, Germany, Italy and Canada.

The industry is influenced by unstable raw material prices, interest rate and foreign currency volatility, which can pressure Company finances. The ceramics industry, with a distinctively low imported production material costs, has a high level of exposure to changes in the sector's global conjecture with the future outlook being positive. Export activities of the Company are mainly in USD and EUR.

Independent auditor reports prepared in accordance with IFRS, information, projections, audit reports edited by the auditing company, sector statistical data, 3Q2014 audited reports, the outlook of the ceramic sector, JCR Eurasia Rating's own research and records and other non-financial figures were drawn upon in the determination of the assigned ratings.

Factors determining the rating include: the reputable background of the main shareholder and equity structure, strong trade position through inter/national network, commercial and operational synergies arising between group companies, efficiency in capacity utilization rates compared to those of the sector, the drop in impaired receivables in parallel with the provision affecting profitability, positive working capital, high share of sales revenues and enhanced position to corporate governance principles.

On the other hand, plans for a bond issue to repay part of the existing bank loans and create alternative funding channels, notable expansion in housing projects increasing the demand for wall and floor, regional incentives and participation in quality improvement programs in production and operational processes were the supportive considerations in the rating process.

Factors exerting downward pressure on the ratings include low level of internal equity generation capacity with regard to financing its asset growth through inadequacy of net profitability indicators, investment expenditures regarding recent quality improvement

programs and technologic infrastructural improvements involving machinery integration, short FX position, increased financing expenses due to foreign exchange losses and interest rate volatility, sensitivity to commodity prices and the volatility in the economic outlook.

Fundamental rating considerations are as below;

Participation in Quality Improvement Programs Promising Further Expansion and Profitability

Technological investments to support the implementation of standardized quality improvements in production and operational processes led to a greater cash outflow and lower profitability indicators. On the other hand, the completion of a significant part of the investments is believed to positively contribute to the Company's financial structure. Asset growth projections have been evaluated by the Company within a low-risk profile in its budgeting process.

Good Practice of Corporate Governance Principles

A high level of compliance with corporate governance principles is required for public companies, set by the Capital Markets Board of Turkey. Uşak Seramik provides corporate governance principles on its website. In addition, the negligible amount of overdue loans emphasizes the effective implementation of risk management processes. Moreover, the Committees under the scope of the Board of Directors separately highlight the duties of each Department.

Sound Management Team

The Company benefits from a robust experienced management team and improved compliance level with corporate governance practices.

Enhanced Asset Quality through Maintenance of a Low Level of Non-Performing Receivables

The allowances for impaired receivables followed a stable trend. Therefore, a drop was recorded in the ratio of non-performing receivables to total receivables thanks to effective risk management practices contributing to ratios related to impaired receivables.

Competitive Advantages in the Sector through Infrastructure Set-up and Regional Incentives

The Company benefits from efficiency in capacity utilization rates and regional incentives through the VAT privileges, investment area allowances, tax deductions and interest rate support afforded by the investment incentive certificates of 'H 1000020' and 'A 106790' certificates. The infrastructure set up and R&D provide the Company with a major competitive advantage in the market. Investment expenditures in quality and technologic infrastructural improvement programs involving machinery integration provide the Company with modest advantages in the market.

Low Dependency on Imports for Raw Material**Requirements**

The Company's dependency on imports for its raw material needs is approximately 5% on imports is expected to have a positive outlook on Company's activities. The Company has convenient accession facilities for raw material sources, therefore benefiting from a low level of import duties for material used in production.

National and International Sales Enhance Brand Reputation

Company sales revenue performed an increasing trend in parallel with an increase in the number of Company sales points in a variety of regions of Turkey and abroad. The Company exports to more than 40 countries mainly to Libya, Germany, Iraq, Israel and Romania. The Company has a representative office in Germany and also operates through dealers in 7 regions of Turkey.

Positive Demographic Trend

Turkey's untapped young population, fast pace of urbanization, per capita income and consumer confidence inevitably favour housing demand. The Real Estate Sector is expected to continue to benefit from these positive demographic trends. The increasing housing demand is bolstered by a broad-based urban transformation movement, providing advantages for the ceramics industry. The fact that the demand for wall and floor tiles primarily depends on the demand for new buildings and renovations in addition to changing consumer preferences positively affects Company operations.

High Level of Cost of Sales to Total Sales

The level of cost of sales to total sales was above 80.00% for the last three financial years, indicating a high level compared to the internationally accepted reference range. The ratio places significant pressure on gross profitability and reduces the Company's internal equity generation capacity.

Exposure to Foreign Currency Risk via Financial Liabilities

Uşak Seramik was exposed to risks in the currency market stemming from rising economic and political stability in the region which could further raise the value of USD against emerging market currencies. Despite an upward trend in the foreign currency exposure of the Company, it is not considered to significantly deteriorate the asset quality at present.

High Levels of Leverage Exerting Downward Pressure on Profitability

The expanding business volume of the Company was primarily financed by rising levels of leverage which increased from 60.67% in FY2012 to 67.31% in 3Q2014 with the share of equity drop. In addition, the funding structure of the Company remained highly dominated by short-term liabilities (69.30% as of FYE2013) which placed pressure on net working capital levels and high levels of

leverage restrained the Company's internal equity generation capacity. Overall, the Company's ongoing debt levels created considerable stress over the financial outlook. Nevertheless, alternative financing options such as the bond issuance contemplated by the Company are expected to alleviate the pressure arising from the short term liabilities.

Increased off Balance Sheet Position

The amount of off balance sheet commitments and contingencies almost doubled compared to the level of the previous period.

Insufficient Profitability Levels due to the Increase of Financial Expenses

Despite the ongoing sales growth, the Company could not achieve satisfactory profits over the reviewed period. Incurred losses over the recent years due to the increase in interest expenses and FX losses negatively affected profitability ratios as well as total income in the previous periods. On the other hand, the Company, the shares of which are partially publicly traded since 1990, is anticipated to generate additional profit and as such increase its value, due to the relief expected from the ease of the burden of financial expenses on profitability in FY2015 resulting from the completion of a large part of technological investments with the exception of renovations.

Political Uncertainties and Regional Tensions May Reduce Risk Appetite

Political instability, social tensions, rising interest rates, tightening liquidity structure and unrest in the countries in the Middle East and near regions suppress the market outlook expectations. Therefore, as much as these regions constitute solid growth potentials, the tensions and economic sanctions are likely to hinder business activity, extend receivable collection periods and postpone investment plans.

With respect to the above mentioned factors, JCR Eurasia Rating has assigned the Long Term International Foreign Currency and Local Currency Ratings as 'BBB-', the same as that of the Sovereign Ratings of the Republic of Turkey, and has assigned Long Term National Local Grade as 'BBB(Trk)' in JCR Eurasia Rating's notation system, which denotes an adequate investment grade.

Significant factors may be taken into consideration for any future change in ratings and outlook status.

An increase in equity level, continuation of internal capital generation through increased revenue via improving profitability and/or paid-in capital support for its capital base against potential losses, sustainable position in the sector, maintenance of developments in financial performance and a more diversified funding profile, high consistency in cash flow and projected growth aspects may result in a positive rating action.

On the other hand, an increase in financing costs lowering the profitability ratios, deterioration in asset quality, downward trend in sales revenue and increased volatility in commodity prices and economic outlook may trigger a negative rating result.

2. Outlook

JCR Eurasia Rating has assigned a **"Stable"** outlook for both the International and National Long and Short Term Ratings of Uşak Seramik Sanayi A.Ş., considering the continuity of the Company's revenue through production and sales activities which are expected to generate higher levels of cash-flow from ongoing and projected sales and strengthen future profitability, asset quality and balance sheet composition and current and upcoming economic conditions.

Upgrades in Turkey's country ceiling ratings, improvements in the global financial climate as well as growth prospects in the Turkish economy and competitive environment in the sector, increases in the equity base with a cash capital injection, sustainable increases in profits and sales revenues, decreases in external funding needs and increasing reputation are factors that can contribute to any future positive changes in ratings and outlook status.

An increasing tension in international politics mainly in Turkey's neighboring countries, rising political turmoil in the region, economic slump in country and market outlooks, stress on the national currency via pressure from the external funding gap, deteriorated competition conditions in the construction sector, deterioration in asset quality and profitability ratios, downgrading of the sovereign rating of Turkey and alterations in its outlook, as well as evidence of a shift towards a more aggressive debt-funded growth strategy are the substantial influences that may exert downward pressure on future changes in ratings and outlook status.

3. Sponsor Support and Stand-Alone Assessment

Sponsor Support Grades and their risk estimations reflect the financial and non-financial state and expected support of the main shareholders of Uşak Seramik, the Tanış Family and other small investors, was assessed by JCR Eurasia Rating in accordance with credit rating principles. It is believed that the shareholders have the ample power and equipment to provide financial and efficient operational support as and when required. Moreover, the fact that the main shareholder has commercial and industrial activities is also an indicator of adequate financial strength. In this regard, JCR Eurasia Rating has affirmed the Sponsor Support Grade as '3', with the expected support by the shareholders and the circumstances in the financial and non-financial states. Additionally, considering the high ratio of free float, the potential for additional capital support by small investors always bear uncertainties for their

contributions are closely dependent on developments in the market.

The Stand Alone Grade has been constituted particularly with respect to Uşak Seramik's organizational structure, equity level, funding mix, asset quality, risk management practices, proven-track history, growth rates and profitability ratios and the development of existing risks in the markets and business environment. Within this context, the Stand Alone grade of the Company has been assigned as **"BC"** in JCR Eurasia Rating's notation system, signifying a reasonable level of financial strength, with the opinion that Uşak Seramik has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet without any assistance from its shareholders, on condition that it maintains the current customer level and efficiency in the market.

4. Company Profile

a. History and Activities

With a ceramics industry history dating back to 1972, the Company is one of the paramount ceramics producers in Turkey with an increased production capacity of 15mn m². High quality wall and floor tiles are the Company's primary lines of production.

The Company was established to produce electroporcelain under the name 'Uşak Elektro Porselen Sanayi A.Ş.'. The Company changed its trade name to 'Uşak Seramik Sanayi A.Ş.' in 1986 and added wall and floor tiles into its product range in 1991. Shares were purchased from the Türkiye Katılım Bankası by Tanser Seramik Sanayi ve Ticaret A.Ş. in 2004 and the Company was added to the Tanışlar Group and currently exports to more than 40 countries in the world.

b. Organization and Employees

The Company exports to more than 40 countries. Currently, Libya, Iraq, Germany, Romania, Azerbaijan and Israel have shares on the Uşak Seramik's export portfolio of over USD 1mn each. The Company aims to commence exports to countries such as Jordan, South America, Mexico, Italy, Colombia and Japan in the following years. The production plant in Uşak also serves as headquarters and sales and marketing offices are located in Istanbul. The Company also operates through dealers in 7 regions of Turkey.

Production capacity as of March 25, 2013 was as follows: 4mn m² ceramic wall tile, 5mn m² ceramic floor tile and 1.5mn m² granite produced on a total land area of 216.947m². Total staff was 462 as of 3Q2014. The Company also provides indirect employment opportunities to 252 individuals through its subcontractor Nida İnşaat Müşavirlik Nakliye Maden İthalat İhracat Sanayi ve Tic. Ltd. Şti. as of 3Q2014. The Company performs its sales

operations on a project basis and through dealers established by the Group companies.

Production capacity based on the March 25, 2013 capacity report of the Company is listed as below;

Uşak Seramik A.Ş. Production Capacity	
Wall Tile	4.000.000 m ²
Floor Tile	5.000.000 m ²
Granite	1.500.000 m ²

* March 25, 2013

As of October 2014, the Board of Directors of the Company was comprised of 5 members, including executive and non-executive members listed as below:

Board Members	
Chairman	Durmuş Tanış
Vice Chairman	Hüseyin Tanış
Independent Board Member	Turan Kıratlı
Independent Board Member	Salim Çam
Board Member	A.Hakan Tanış

The organizational chart of the Company consists of main units of Logistics, Human Resources and Administrative Affairs, Financial Affairs, Information Technologies, Factories Management, Export and Domestic Sales Management and Marketing & Branding Management are organized and report to the General Manager. In addition, 'New Product Development', 'TZY', 'Strategy Development', 'Risk Evaluation', 'Corporate Governance' and 'Audit' Committees operate in the Company's organization structure and are directly dependent on the Executive Board and General Manager.

c. Shareholders, Subsidiaries and Affiliates

'Tanser Seramik Sanayi ve Ticaret A.Ş.' is the major qualifying legal entity shareholder of 'Uşak Seramik A.Ş.' with a rate of 19.42% while the rest of the shares have been publicly traded since 1990. Tanser Seramik purchased all shares (47.26%) of Türkiye Kalkınma Bankası A.Ş. following the 2004 tender and became the major holder of the shares.

Thanks to the capital injection in the amount of TRY 28.89mn in 2012, the paid capital increased to TRY 43.34mn. The following table provides the detailed breakdown of the Company's shareholder structure, with realized changes in the amount of paid capital over time.

Shareholder Structure	Share			
	2013	2012	2011	2010
Tanser Seramik Sanayi ve Ticaret A.Ş.	19.42%	19.42%	35.95%	49.10%
Public	80.58%	80.58%	64.05%	50.90%
Paid Capital (000 TRY)	43.336	43.336	14.445	14.445

❖ Tanser Seramik Sanayi ve Ticaret A.Ş.

Tanser Seramik Sanayi ve Ticaret A.Ş. is involved in the ceramics production and sales activities and offers consulting services to the Company. Due to the strong demand in the granite sector, Tanser Seramik introduced the Granitta Favoritta brand in 2008. Thanks to its investments, Tanser Seramik began manufacturing and marketing 2.5 million of technical granite per year.

The Tanışlar Group, which controls Tanser Seramik, was founded in 1973 and operates internationally as a leading group company in Turkey through its 8 companies and 13 brands. Currently, the major shareholder of Tanser Seramik is Mr. Durmuş Tanış with a share of capital in partnership of 40.00%. Mr. Tanış also serves as the Chairman of the Board of Uşak Seramik.

Related Parties of Uşak Seramik are listed below. As we, as JCR Eurasia Rating, have not analyzed the independent risk level of each of these companies, no opinion regarding their creditworthiness has been formed.

Related Parties of Uşak Seramik	Field	Paid/Issued Capital	The Company's Share in the Capital	The Share Capital of the Company(%)	Nature of Relationship with the Company
Tanser Seramik Sanayi ve Ticaret A.Ş.	Construction Material Trading	5.000.000	8.416.321	19.42	Associated Company
Tanışlar Yapı Malz. İnş. Pet. Mad. Ü. San. Tic. A.Ş.	Construction Material Trading	6.000.000	-	-	Related Company
Uşak Seramik Pazarlama A.Ş.	Construction Material Trading	2.000.000	-	-	Related Company
Albino Mutfak Banyo A.Ş.	Bath and Kitchen Furniture Manufacturing	2.200.000	-	-	Related Company
Tanışlar Petrol Ltd. Şti.	Petrol Trade & Transportation Opr.	400.000	-	-	Related Company
Hir Enerji İnşaat Mad. Hay. Sanç ve Tic. Ltd. Şti.	Wood Manufacturing and Maintenance Serv.	100.000	-	-	Related Company

Tanışlar Yapı Malzemeleri İnşaat Petrol Maden Ürünleri Sanayi ve Ticaret A.Ş.

The company serves as a dealer of Tanser Seramik and operates in the activities of purchasing and selling building materials and mining, construction, earthmoving and contracting. Tanışlar İnşaat took part in a variety of projects including shopping centers, sports complexes, health care facilities and factory buildings and is one of the innovative and visionary subsidiaries of the Group.

Uşak Seramik Pazarlama Sanayi ve Ticaret A.Ş.

The company serves as a dealer of Tanser Seramik and operates in the field of iron, construction, installation, food, clothing, appliances, forest products, undertake trading and auto trading.

Albino Mutfak Banyo Ürünleri İnşaat Taahhüt Sanayi ve Ticaret A.Ş.

The company manufactures kitchen and bathroom cabinets and undertakes contracting works. In addition, it produces wood pallets and exhibition stands for trade fairs.

Tanışlar Petrol Ltd Şti.

The company meets the needs of fuel and factory logistic services as well as services to external customers.

Hit Enerji Isı Metal Mad. Hay. Sanç ve Tic. Ltd. Şti.

Hit Energy A.Ş. was founded in 2009 and mainly operates in the maintenance, repair and preparing of press molds and templates.

d. Corporate Governance

Uşak Seramik is a publicly traded company; therefore the Company is required to comply with corporate governance principles. The Company provides information on its website and discloses documentation in terms of transparency such as shareholder and board manager structure, audit and financial reports, articles of association and general meeting documents. The regularly held ordinary general and extraordinary general assembly meeting details are disclosed to the public. Financial data is specifically detailed under the 'Investment Relations' department and information on environment and quality policies, social responsibility, certificates and quality documents, mission and vision are disclosed on the Company's webpage. Moreover, up-to date publicity information on the Group is presented for the attention of all investors. Invitations to meetings are made through local and national newspapers as well as trade registry gazette.

Additionally, the Company has a 'Financial Affairs Department' that meets the demand of shareholders' and stakeholders' requested information and general assemblies, ordinary shares, profit distribution proposal and similar matters. The 'Shareholder Relations Unit' was created within Financial Affairs Department to respond to inquiries of shareholders. Specifically, indicators such as principles on Equally Treatment of Shareholders, Company Disclosure Policy, insiders disclosure, disclosure of information of stakeholders, human resources policy, Information of relations between customers and suppliers, customer orientation and social responsibilities are stated in the annual report. There is no obstacle in the cycle of shares.

Corporate Governance and Audit committees which both include non-executive directors have been established under the scope of the Board of Directors to monitor potential operational risks and their negative effects and perform risk management. Moreover, the duties of the Early Detection of Risk, Nomination and Compensation Committees are held by the Corporate Governance Committee.

The Company has emphasized environmental friendly policies through waste water production plant and assessing emissions released to the atmosphere from factory chimneys. Moreover, Uşak Seramik has met the

conditions for the certification of ISO 9001 since 1996 which states a high level of quality management systems. The Board of Directors of the Company is comprised of five members, two of which are independent while three are members of the Tanış Family.

On the other hand, the non-disclosure of the Company's targets and budget, absence of a separate risk management department within the Company (the risk management duty is fulfilled by the Audit Department), partial nondisclosure of remunerations provided for the Board members and managers, nondisclosure of qualifications and election procedures of candidates for the Board are assessed as the requirements of the Company's compliance with the principle of corporate governance.

e. The Company and its Group Strategies

The Company gives importance in research and development activities by having investments in that field and using digital printing technologies to increase competitiveness in the sector. With unique designs and modern product range in the ceramic industry, the Company is one of the industry's leading manufacturers.

Despite the current market turmoil, the Company furthered its brand both nationally and internationally due to its professional management approach, extensive distribution network, innovation and customer-oriented work policy. The Company distinguished its position in the sector through its 42-year experience, large scale manufacturing plant (220.000m²), innovations, developments in technology, the enhanced importance in occupational health and safety, strong customer portfolio with well-known brands and extensive network of sales units.

The vision of the Company is to have the highest standards in production while keeping the quality above the world's leading brands in the ceramic industry. Moreover, further increases in their investments through continuously improved and renewed product range is the further vision of the Company.

The mission of the Company is to meet the customers' expectations in the best way through their quality, superior service approach and innovative structures, to continuously create value for its shareholders, employees and customers and to sustain its activities to environment in a respectful and sensitive manner.

The values of Uşak Seramik have been developed to lead the Company towards their goals and strengthen their entity. In this regard, the values of the Company are listed such as; trustworthiness, privacy, conflict of interest and responsibilities to society and humanity.

5. Sector Overview & Operational Environment

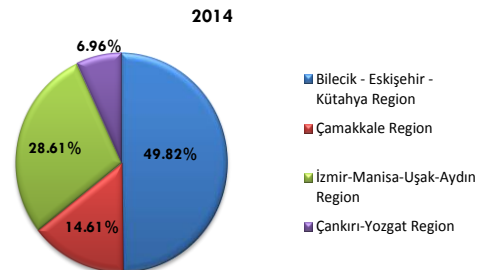
The ceramic sector a subsector of the construction field, is dominant as the producer of equipment and input of the construction sector such as ceramic floor, wall tiles, bathroom, kitchen sinks, toilets and cisterns, as well as kitchen utensils, tableware and utensils. Companies in the ceramic sector continuously renew their technology through investments in modernization. Meeting world standards in the ceramic tile industry, Turkey provides products on a global. Thanks to its resiliency to heat and friction, the usage of ceramics has increased.

The competitive power of the Turkish ceramic sector is increasing rapidly in the global market through a progressively expanding product range, increasing production capacity, investment in modern technological facilities and improvement in quality. Sub-sectors are Ceramic Tile, Ceramic Sanitary Ware, Refractory Fire Bricks, Ceramic Raw Materials, Kitchen and tableware and Technical Ceramics. Specifically, Usak Seramik's main production capacity is on three fields; ceramic wall tile (4 million m²), floor wall tile (5 million m²) and decor and kerb (1.5 million m²).

Ceramic-based materials have a service life of over a century and present a significant efficiency in all stages of life. Moreover, for the construction and housing sector, the use of raw material is improved thanks to its durability. Additionally, ceramics provide energy efficiency and thermal comfort in warm, cold, humid and dry climates. The sector has a domestic supply chain and needs to operate at high capacity utilizing high level of energy and capital. According to TSF records, the sector includes 28 companies with a total installed capacity is 406mn m².

Turkey is listed as 2nd in the world and first in the EU in cement exports and 3rd in ceramic sanitary wares exports. In terms of ceramic tile exports, Turkey is 5th in the world and 9th in the world and 3rd in the EU in terms of production. In addition, Turkey is listed as 3rd in the glass sector. Thanks to recent investments, Turkey became 1st in glass equipment production. The export figures performed a growth of 2% and recorded USD 3.4mn and aimed to reach USD 7.3mn by 2023. The number of countries to which the sector exports reached 185. The three sectors maintained their successful trend despite high energy costs. The ceramic industry provides 26 thousand direct and 220 thousand indirect jobs for the Turkish economy. Germany, England, Iraq, Russia, Israel and Libya constitute the largest markets for Turkish ceramic exports. Tile coating material export figures reached 102mn m² while the value exceeded USD 606mn as of FYE2013. Turkey is the leader in Europe in ceramic sanitary ware exports, with sales approaching 10 million units, and 3rd globally with a year-end value of USD 204mn. Total exports of the ceramic sector exceeded USD 1bn.

Turkey's ceramic covering production is located in Çanakkale, Bilecik, Eskişehir, Kütahya, Uşak, İzmir, Manisa, Aydın, Çankırı and Yozgat. 49.82% of plants are located in the Bilecik-Kütahya- Eskişehir region. The chart below shows Turkey's ceramic covering plant distribution.



Source: Ministry of Science, Industry and Technology

Environmental regulations, energy costs and availability, intellectual property right issues, knowledge and innovation, globalization and trade barriers have substantial potential impact on the competitiveness of the ceramics sector as a whole. In the EU, tax related energy production is not received in strategic sectors. Such regulations help the sectors whose most important input cost is energy.

The first three factors regarding the consumer demands are quality (21%), esthetics (11%) and price eligibility (10%). Cement, glass and ceramic are the most used domestic resources and are less dependent on imported goods. Globally, the cement, ceramic and glass sectors have followed a successful trend. Additionally, depending on changing consumer preferences, the use of wall and floor tiles for renovations and new buildings boosted sector sales. Consolidation in the sector and the emergence of global players, increasing energy costs, excess supply and dampened demand following the global crisis, relocation of production to developing economies as a result of more focus on costs, increasing need for innovation, removal of trade barriers and green technologies within the framework of sustainability issues in construction activities are some of the main trends in global ceramics industry.

Ceramic Export (000 USD)	2010	2011	2012	2013	The top countries of export and their shares in 2013 (%)
Ceramic Tile	467.770,00	521.049,00	586.606,00	604.838,00	Germany(10), Iraq (8), Israel (10), England (8), Canada (7.2)
Ceramic Sanitary Wares	156.860,00	178.537,00	186.878,00	203.237,00	Germany (13.8), France (8.7), England (8.7), Italy (10), Iraq (5.4)

In 2013, ceramic tile exports rose by 3.1% compared to the previous year and reached USD 604.8mn. On the other hand, the export figures in ceramic sanitary ware industry rose by 8.7% to almost USD 203.2mn in 2012 and the top

three countries of export in that field were Germany (USD 28.1mn), Italy (USD 20.2mn) and England (USD 17.8mn).

Ceramic Import (000 USD)	2010	2011	2012	2013	The top countries of import and their shares in 2013 (%)
Ceramic Tile	68.236,00	73.107,00	77.121,00	104.304,00	China (67), Spain(8.8), Italy (14), Vietnam(2), Germany(2)
Ceramic Sanitary Wares	8.868,00	8.833,00	7.599,00	9.470,00	Germany (29), Italy(21), China (14), Romania (4), USA (4)

In 2013, the value of ceramic tile and sanitary ware imported by Turkey were USD 104.30mn and USD 9.47mn, respectively. China, Italy and Spain are the leading exporters. While price was the defining factor of products imported from China, design and quality came to forefront for the products imported from Spain and Italy.

The distribution of ceramic sector's export figures according to country				The distribution of ceramic sanitaryware export figures according to country			
Country	2012 million USD	2013 million USD	Change (%)	Country	2012 million USD	2013 million USD	Change (%)
Germany	113	108	-4	Germany	25	28	11
England	78	81	5	Italy	17	20	21
Iraq	82	72	-11	England	18	18	2
Israel	66	69	5	France	19	18	-8
Azerbaijan	47	55	15	Iraq	13	11	-13
USA	43	52	21	USA	8	10	19
France	56	52	-8	Russia	6	9	38
Canada	37	45	23	Libya	6	8	34
Italy	29	38	30	Israel	6	8	27
Libya	21	36	76	Azerbaijan	6	6	12
Other	384	393	2	Other	63	68	7
Total	954	1001	5	Total	187	203	9

*CCSB, April 2014 report, TÜRK

Although Germany decreased its ceramics exports by 4% to USD 108mn, it was augmented by 11% to USD 28mn in ceramic sanitary ware export as of FYE2013.

The enhanced scope of urban transformation, real estate development, export demand, utilization of local resources and low dependency on imports are the sector's strengths. On the other hand, increases in energy prices, challenges in export markets (European market) and low cost production in other countries (China) can be considered the weaknesses of the Turkish ceramic sector.

Moreover, for the following years a growth of 7% has been forecasted for each sector and the market is projected to extend from the EU and Middle East to Russia and the Far East. For the protection of the stated industries' competitive structure, improvements in energy and labor costs are required;

- Facilitating access to sources of raw materials
- Expansion of the railway network and development of rail transport between production center, raw material area and ports
- Free trade agreements with the countries that do not already have on
- Additional elements in already existing legislation to provide efficient use of energy, energy-efficient incentives and special discounts to firms and compliance with EU legislation on the taxation of energy

According to the Ministry of Science, Industry and Technology's sector report, the global usage of ceramic equipment in the health sector is increasing. This growth is projected to positively affect Turkey's export performance due to Turkey's rich raw material sources. The growing construction sector will also positively affect the growth in the ceramic sector over the coming years.

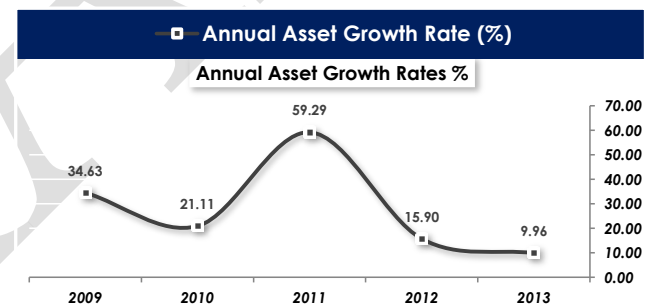
6. Financial Analysis

a. Financial Indicators and Performance

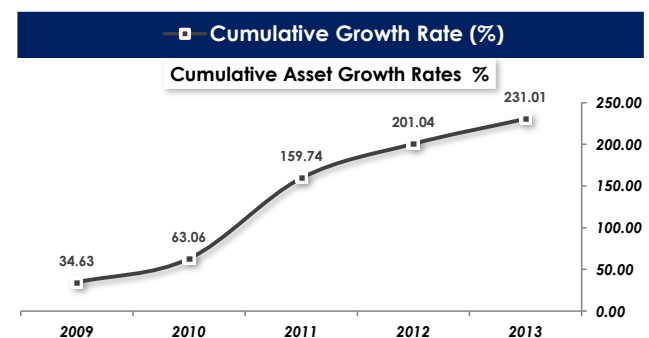
Uşak Seramik has obtained yearly based and interim period auditing reports since 2007, providing an enhanced comparison with the previous financial statements of the Company.

1. Indices relating to size

On an annual basis, the highest level of growth was recorded in 2011 with a rate of 59.29%. Since then the downward trend indicated in the growth and the annual asset growth slightly declined from 15.90% to 9.96% as of FYE2013. In addition, total assets increased to TRY 266.50mn as of FYE2013.

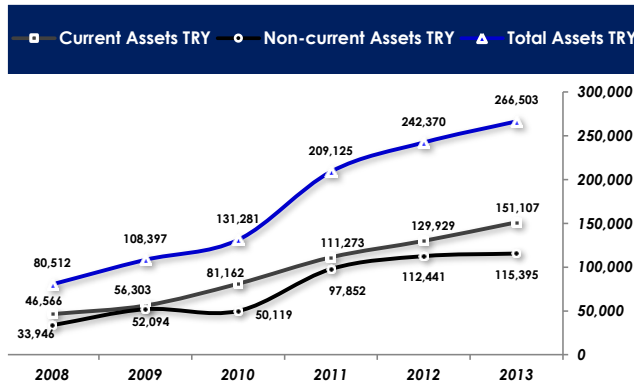


Following the period of expansion, Uşak Seramik indicated an upward cumulative growth rate of 231.01% for the FYE2009 and FYE2013 period.

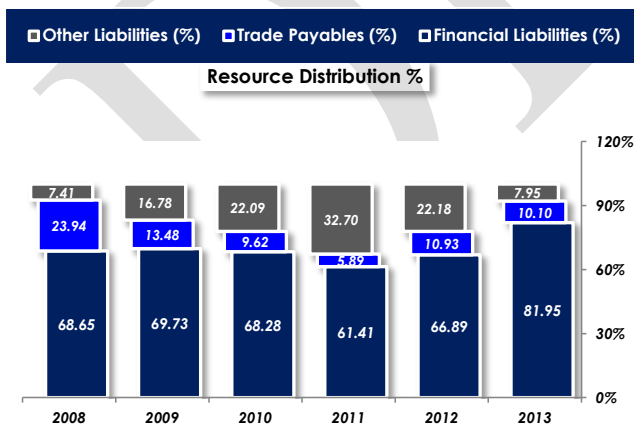


Current assets steadily increased since 2008 and the share of current assets to total assets slightly increased by 3.09%

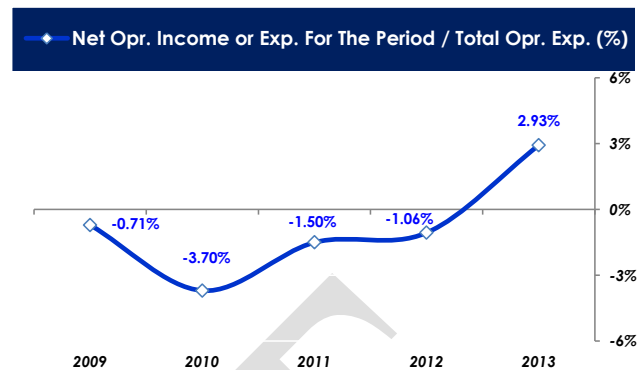
to 56.70% as of FYE2013. In specific, trade receivables and inventories amounted to TRY 56.60mn and TRY 54.04mn, respectively, and constituted the largest share of total current assets. As of FYE2013, the share of non-current assets to total assets slightly declined by 3.09% to 43.30%. As of 3Q2014, the current assets of the Company was recorded as TRY 165.10mn, constituting 58.45% of total assets while non-current assets increased to TRY 117.37mn with a share of 41.55%.



The dispersion of liabilities on the Company's balance sheet is shown in the graph below. While the share of financial liabilities including short and long term loans increased by 53.64% to TRY 120.53mn, the share of other liabilities decreased by 55.05% to TRY 11.69mn as of FYE2013. The Company's short term financial liabilities amounted to TRY 76.95mn in which 77.23% of consisted of bank loans in the amount of TRY 59.43mn. Additionally, 46.63% of total long term liabilities amounting to TRY 25.09mn consisted of bank loans with a maturity of over one year. The amount of guarantee which consisted of checks, notes, mortgages and letter of guarantees was TRY 75.27mn as of FYE2013, augmented from TRY 46.99mn in the previous year.

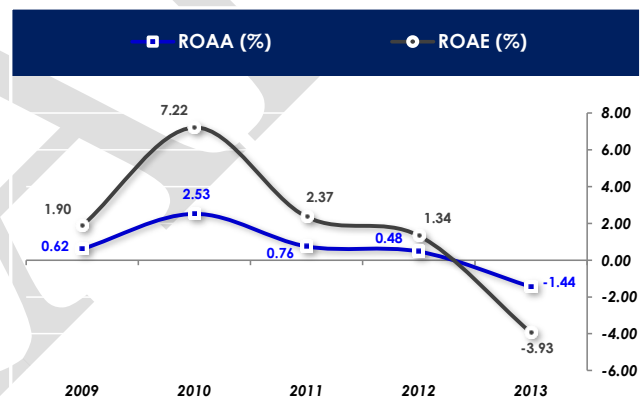


While the ratio of net operating income figures to total operating expenses maintained an increasing trend since FYE2010, the stated ratio sharply increased to 2.93% from -1.06% as of FYE2013 due to tripled amount of net expenses for the period amounting at - TRY 3.66mn.



II. Indices relating to profitability

The Company's size and volume of operations grew steadily over the reviewed period, though profits did not catch up with increasing sales due to excessive financing costs. Therefore, key profit indicators such as return on average assets and equity turned negative to -1.44% and -3.93%, respectively, as of FYE2013 where Uşak Seramik recorded a pre-tax loss of - TRY 3.66mn.

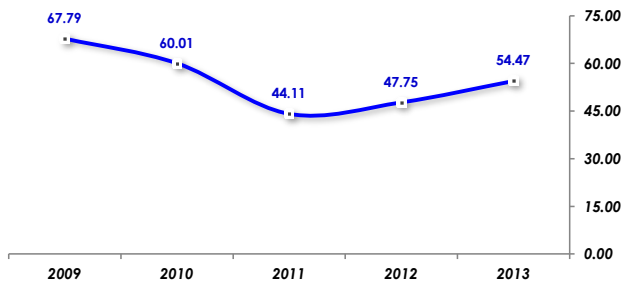


The high share of sales among Company assets indicates the role played by the Company's expanding operational volume in driving asset growth.

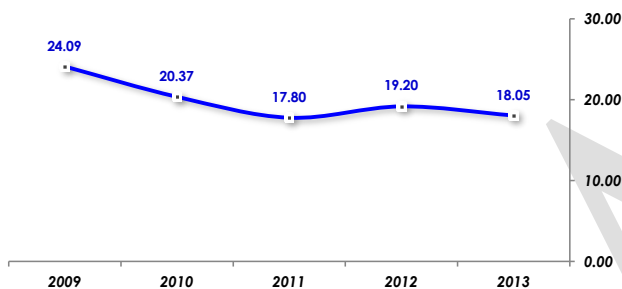
Revenues including national and international sales constitute the principle source of revenue for the Company. As of FYE2013, export sales approximately constitute 5% of total sales. The majority of sales are realized in EUR and USD denomination.

As of 3Q2014, the amount of export was USD 9.22mn (FYE2013: USD 19.30mn) and import was USD 3.71mn (FYE2013: USD 3.05mn). Considering the production and sales data of 3Q2014, total production was 11.258.151 m² and total sales was 11.489.658 m².

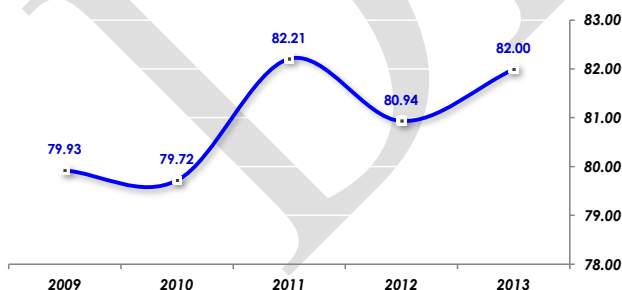
Although a steady increase was observed in the ratio of total sales to total assets ratio for the last three year period, the stated ratio slightly dropped to 44.34% in 3Q2014.

Total Sales / Total Assets (%)


The Company's Gross Profit from Principal to Sales revenues ratio exhibited a slight drop to 18.05% from 19.20% as of FYE2013.

Gross Profit from Principal Activities / Sales Revenues (%)


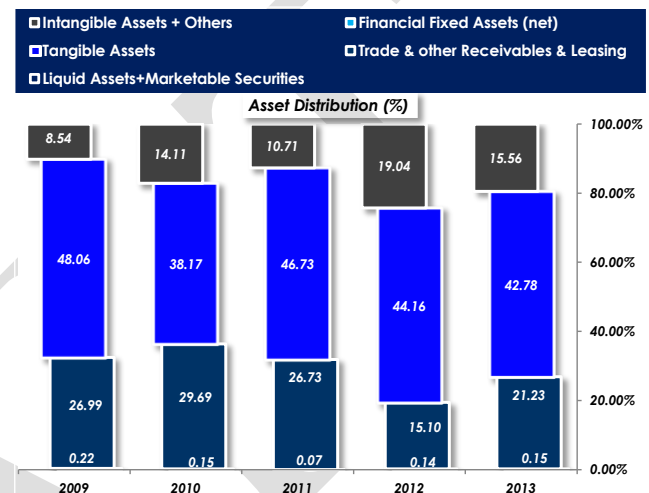
The Company maintained a fluctuated cost of sales to total sales ratio since FYE2009, which particularly hovered between 79.93% and 82.00%. The ratio slightly hiked in FYE2013 due to the larger rise of 27.06% recorded in the cost of sales compared to total sales growth. As of 3Q2014, the stated ratio peaked at 83.61%.

Cost of Sale / Total Sale (%)


b. Asset quality

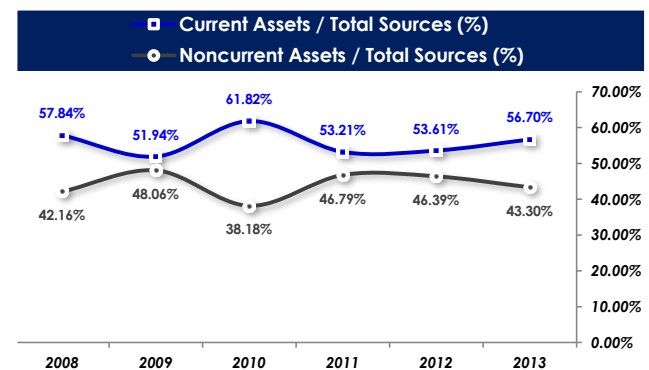
The largest share among assets belonged to tangible assets which consisted of buildings and machinery, and the amount of tangible assets performed an increasing trend

since FYE2010. Tangible assets comprised 46.73% of total assets in FYE2011, 44.16% FYE2012 and 42.78% FYE2013. The total insurance coverage on tangible assets was TRY 82mn, lowering the risk level. The second largest item among total assets was inventories at a value of TRY 54.04mn, indicating 20.28% of total assets in FYE2013, increasing from TRY 52.24mn which indicating 21.55% of total assets in FYE2012. On the other hand, liquid assets had the lowest share among total assets for the last five year period.



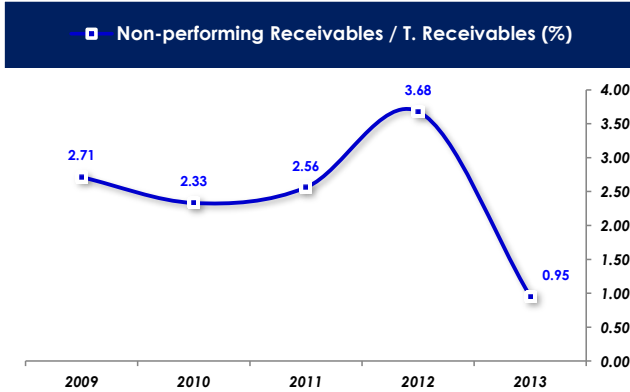
Current assets dominated the Company's asset structure for the last 5 years mainly resulting from the continuous expansion of inventories such as raw materials, supplies and finished goods and a high amount of trade receivables. The total insurance coverage on inventories was TRY 11mn.

The asset composition changed slightly in favor of current assets. Despite the steadily upward trend in non-current assets mainly due to the rise in tangible assets, the share among total assets in parallel performed a decreasing performance.

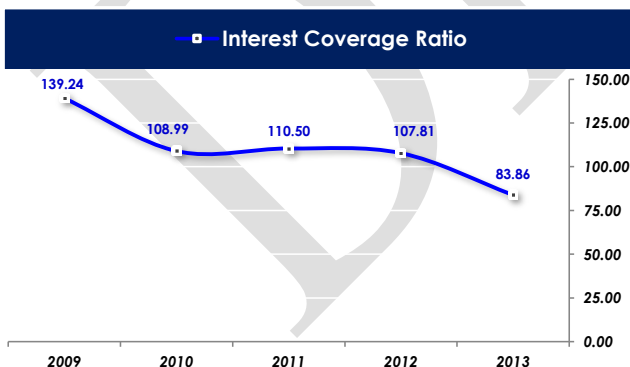


In contrast with its upward trend since FYE2010, impaired receivables to total receivables recorded a major drop to 0.95% in FYE2013 from 3.68% in FYE2012, while maintaining its position in the acceptable reference range. However, the impaired receivables represented a

relatively small share of the Company's assets at 0.21% in FYE2013 (FYE2012:0.67%) and equity 0.62% in FYE2013 (FYE2012: 1.70%) which poses a negligible risk. The maturity of trade receivables was less than a year while there the Company has a high provisioning policy for its impaired receivables, contributing to its asset quality.



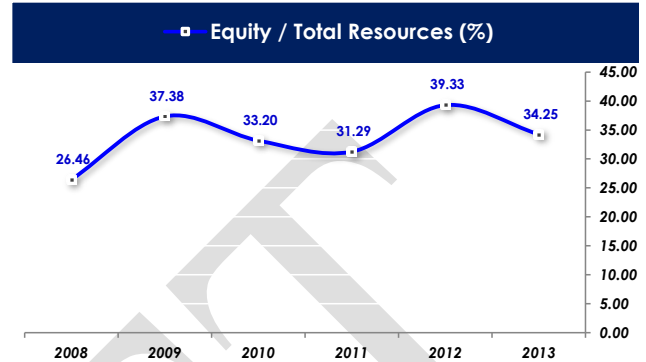
A company's ability to meet its financing expenses through internally generated funds is measured by the interest coverage ratio. A ratio greater than 150% typically denotes a financially sound company which is able to cover its obligations to its creditors. Uşak's interest coverage ratios, demonstrating a company's capability to encounter its interest expenses, were well below the adequate level compared to the international reference values due to the low level of profits or losses caused by high activities expenses and by keeping its steady decline for the last five years. The Company's interest coverage ratio, which examines the ability of a firm to pay its interest on unpaid debt in time, decreased to 83.86% in FYE2013 from 107.81% in FYE2012. The main reason behind the decrease in interest coverage ratio was the decrease in net profit due to the increase in financing expenses in FYE2013.



c. Funding & Adequacy of Capital

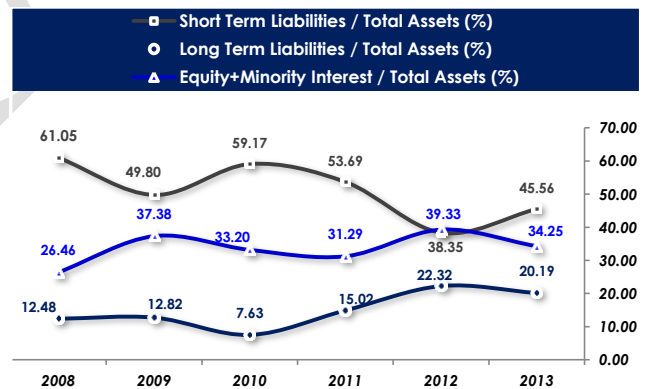
The Company's ratio of equity to total assets fluctuated over the years with a range between 26.46% in FYE2008 and 34.25% in FYE2013. The fall in the stated ratio was mainly derived from higher growth of assets against the

decline trend in the equity of the Company. The paid up capital, with a value of TRY 43.34mn in FYE2013, was stable over the reporting period and consisted of 47.49% total equity as of FYE2013.

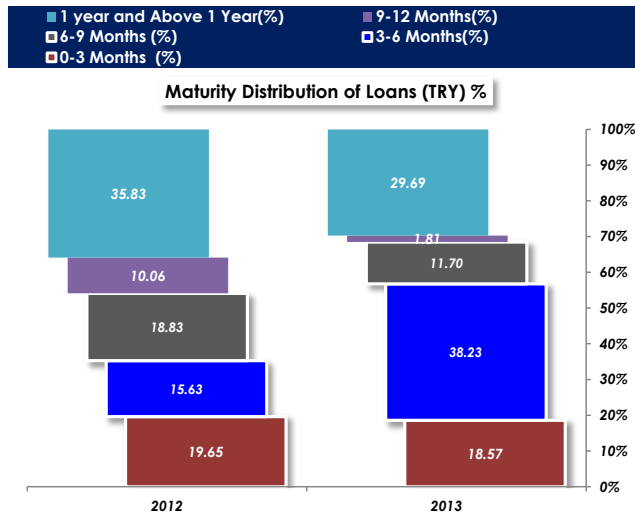


Uşak Seramik's funding mix is mainly composed of short term liabilities including loans from banks and trade payables. The Company's increased financial expenses mainly consisted of foreign currency losses and interest expenses on borrowings, which led to pressure on balance sheet quality and profitability as a result of the volatility in the local currency and interest rates.

Uşak Seramik posted short term liabilities of TRY 121.43mn. As such, the share of short term liabilities to total assets recorded an increase from 38.35% to 45.56% in FYE2013. The Company applied for a bond issuance at an amount of TRY 20mn within 2014. The diversified structure of the Company's liabilities might improve the liquidity quality.



The debt ratio of Company increased to 65.75% in FYE2013 from 60.67% in FYE2012. As of 3Q2014, debt ratio augmented to 67.31% mainly derived from a significant increase in short term borrowings. The Company did not have any amount of short term financial liabilities in foreign currency but had short and long term USD and EUR leasing payables derived from leasing activities.



The maturity structure of the Company's loan composition was shown above, as the share of loans with one year and above maturity were reduced to 29.26% from 35.83%, the loans having a maturity between 3 months and 6 months augmented to 38.23% from 15.63% as of FYE2013.

7. Risk Profile and Management

a) Risk Management Organization & Its Function- General Information

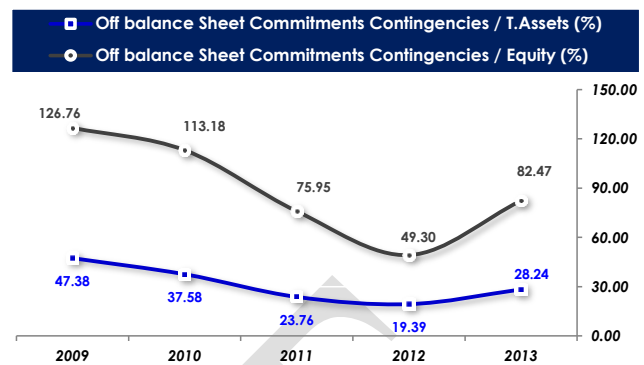
The Company is exposed to market risk including currency risk, credit risk and liquidity risk arising from its operations. However, the Company has neither established a separate risk management committee and department nor designated risk and asset-liability management models. Some of the functions of risk management process however are planned to be performed by the Corporate Governance Committee.

The relations among shareholders are held by 'Financial Affairs Department' regarding informing about equities and dividend distribution advisory.

b) Credit Risk

Receivables from related parties and third parties represented a considerable balance sheet item that can be forefront to credit risk within the financial structure of Uşak Seramik Sanayi A.Ş. The share of trade receivables in total assets excluded from related parties stood at 10.88% in FYE2012 and slightly increased to 13.28% as of FYE2013.

Credit risks resulting from the Company's operations remain rather limited regarding the negligible level of doubtful receivables with regard to total assets.



The high level of off-balance sheet contingencies and commitments compared to equity and assets continued to move along a upward trend line and settled at an acceptable level.

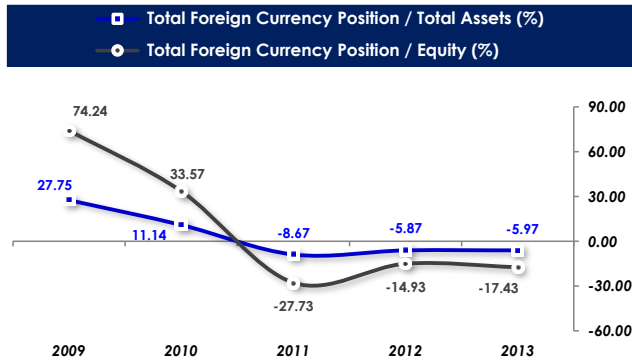
The Company's off balance sheet commitments and contingencies with regard to its total assets and equity consists of mortgages and pledges given on properties as collateral for mainly bank borrowings. The amount of off-balance sheet commitments and contingencies increased from TRY 46.99mn to TRY 84.43mn as of FYE2013 and realized a value of 31.68% to assets and 92.50% to equity.

c) Market Risk

The financial structure of Uşak Seramik is exposed to market risk, mainly through fluctuations in interest and exchange rates.

Foreign Currency Risk; the Company is exposed to foreign currency risk due to its non-native currency transactions derived from global exporting activities.

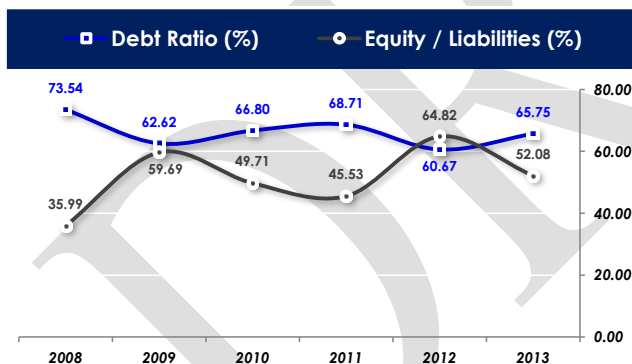
On the other hand, despite the absence of a specific unit for hedging techniques, Uşak's export revenues have had a natural hedge mechanism. The Company was still exposed to a substantial amount of foreign currency (particularly short) position over the reporting periods. On the other hand, the fact that the currency denominations of the Company's financial liabilities and export revenues differ also puts additional exposure on the Company's profitability.



The net exchange position (short) was TRY -15.98mn as of FYE2013 and TRY -13.49mn in the previous year. The total monetary assets of the Company in foreign currency (USD, EUR and GBP) were TRY 10.28mn (mainly consisting of trade receivables at an amount of TRY 10.10mn), while the total foreign currency liabilities amounted to TRY 26.26mn.

Moreover, a probable 10% change in exchange rates applied to the Company had a net variance range of (+/-) TRY 1.60mn on the stated financial statement.

Interest rate risk is caused from fluctuations in interest rate due to different maturity dates and amounts of interest earning assets and interest-bearing liabilities. As of FYE2013, the amount of credits obtained from banks was TRY 64.76mn with a maturity up to one year and TRY 28.99mn with a maturity between 1 and 5 years. The interest rate for the credits stood between 8.5% and 15% as of FYE2013.



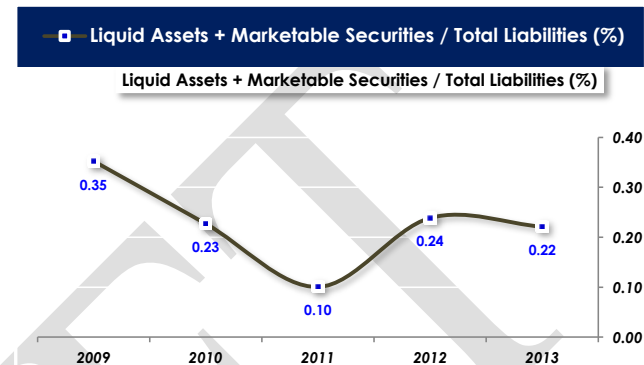
Higher debt ratios, referring to a higher leverage which consequently increased financial risk and indicated a low borrowing capacity, will in turn lower the Company's financial flexibility.

d) Liquidity Risk

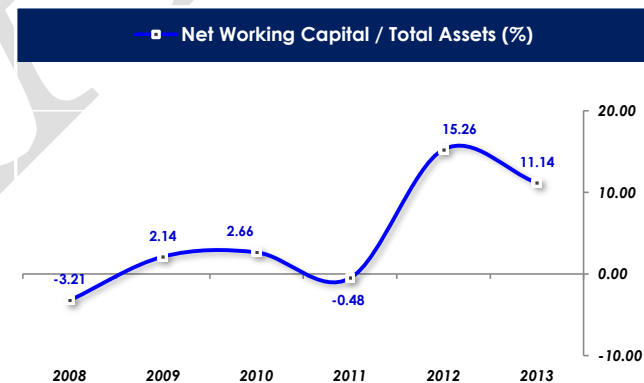
The Company is exposed to liquidity risk derived from the inability to meet funding needs. Liquidity risk can be managed by diversifying funding sources and holding enough cash to fulfill the potential liabilities of the Company.

The events leading to reduction of funding through deterioration in market conditions or credit rating has given rise to the formation of liquidity risk.

Although the amount of cash in banks was relatively low, the capability of the stock to be converted into cash relieves liquidity when needed.



The Company's net working capital, also called operating liquidity, indicated fluctuating and positive figures over the last two year period. Due to the higher growth in short term liabilities compared to current assets' growth, net working capital dropped by 19.74% to TRY 29.68mn from TRY 36.98mn as of FYE2013. The net working capital continued its downward trend to TRY 24.66mn as of 3Q2014. In addition, the ratio of net working capital to total assets declined from 15.26% to 11.14% in FYE2013.



As of December, 2014 cash credit lines worth TRY 137.49mn have been extended to Uşak Seramik by financial institutions. 69.60% of this total line has been drawn upon, with a free line amounting to TRY 41.80mn.

e) Operational, Legal Regulatory & Other Risks

Uşak Seramik has improved the controls of its operational environment by meeting the conditions of a certificate of TS EN ISO 9001, indicating a high level of quality.

The Company also holds the 'H 1000020' and 'A 106790' investment incentive certificates, which provide VAT privilege, Investment area allowance, Tax deduction, Interest rate support and Employer's national insurance contribution support.

Although a separate risk monitoring committee has not been established in the Company structure, auditing committee and the senior management carry out such duties when required. The Company implemented detailed security policies, emergency action plans and infrastructure to minimize operational risks stemming from these areas. Furthermore, the Company implements segregation of duties, human resources policies and several control processes. The duties of Company have been established in writing, which enhances transparency.

8. Budget & Debt Issue

Uşak Seramik has projected year-end financial statements figures for 2015, 2016 and 2017 as follows: net profit of TRY 22.95mn, TRY 22.66mn and TRY 30.52mn, asset size of TRY 240.38mn, TRY 283.99mn and TRY 282.28mn through an annual growth rate of 6.64%, 18.14% and -%0.60 respectively. The estimated budget projections submitted by the Company are shown below:

Income Statement TRY	Actual 2013	2014	Budgeted 2015	2016	2017
Sales Revenues	145,161,329	176,403,406	239,580,000	263,538,000	290,218,500
Cost of Sales	-119,031,791	-137,594,657	-172,497,600	-197,653,500	-217,663,875
Activities Expenses	-13,803,064	-13,412,378	-14,753,616	-16,228,978	-17,851,875
Gross Profit	26,129,538	38,808,749	67,082,400	65,884,500	72,554,625
Interest Expenses	-11,198,393	13,251,084	15,238,747	12,952,935	8,000,000
Pretax Profit	-3,663,101	3,396,371	28,688,784	28,319,585	38,150,347
Net Profit	-3,711,123	2,717,097	22,951,027	22,655,668	30,520,278
Annual Sales Growth Rate %	25.42	21.52	35.81	10.00	10.12
Cost of Sales/Total Sales %	82.00	78.00	72.00	75.00	75.00

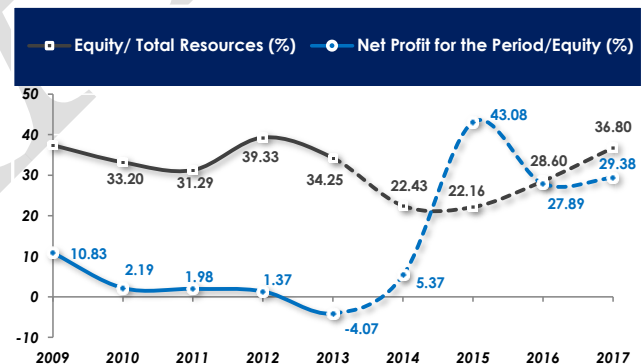
- ✓ Steady increase in total assets between FYE2014 and FYE2017
- ✓ An ongoing trend in short term liabilities with the exception of FYE2017, and fluctuating long term liabilities over the budgeted period
- ✓ A bond issue of TRY 20mn with a maturity of 2 years at floating rates and bearing coupon payments planned in the foreseeable future to serve as a financial source for growth
- ✓ Noteworthy increase in national and international sales revenue

Balance Sheet TRY	Actual 2013	2014	Budgeted 2015	2016	2017
Current Assets	151,107,439.00	159,212,989.22	145,776,452.79	177,311,996.22	157,488,771.91
Liquid Assets	387,280.00	951,703.22	1,046,873.54	1,151,560.90	1,266,716.99
Trade Receivables	68,905,906.00	95,070,664.28	81,562,542.04	111,073,531.13	90,796,267.09
Other Receivables	20,088,393.00	1,257,434.00	1,383,177.00	1,521,495.00	1,673,444.00
Inventories	54,037,365.00	58,016,423.00	58,596,588.12	59,768,519.88	60,366,205.08
Non-Current Assets	115,395,160.00	66,189,977.57	94,602,796.90	106,681,724.40	124,786,951.02
Total Assets	266,502,599.00	225,402,966.79	240,379,249.69	283,993,720.62	282,275,723.00
Short Term Liabilities	121,428,339.00	132,287,213.79	134,109,426.31	165,944,233.59	157,728,521.59
Financial Liabilities	67,404,383.00	78,721,809.00	68,321,353.50	48,321,353.50	28,321,353.50
Trade Payables	14,854,822.00	18,386,596.08	20,225,255.69	22,247,781.26	24,472,559.38
Advances Received	20,076,480.00	21,821,701.74	30,870,000.00	79,233,000.00	87,156,300.00
Other Financial Liabilities	9,546,365.00	11,219,144.92	12,341,059.41	13,575,165.35	14,932,681.89
Long Term Liabilities	53,804,383.00	42,558,382.62	52,995,335.49	36,809,316.97	20,471,363.27
Financial Liabilities	43,576,969.00	38,188,853.96	28,188,853.96	18,188,853.96	8,188,853.96
Equity	91,269,877.00	50,557,390.38	53,274,487.44	81,220,170.13	103,875,838.36
Shareholders' Equity	43,335,931.00	43,335,931.00	43,335,931.00	43,335,931.00	43,335,931.00
Profit/Loss	-3,711,123.00	3,330,079.80	2,717,097.06	22,951,027.36	22,655,668.23
Total Liabilities	266,502,599.00	225,402,966.79	240,379,249.69	283,993,720.69	282,275,723.00
Annual Asset Growth %	9.96	-15.42	6.64	18.14	-0.60
Equity/Total Asset %	34.25	22.43	22.16	28.60	36.80
ROAA %*	-1.44	1.38	12.32	10.80	13.47
ROAE %*	-3.93	4.79	55.26	45.47	41.22

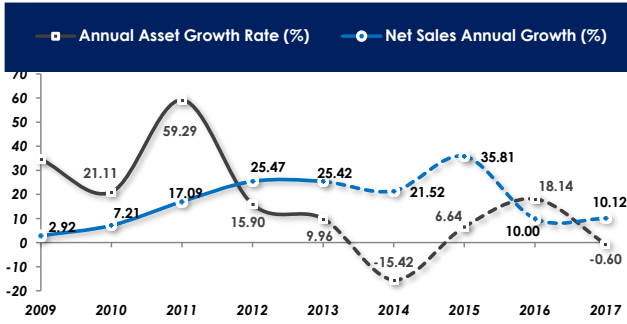
(*) Year-on-year basis comparison

Based on the assumptions of the Company's 2014 to 2017 financial statements, the profitability ratios ROAA and ROAE are expected to fluctuate between 12.32% and 13.47% and 55.26% and 41.22% for ROAA and ROAE, respectively.

Some of the indicators based on the moderate assumptions in the base scenario are shown in the charts below, where the share of the equity is expected to fluctuate within the total resources of the Company and net profit with regard to equity to outpace its level comparing to recent years.



Uşak Seramik's operations will sustain and raise the efficiency of the development processing under sales activities. As seen in the above projections, the Company aimed to dramatically increase its net profit in FYE2015 as a result of ongoing sales figures.



On the other hand, based on 3Q2014 figures, the net profit and asset size performed an upward trend to TRY 899k from TRY -3.71mn and TRY 282.47mn from TRY 266.50mn, respectively, which strengthens the predictability of the Company's projections.

The realization of the projected sales targets have been formed assuming a high level of successive annual increases and will be determined by the prevailing market demand in addition to the Company's own efforts. Additionally, it should be considered that the production and sales activities may be affected by a global slowdown due to volatility in the prices of raw materials, political risks and customer-based decline in demand.



UŞAK SERAMİK SAN. A.Ş. BALANCE SHEET - ASSET (000) TRY	FYE 2013 USD (Converted)	FYE 2013 TRY (Original)	FYE 2013 TRY (Average)	FYE 2012 TRY (Original)	FYE 2012 TRY (Average)	FYE 2011 TRY (Original)	FYE 2011 TRY (Average)	FYE 2010 TRY (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	As % of 2011 Assets (Original)	2013 Growth Rate	2012 Growth Rate	2011 Growth Rate
I. CURRENT ASSETS	70,929,140	151,107,439	140,518,245	129,929,051	120,600,942	111,272,833	96,217,429	81,162,025	56.70	53.61	53.21	16.30	16.77	37.10
A. Liquid Assets	181,787	387,280	369,106	350,932	247,762	144,591	171,861	199,131	0.15	0.14	0.07	10.36	142.71	-27.39
B. Marketable Securities	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00
1. Bond	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Share Certificates	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Decrease in Value of Marketable Securities (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Trade Receivables & Leasing	26,569,669	56,604,022	46,644,131	36,684,240	46,262,026	55,839,812	47,410,020	38,980,227	21.24	15.14	26.70	54.30	-34.30	43.25
1. Customers & Notes Receivables	27,058,807	57,646,082	47,757,950	37,869,818	47,029,705	56,189,592	47,600,839	39,012,086	21.63	15.62	26.87	52.22	-32.60	44.03
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Doubtful Trade Receivables	264,259	562,978	1,093,634	1,624,289	1,552,366	1,480,442	1,206,238	932,034	0.21	0.67	0.71	-65.34	9.72	58.84
4. Provision for Doubtful Trade Receivables (-)	-241,144	-513,733	-1,022,639	-1,531,544	-1,471,696	-1,411,847	-1,131,881	-851,914	-0.19	-0.63	-0.68	-66.46	8.48	65.73
5. Rediscout on Notes Receivables (-)	-512,254	-1,091,305	-1,184,814	-1,278,323	-848,349	-418,375	-265,177	-111,979	-0.41	-0.53	-0.20	-14.63	205.54	273.62
D. Due From Related Parties (net)	15,117,832	32,207,030	30,061,430	27,915,829	20,365,395	12,814,960	13,097,691	13,380,421	12.09	11.52	6.13	15.37	117.84	-4.23
E. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
1. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Rediscouts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Live Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Inventories (net)	25,364,892	54,037,365	53,137,469	52,237,573	42,599,007	32,960,441	28,208,148	23,455,854	20.28	21.55	15.76	3.45	58.49	40.52
H. Contract Progress Income (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
I. Deferred tax Assets	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
J. Other Current Assets	3,694,960	7,871,742	10,306,110	12,740,477	11,126,753	9,513,029	7,329,711	5,146,392	2.95	5.26	4.55	-38.21	33.93	84.85
1. Other Current Assets	3,694,960	7,871,742	10,306,110	12,740,477	11,126,753	9,513,029	7,329,711	5,146,392	2.95	5.26	4.55	-38.21	33.93	84.85
2. Provision for Other Current Assets (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
II. NON-CURRENT ASSETS	54,165,959	115,395,160	113,917,920	112,440,680	105,146,238	97,851,796	73,985,568	50,119,340	43.30	46.39	46.79	2.63	14.91	95.24
A. Trade Receivables & Leasing	-8,926	-19,016	-48,520	-78,023	-10,464	57,095	28,548	0	-0.01	-0.03	0.03	-75.63	-236.65	n.a
1. Customers & Notes Receivables & Leasing	-8,926	-19,016	-48,520	-78,023	-10,464	57,095	28,548	0	-0.01	-0.03	0.03	-75.63	-236.65	n.a
2. Other Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Doubtful Trade Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Doubtful Trade Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
5. Rediscout on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
B. Due From Related Parties (net)	117,349	250,000	522,500	795,000	427,500	60,000	30,000	0	0.09	0.33	0.03	-68.55	1,225.00	n.a
C. Other Receivables	540,652	1,151,804	2,922,817	4,693,830	2,348,350	2,870	2,870	2,870	0.43	1.94	0.00	-75.46	163,448.08	0.00
1. Other Receivables	540,652	1,151,804	2,922,817	4,693,830	2,348,350	2,870	2,870	2,870	0.43	1.94	0.00	-75.46	163,448.08	0.00
2. Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Rediscouts on Other Notes Receivable (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Affiliates (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Subsidiaries (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Other Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Tangible Assets	53,516,885	114,012,372	110,521,123	107,029,873	102,380,852	97,731,831	73,924,151	50,116,470	42.78	44.16	46.73	6.52	9.51	95.01
F. Other Fixed Assets	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
TOTAL ASSETS	125,095,099	266,502,599	254,436,165	242,369,731	225,747,180	209,124,629	170,202,997	131,281,365	100.00	100.00	100.00	9.96	15.90	59.29



UŞAK SERAMİK SAN. A.Ş. BALANCE SHEET-LIABILITIES+EQUITY (000) TRY	FYE 2013 USD (Converted)	FYE 2013 TRY (Original)	FYE 2013 TRY (Average)	FYE 2012 TRY (Original)	FYE 2012 TRY (Average)	FYE 2011 TRY (Original)	FYE 2011 TRY (Average)	FYE 2010 TRY (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	As % of 2011 Assets (Original)	2013 Growth Rate	2012 Growth Rate	2011 Growth Rate
I. SHORT TERM LIABILITIES	56,997,906	121,428,339	107,189,682	92,951,024	102,617,669	112,284,314	94,979,022	77,673,729	45.56	38.35	53.69	30.64	-17.22	44.56
A. Financial Liabilities	36,120,329	76,950,748	59,219,129	41,487,509	47,750,623	54,013,736	46,471,653	38,929,569	28.87	17.12	25.83	85.48	-23.19	38.75
B. Trade Payables	6,972,785	14,854,822	13,838,740	12,822,658	9,922,661	7,022,663	6,750,219	6,477,775	5.57	5.29	3.36	15.85	82.59	8.41
C. Due to Related Parties	295,447	629,421	8,128,518	15,627,615	22,111,427	28,595,238	18,840,238	9,085,237	0.24	6.45	13.67	-95.97	-45.35	214.74
D. Other Financial Liabilities	12,744,414	27,150,700	24,303,004	21,455,308	20,416,351	19,377,394	19,844,282	20,311,169	10.19	8.85	9.27	26.55	10.72	-4.60
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	543,734	1,158,371	1,066,003	973,635	785,230	596,824	732,532	868,240	0.43	0.40	0.29	18.97	63.14	-31.26
H. Provisions for Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
I Other Liabilities	321,196	684,277	634,288	584,299	1,631,379	2,678,459	2,340,099	2,001,739	0.26	0.24	1.28	17.11	-78.19	33.81
II. LONG TERM LIABILITIES	25,255,531	53,804,383	53,953,340	54,102,297	42,757,549	31,412,800	20,715,552	10,018,304	20.19	22.32	15.02	-0.55	72.23	213.55
A. Financial Liabilities	20,454,830	43,576,969	40,270,069	36,963,169	29,275,206	21,587,243	14,312,982	7,038,721	16.35	15.25	10.32	17.89	71.23	206.69
B. Trade Payables	0	0	0	0	115,738	231,475	115,738	0	n.a	n.a	0.11	n.a	-100.00	n.a
C. Due to Related Parties	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	472,586	1,006,798	4,660,483	8,314,168	4,758,616	1,203,064	632,368	61,672	0.38	3.43	0.58	-87.89	591.08	1,850.75
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
H. Provisions for Liabilities	4,328,115	9,220,616	9,022,788	8,824,960	8,607,989	8,391,018	5,654,465	2,917,911	3.46	3.64	4.01	4.48	5.17	187.57
I Other Liabilities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
TOTAL LIABILITIES	82,253,437	175,232,722	161,143,022	147,053,321	145,375,218	143,697,114	115,694,574	87,692,033	65.75	60.67	68.71	19.16	2.34	63.87
F. EQUITY	42,841,662	91,269,877	93,293,144	95,316,410	80,371,963	65,427,515	54,508,424	43,589,332	34.25	39.33	31.29	-4.25	45.68	50.10
a) Prior year's equity	44,741,086	95,316,410	80,371,963	65,427,515	54,508,424	43,589,332	42,052,449	40,515,566	35.77	26.99	20.84	45.68	50.10	7.59
b) Equity (Added from internal & external resources at this year)	-157,440	-335,410	14,122,609	28,580,627	24,561,831	20,543,035	11,330,323	2,117,610	-0.13	11.79	9.82	-101.17	39.13	870.10
c) Minority Interest	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
h) Profit & Loss	-1,741,984	-3,711,123	-1,201,428	1,308,268	1,301,708	1,295,148	1,125,652	956,156	-1.39	0.54	0.62	-383.67	1.01	35.45
TOTAL LIABILITY	125,095,099	266,502,599	254,436,165	242,369,731	225,747,180	209,124,629	170,202,997	131,281,365	100.00	100.00	100.00	9.96	15.90	59.29
USD Rates 1=TRY		2.1304		1.7776		1.8889		1.5376						

UŞAK SERAMİK SAN.A.Ş.						
INCOME STATEMENT						
(000) TRY						
	2013	2012	2011	2010	2009	2008
I. Principal Activity Revenues	26,197,584	22,220,091	16,422,094	16,048,242	17,705,353	19,854,366
A. Sales Revenues (Net)	145,161,329	115,743,068	92,247,015	78,782,351	73,484,532	71,398,357
1.Domestic Sales	147,226,212	117,129,173	93,698,357	80,692,509	75,023,565	72,833,585
2.Export Sales	0	0	0	0	0	0
3.Sales Deductions (-)	-2,064,883	-1,386,105	-1,451,342	-1,910,158	-1,539,033	-1,435,228
B. Cost Of Sales (-)	-119,031,791	-93,680,889	-75,840,425	-62,808,170	-58,735,167	-54,884,410
C. Service Revenues (net)	0	0	0	0	0	0
D. Other Revenues From Principal Activities	68,046	157,912	15,504	74,061	2,955,988	3,340,419
1.Interest	68,046	157,912	15,504	74,061	2,955,988	3,340,419
2.Dividend	0	0	0	0	0	0
3.Rent	0	0	0	0	0	0
4.Other	0	0	0	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	26,197,584	22,220,091	16,422,094	16,048,242	17,705,353	19,854,366
Activities Expenses (-)	-13,803,064	-11,760,923	-10,115,939	-9,488,680	-8,101,098	-8,440,676
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	12,394,520	10,459,168	6,306,155	6,559,562	9,604,255	11,413,690
Income & Profit From Other Activities	1,525,113	1,410,858	1,495,778	3,008,580	3,497,972	2,684,137
Expenses & Losses From Other Activities (-)	-1,648,955	-1,634,146	-1,983,978	-1,041,242	-2,557,135	-2,849,299
Financing Income	7,059,815	7,587,598	7,810,371	5,145,829	1,218,222	2,746,303
Financing Expenses (-)	-22,993,594	-16,742,855	-12,336,122	-10,634,950	-11,176,223	-14,819,152
OPERATING PROFIT & LOSS	-3,663,101	1,080,623	1,292,204	3,037,779	587,091	-824,321
Net Monetary Position exc. And Other Profit & Loss (+/-)	0	0	0	0	0	0
PRETAX PROFIT & LOSS	-3,663,101	1,080,623	1,292,204	3,037,779	587,091	-824,321
Taxes (-/+)	-48,022	227,645	2,944	-2,081,623	3,798,862	-2,002,153
NET PROFIT FOR THE PERIOD	-3,711,123	1,308,268	1,295,148	956,156	4,385,953	-2,826,474
Total Income	155,879,186	126,285,541	103,020,010	88,920,979	82,695,747	81,604,444
Total Expense	-159,542,287	-125,204,918	-101,727,806	-85,883,200	-82,108,656	-82,428,765
NET INCOMES OR EXPENSES FOR THE PERIOD	-3,663,101	1,080,623	1,292,204	3,037,779	587,091	-824,321

UŞAK SERAMİK SAN. A.Ş. FINANCIAL RATIOS %	FYE 2013	FYE 2012	FYE 2011	FYE 2010
I. PROFITABILITY				
Relationship Between Capital and Profit				
ROAE - Pre-tax Profit / Equity (avg.)	-3.93	1.34	2.37	7.22
ROAA - Pre-tax Profit / Total Assets (avg.)	-1.44	0.48	0.76	2.53
Total Income / Equity (avg.)	167.09	157.13	189.00	211.45
Total Income / Total Asset (avg.)	61.26	55.94	60.53	74.20
Economic Rentability ((Financing Expenses + Pre-tax Profit) / (Total Liabilities) (avg.)	7.60	7.90	8.01	11.41
Operating Profit / Total Assets (avg.)	4.87	4.63	3.71	5.47
Financial Expenses / Inventories Ratio (avg.)	43.27	39.30	43.73	51.87
Return on Avg. Long Term Sources	-2.52	1.06	1.72	1.77
Relationship Between Sales and Profit				
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	18.05	19.20	17.80	20.37
Operating Margin = Operating Incomes / Net Sales Income	8.54	9.04	6.84	8.33
Net Profit Margin = Net Profit / Net Sales Income	-2.56	1.13	1.40	1.21
Cost of Sales / Net sales Income	82.00	80.94	82.21	79.72
Activities Expenses / Net Sales Income	9.51	10.16	10.97	12.04
Financing Expenses / Net Sales Income	15.84	14.47	13.37	13.50
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	13.32	15.40	14.77	17.36
Relationship Between Financing Liabilities and Profit				
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	84.07	106.45	110.47	128.56
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	83.86	107.81	110.50	108.99
Structure of Income and expenditure account				
Financing Expenses / T. Asset (avg.)	9.04	7.42	7.25	8.87
Financial Liabilities / T. Assets	45.23	32.37	36.15	35.02
II. LIQUIDITY				
(Liquid Assets + Marketable Securities) / T. Assets	0.15	0.14	0.07	0.15
(Liquid Assets +Marketable Securities) / T. Liabilities	0.22	0.24	0.10	0.23
Net Working Capital / Total Assets	11.14	15.26	-0.48	2.66
Liquid Assets / Equity	0.42	0.37	0.22	0.46
Current Ratio	124.44	139.78	99.10	104.49
Acid Test Ratio	73.46	69.88	61.27	67.67
Cash Ratio	0.32	0.38	0.13	0.26
Inventories / Current Asset	35.76	40.20	29.62	28.90
Inventories / Total Asset	20.28	21.55	15.76	17.87
Inventories Dependency Ratio	224.00	177.27	340.23	330.30
Short Term Receivables / Total Current Assets	58.77	49.72	61.70	64.51
Short Term Receivables / Total Assets	33.32	26.65	32.83	39.88
III. CAPITAL and FUNDING				
Equity / Total Assets	34.25	39.33	31.29	33.20
Equity / Liabilities	52.08	64.82	45.53	49.71
Net Working Capital/Total Resources	11.14	15.26	-0.48	2.66
Equity generation/prior year's equity	-0.35	43.68	47.13	5.23
Internal equity generation/prior year's equity	-3.89	2.00	2.97	2.36
Tangible Assets/Total Asset	42.78	44.16	46.73	38.17
Financial Fixed Assets/(Equity +Long Term Liabilities)	0.00	0.00	0.00	0.00
Minority Interest/Equity	0.00	0.00	0.00	0.00
IV. EFFICIENCY				
Net Profit Margine Growth	-326.18	-19.49	15.68	-79.67
Net Sales Growth	25.42	25.47	17.09	7.21
Equity Growth	-4.25	45.68	50.10	7.59
Asset Growth	9.96	15.90	59.29	21.11
Inventories Turnover	224.01	219.91	268.86	306.33
Days Inventories Utilization	162.94	165.97	135.76	119.15
Receivables Turnover	304.26	246.16	193.68	230.46
Days' Accounts Receivable	119.96	148.28	188.46	158.38
Efficiency Period	282.90	314.25	324.22	277.53
Payables Turnover	860.13	933.23	1,104.59	927.08
Days' Payments In Accounts Payables	42.44	39.11	33.04	39.37
Cash Turnover Cycle	240.47	275.14	291.17	238.16
Current Assets Turnover	103.30	95.97	95.87	114.62
Net Working Capital Turnover	435.55	643.62	7,448.84	2,712.53
Tangible Assets Turnover	131.34	113.05	124.79	154.16
Fix Asset Turnover	127.43	110.08	124.68	154.15
Equity Turnover	155.60	144.01	169.23	187.34
Asset Turnover	57.05	51.27	54.20	65.74
Export sales/Total sales	0.00	0.00	0.00	0.00
V. ASSET QUALITY				
Non-Performing Receivables / Total Receivables	0.95	3.68	2.56	2.33
Non-Performing Asset / Total Assets	63.06	65.71	62.49	56.04
Financial Fixed Assets / Non-Current Assets	0.00	0.00	0.00	0.00
VI. SENSITIVITY OF FOREIGN CURRENCY				
Total Foreign Currencies Position/ Asset	-5.97	-5.87	-8.67	11.14
Total Foreign Currencies Position/Equity	-17.43	-14.93	-27.73	33.57
VII. INDEBTEDNESS				
Debt Ratio	65.75	60.67	68.71	66.80
Short Term Liabilities/Total Asset	45.56	38.35	53.69	59.17
Long Term Liabilities/Total Asset	20.19	22.32	15.02	7.63
Long Term Liabilities/(Equity+ Long term Liabilities)	37.09	36.21	32.44	18.69
Fixed Asset/Liabilities	65.85	76.46	68.10	57.15
Fixed Asset/(Long Term Liabilities +Equity)	79.54	75.25	101.04	93.49
Short Term Liabilities/ T. Liabilities	69.30	63.21	78.14	88.58
Short Term Financial Liabilities/Short Term Liabilities	63.37	44.63	48.10	50.12
Tangible Assets/Long Term Liabilities	211.90	197.83	311.12	500.25
Financial Liabilities/Total Liabilities	68.78	53.35	52.61	52.42
Off Balance Liabilities/(Assets +Off Balance Liabilities)	22.02	16.24	19.20	27.31
Off Balance Liabilities/(Equity +Off Balance Liabilities)	45.20	33.02	43.17	53.09