Corporate Credit Rating

Non- Financial Sector

[(Textile, Tractor Sectors)]

EREĞLİ TEKSTİL			Long Term	Short Term
International	Foreign Currency		BBB-	A-3
	Local Currency		BBB-	A-3
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
	Issue Rating		-	-
National	Local Rating		BBB (Trk)	A-3 (Trk)
	Outlook		Stable	Stable
	Issue Rating		BBB (Trk)	A-3(Trk)
Sponsor Support			2	-
Stand Alone			BC	-
Sovereign*	Foreign Currency		BBB-	-
	Local Currency		BBB-	-
	Outlook	FC	Stable	-
		LC	Stable	-

* Assigned by Japan Credit Rating Agency, JCR on July 19, 2016

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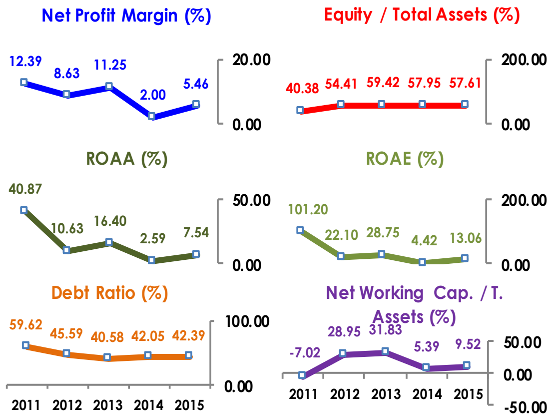


EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş.

Financial Data	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	170,633	188,089	196,982	216,768	166,560
Total Assets (000 TRY)	496,134	436,160	420,418	385,327	314,614
Equity (000 TRY)	285,811	252,759	249,824	209,640	127,041
Net Profit (000 TRY)	25,982	8,742	51,270	28,234	52,843
Sales (000 TRY)	476,156	436,355	455,860	327,151	426,547
Net Profit Margin (%)	5.46	2.00	11.25	8.63	12.39
ROAA (%)	7.54	2.59	16.40	10.63	40.87
ROAE (%)	13.06	4.42	28.75	22.10	101.20
Equity / Total Assets (%)	57.61	57.95	59.42	54.41	40.38
Net Working Capital / T. Assets (%)	9.52	5.39	31.83	28.95	-7.02
Debt Ratio (%)	42.39	42.05	40.58	45.59	59.62
Asset Growth Rate (%)	13.75	3.74	9.11	22.48	n.a

*End of year

Company Overview

Operating in the textile sector, **'Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş.'** (herein referred to as 'Ereğli Tekstil', 'the Company' or 'the Group') was founded in 1937 by Sümerbank and purchased by the Albayrak Group in 1997. The Group mainly operates in the production and sale of tractors and all kinds of fabrics, fabric dyeing services, manufacturing, and sales services of textile and garment products through its subsidiaries and affiliates.

Albayrak Turizm Seyahat İnşaat Ticaret A.Ş., controlled by members of the Albayrak Family, is the main shareholder of Ereğli Tekstil with a share of 45%.Following the recent takeover of 40% of Trabzon Liman Isletmeleri A.Ş., Eregli Tekstil has two direct subsidiaries, in addition to Tümosan Motor.

The Company is headquartered in İstanbul and operated in fully integrated high-tech plants with a staff force of 70 as of FYE2015 (FYE2013: 16). Ereğli Tekstil is a significant provider of clothing to the Turkish Armed Forces.

Strengths

- Remarkable drop in receivables from the main shareholder as a result of the takeover of a 40% stake of Trabzon Liman İşletmeciliği A.Ş. belonging to Albayrak Turizm
- The separation and authorization of the sales and marketing departments of Tümosan Motor leading better management
- After sales services; reduction of transport and cargo expenses via an expanding dealer structure providing customer satisfaction
- Reasonable funding mix and leverage thanks to efficient use of financial instruments through successful bond issuances contributing to the Company's cash reserves and alternative funding sources limiting concentration risk
- The low import dependency and liabilities in foreign currency eliminates the vulnerability against foreign exchange rate fluctuations in the Company balance sheet
- The main subsidiary's weighted share in the Group's consolidated structure in terms of the assets, sales, and generated profit and Group synergy created by regional and sector diversity facilitating natural hedging against a slump
- Significant sales and asset growth mainly derived from the tractor field, considerably amplifying profitability despite a period of political and economic uncertainty emanating from the 2015 election cycle
- Increase in main profitability ratios above the previous year's figures, positively contributing to internal equity generation capacity promising further growth
- Strong brand identity via Tümosan Motor through large nationwide number of dealers and sales points and group companies well positioned to benefit against rivalry through diversified business activities

Constraints

- Large level of on-going off balance sheet commitments and contingencies pressuring assets quality
- Low level of liquidity ratios over the reviewed period
- Decreasing market share of main subsidiary despite accelerated profit margin
- Fragile condition of the debt structure in terms of interest movements of the bond issuances
- High level of related parties' total receivables despite a significant drop in FYE2015, increasing vulnerability on asset quality
- Increased operating costs and pressured profitability from the commissions paid to distributors in the tractor field and expenses regarding ongoing projects
- Improvements needed in corporate governance principles
- Heavy focus on a single textile customer leading a business risk concentration
- Possible distribution of accumulated retained earnings may pressure resource reduction in consequence of the non-inclusion of an important portion of the capital resources
- Growing perception of pressure in the markets through risks arising from the current social unrest, political instability on economic influences and global environment and pressure in sales revenue due to seasonal fluctuations and pricing strategies

Publication Date: July 22, 2016

"Global Knowledge supported by Local Experience"

1. Rating Rationale

The ratings assigned by JCR Eurasia Rating for Eregli Tekstil are a reflection of the Company's consolidated independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS), on and off-balance sheet figures, general market conditions in its fields of activities, information and clarifications provided by the Company, and non-financial figures.

The Company's shareholding structure, asset quality, risk management practices, market position, profitability figures, growth rates, intra-group synergy, brand awareness, and the expected sponsor support and the financial and non-financial positions of the main shareholders and related companies have been taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency grades as well as national grades. The main driving forces behind the Company's long-term national grade are;

Reputation and Experience of Main Shareholder

As one of Turkey's most prominent corporate groups, Albayrak Turizm Inş ve San. A.Ş.'s operates in the fields of local personnel transport services, car rental services, textiles, port management, waste collection and transfer services, meter reading and billing services, electricity selling, written and visual media, automotives, and logistics activities. Enjoying the assistance of a well-reputed shareholder in its shareholding structure has provided Eregli Tekstil and other group companies with the ability to soften the Company's risk level.

Related-Party Transactions and the Takeover of Trabzon Liman İşletmeciliği A.Ş.

The high level of related-parties, which creates receivable and debt concentrations, worsens the asset quality. The receivables from the main shareholder, Albayrak Turizm, decreased to TRY 24.81mn from TRY 104.28mn. The main reason behind this collection was the take over a 40% stake of Trabzon Liman İşletmeciliği A.Ş. belonging to Albayrak Turizm for TRY 92mn in October 2015. The transactions between the related parties remain ongoing.

Successful Use of Debt Issuance Supporting Long Term Borrowing

The Company has a diversified borrowing structure through bank loans and capital market instruments such as debt issuances. The bond issuances, particularly in a textile sector with scarce alternative funding sources, present the advantages of reducing funding costs, relieving the balance sheet, and lengthening the maturity of borrowings, leading to a positive effect on liquidity management.

Geographically Diversified Network

With a sales and service of network extending to 104 main offices in 65 cities and 400 authorized services in 78 provinces, Tümosan continues to increase its brand recognition on national platforms. The Company has a higher market share in the **70 hp and higher horsepower tractor segment** in which the turnover and profitability is higher. With a 10% market share in the tractor segment and a sales volume of 6,915 in FYE2015, the Company maintains an influential share in the market. Tümosan plays a decisive role in the tractor market of focusing on the domestic industry rather than export markets.

Diversified Customer Base

Tümosan produces 264 different models of tractors in 29 lines. The Group has a network of 400 points throughout Turkey. The sales performances and inventories of dealers are monitored on a weekly basis. The Group aims to convert to the 3S concept (sales, service, spare parts) to meet the increasing need of the growing tractor market and boost service quality.

Cultivating a Strong Brand Identity Through Sustainable Investments and Enhanced Market Position through the 'Tümosan' Brand

Through regular investments in R&D and human resources as well as innovative approaches, Eregli Tekstil continued to increase its brand awareness via Tümosan Motor's operations in the global market in 2015. Tümosan Motor was the first diesel engine manufacturer in Turkey and produces diesel engine cars under its own brand and provides engines to other producers via sales network covering a variety of regions. Currently, the Company runs two important projects; '**Altay Tankı Güç Geliştirme Projesi**' and '**MOU (memorandum of understanding)** for fast train'.

Improved Profit and Profitability Ratios Despite Fluctuations

As of FYE2015, the Group recorded a net profit of TRY 25.98mn, a moderate increase compared to the minimal amount of TRY 8.74mn of the previous year. The Company has achieved net profits throughout the entire reviewed period since FYE2011. Such indicators pertaining to net profitability as return on average assets (ROAA) and return on average equity (ROAE) ratios depicting the utilization level of its assets and equity increased in FYE2015 and sustaining its positive values over the reporting period. Additionally, the augmented profit margin through continuity of activities and sales revenue played a major role in the notable growth in assets reflecting the efficiency of operations and cash flow generation strength.

Ongoing Investments

The positive effect of austerity measures projected in the fields of production, management, and logistics on profitability performance in the following periods, the reflection of recently acquired Trabzon Liman İşletmesi on the company balance sheet, the Group's strategy of expanding its operating fields, warranty expenses savings due to customer satisfaction, quality-oriented management strategies, and decreased service costs are considered to have a positive effect on Company balance sheet. Additionally, with the ongoing investments in Tümosan Döküm, totally owned by Tümosan Motor, the Group projected to almost double production capacity. The improved effect on net working capital via generated cash through augmented profit stemming from decreased costs.

Ongoing but Low Short Position

Although not a specific risk for the Group, the Company carried an increasing FX risk due to its trade receivables and payables. The depreciation of the TRY against the USD will distress FX position. On the other hand, the considerably low import dependency and liabilities in foreign currency eliminates the vulnerability against foreign exchange rate fluctuations in the Company balance sheet.

High Inventories Level and Spare Parts Sales

Inventories comprised over 20% of total assets over the reviewed periods. The capability of the stock to be converted into cash relieves liquidity when needed. Besides, emphasis on the sale of high profit margin spare parts via an expanding dealer structure and through online orders providing a time advantage and supporting profitability.

Single Textile Customer Leading a Business Risk Concentration

Eregli Tekstil provides a significant share of uniforms of the Turkish Armed Forces manufactured in modern and integrated production plants with flexible manufacturing and design capability and has strengthening its position in the market as one of the few companies with the capacity to produce high-tech-military products. The Company's production and sales expectations are shaped depending on the tenders. Despite slowness in the textile sector, Ereğli Tekstil has increased its domestic reputation through its sales range and the facilities of its public subsidiary Tümosan Motor, the first diesel engine manufacturer in Turkey.

Further Improvement Need in the Extent of Compliance with Corporate Governance Practices

As a non-listed Company, compliance with internationally accepted corporate governance best practices and legal regulations supervised by the Capital Markets Board is not compulsory for Eregli Tekstil. Nevertheless, as guidelines for effective organizational management and operational processes, efforts towards full compliance are considered highly beneficial. A higher level of transparency on issued bonds and the formation of committees and governance policies will increase the compliance level in the context of transparency. On the other hand, the main subsidiary, Tümosan Motor, is publicly traded on the national stock market (BİST) since December, 2012.

Reasonable Funding Mix and Leverage

The Company mainly finances its operations via bond issuances. Eregli Tekstil's outstanding bond issuances reflect a more balanced funding mix and maturity structure. Additionally, the lower levels of leverage offer the Company more favourable credit conditions from financial institutions.

The Uncertainty about Altay Tankı Güç Geliştirme Project and Economic Environment

The ongoing uncertainty regarding technical support from abroad for the Altay Tankı Güç Geliştirme Project and the sustainability of future cash flows of the Company under political and economic stresses and the negative conjecture created by political and economic stresses along with regional tensions are all factors that will continue to be monitored by JCR Eurasia Rating.

As there are no additional legal and/or financial collateral guarantees provided separately for the repayment of the bond issued by Eregli Tekstil, the rating assigned for the TRY dominated bond issuances has been assigned as the same as the Company's Long and Short Term National Local Ratings.

With respect to the above mentioned factors, JCR Eurasia Rating has affirmed the Long Term International Foreign Currency and Local Currency Ratings of Eregli Tekstil to **'BBB-'** and the Long Term National Local Rating as **'BBB (Trk)'** in JCR Eurasia Rating's notation system.

Moreover, considerations determining the rating include: the Company's successful track record with respect to the reputable background of the main shareholder and equity structure, efficient use of financial instruments through successful bond issuances helping to improve the debt composition in favor of short and long-term liabilities and trade & operational synergies between Group companies, the dominant position of the Company's high-tech plant in the textile sector in terms of providing Turkish Army's clothing needs, the recent improvement in profitability performance especially in ROAA and ROAE figures, working capital and high share of sales revenues of Group companies.

On the other hand, considerations exerting downward pressure on the ratings include: a single customer risk in terms of textile sale activities, high off-balance sheet commitments and obligations and pledges on the shares of the consolidated Company, short term weighted indebtedness, weaknesses in corporate governance principles, possible pressure resource reduction of the distribution of accumulated retained earnings may in consequence of the non-inclusion of an important portion of the capital resources.

Additionally, strong sales volume, the positive effect of austerity measures projected in the fields of production, management, and logistics on profitability performance in the following periods, the reflection of recently acquired Trabzon Liman İşletmesi on the company balance sheet, the Group's strategy of expanding its operating fields, ongoing uncertainty regarding technical support from abroad for the Altay Tankı Güç Geliştirme Project, and the sustainability of future cash flows of the Company under political and economic stresses and regional tensions are all factors that will continue to be monitored by JCR Eurasia Rating.

2. Outlook

Eregli Tekstil's outlook has been affirmed with respect to several factors including the value of inventories and investment portfolio, sales revenue, funding structure, sector outlook, economic prospects in the domestic and international markets, foreign currency position, asset quality, term structure of financial liabilities, and the access channels to the financial markets. In this sense, JCR Eurasia has assigned the Company a **'Stable'** outlook.
Resolution of the political uncertainties and tensions, restoration of the economic performance to potential levels, acceleration in sales, further improvement in the profit margin, and increased debt service capacity economic growth in the domestic and international markets, high consistency in cash flows through Tümosan Motor's business activities and Ereğli Tekstil's planned growth aspects, and net working capital cycle leverage level are factors that might lead to a positive rating outlook.

The potential factors for a negative rating action include the deterioration of the fundamental risk metrics, limited access to financial markets and indicators of narrowing loan channels, reduction of debt and interest payment capacity, slowing of sales, narrower profit margins, further decreasing investor appetite, and growing turmoil in the domestic and international markets.

3. Sponsor Support and Stand-Alone Assessment

The willingness and financial strength of the Company's owners to provide assistance has been assessed with respect to the financial capabilities of the primary shareholders, Albayrak Turizm Seyahat İnşaat Tic. A.Ş. and the Albayrak Family. The shareholders are thought to be willing to deliver support to the Company should such a need arise. JCR Eurasia Rating does not have sufficient information about the financial capabilities of the owners. However, considering Eregli Tekstil's asset size, the previous years' performance, and on-going investments, the Company's Sponsor Support Grade has been affirmed as '**2**'. This grade signifies an adequate external support to the Company.

The Company's Stand Alone grade reflects its financial strength and ability to meet its commitments and obligations through internally generated funds and is measured through returns on assets and equity, indebtedness level, asset quality, growth performance, business profile, related party transactions, and liquidity position. The Stand Alone rating has been determined as **'BC'** considering the Company's strong sales volume, growing effectiveness in the market, market share and strong brand image.

4. Company Profile

a. History and Activities

With a history dating back to1930s, Eregli Tekstil was acquired by the Albayrak Group through a privatization process in 1997. Eregli Tekstil operates in the field of production and sales services to sub-segments of the textile and apparel industries and supplies a wide range of products and services to local and international clients via its subsidiaries.

The Group's history in construction dates to 1952. Since 1982, the Albayrak Group has diversified its business activities by adding local personnel transport service, car rental service, textiles, port management, waste collection and transfer service, electricity meter reading and billing services, electricity selling, written and visual media, automotive, and logistics activities. The group currently operates in a variety of sectors through subsidiaries and a labor force of over 5,000.

As of FYE2015, the annual production capacity of the Company is listed as below:

Eregli Tekstil Turizm San. Ve Tic. A.Ş Production Capacity	2015
Yarn Production	360 tone/year
Fabric Production	5mn meter /year
Paint Production	6mn meter fabric/year
Printing Production	8mn meter fabric/year
Garment Production	2mn suit/year
Sewing Yarn Production	25 tone/year(mercerised-polyster)

The factory is located in Konya/Ereğli on a covered area of 46,500m^2 with a production capacity of 8,000m^2 fabric and 12,000m^2 yarn on a daily basis. Sales and marketing activities are held in Istanbul. Almost 40% of the clothing needs of the Turkish Armed Forces are supplied by Ereglı Tekstil through fully integrated high-tech plants. Tümosan Motor has a tractor and disel motor production capacity of of 45k and 75k units, respectively, on an annual basis.

b. Organization and Employees

The Group's core business fields are textiles, production and sale of tractors, casting, and foundry. Among these, Tümosan Motor, operating in the production and sale of tractors, has the largest share in the consolidated structure in terms of assets, sales, resource sizes and generated profit. Headquartered in Istanbul Turkey, Eregli Tekstil employed 74 stuff, including white collar workers (4 employees) and blue collar workers (70 employees) as of FYE2015.

The Board oversees the general operations of the Company and is composed of three members, two of which are from the Albayrak Family: Chairman Muzaffer Albayrak and vice chairman Faruk Albayrak. The organization chart of Company includes the General Manager, the Departments of Accounting and Finance, Marketing and Sales, Purchasing, Human Resources, Maintenance and Repair, Planning, Production, and IT, and the Sections of Weaving, Painting and Quality Control and a Quality Management Representative.

c. Shareholders, Subsidiaries and Affiliates

The Albayrak family owns and manages the Company. Albayrak Turizm Sey. İnş. A.Ş is the major shareholder of the Company with a share of 45%. With no changes in the shareholder structure and paid-in capital, the Company's share capital of TRY 5mn is divided into 500k shares, each with a nominal value of TRY 10 as of FYE2015.

EREĞLİ TEKSTİL TURİZM SAN. VE TİC. A.Ş.	SHARE(%)				
SHAREHOLDERS	2015	2014	2013	2012	2011
Albayrak Turizm Sey. İnş. Tic. A.Ş.	45.00	45.00	45.00	45.00	45.00
Bayram Albayrak	22.50	22.50	22.50	22.50	22.50
Nuri Albayrak	21.25	21.25	21.25	21.25	21.25
Mesut M. Albayrak	6.25	6.25	6.25	6.25	6.25
Faruk Albayrak	5.00	5.00	5.00	5.00	5.00
Total	100	100	100	100	100
Paid-in Capital (TRY-000)	5.000	5.000	5.000	5.000	5.000

The related parties of Ereğli Tekstil and the field of facilities of these companies are listed below:

Related Companies of the Group	Facility Field
Albayrak Holding A.Ş.	Holding
Albayrak Turizm Seyahat İnşaat Tic. A.ş.	Construction
Albil Merkezi Hizmetler ve Tic. A.Ş.	IT
Kademe Atık Teknolojileri San. A.Ş.	Waste Collection
Platform Tur. Taş. Gıda İnş. Tem. Hiz. San. ve Tic. A.Ş.	Logistic
Reklam Piri Medya İletişim A.Ş.	Media
Trabzon Liman İşletmeciği A.Ş.	Harbour Management
Yeni Şafak A.Ş.	Journalism
Yeşil Adamlar Atık Yöetimi ve Taşımacılık A.Ş.	Waste Collection
Birlikte Dağıtım A.Ş.	Newspaper-Magazine Delivery

The Company's subsidiary Tümosan Motor ve Traktör San. A.Ş. (hereinafter Tümosan Motor) has two direct affiliates; **Tümosan Döküm A.Ş.** operating in casting activities and **Tümosan Savunma A.Ş.** operating in development of new products in the defense and weapons industries, research and development activities, contribution to the production and development of existing products, the production and sale and purchase of army and sub industry products.

At the beginning of 2015 Tümosan Motor was assigned a memorandum of understanding and, as of 1Q2015, Altay Ana Muharebe Tankı Güç Grubu's contract was signed and Tümosan Savunma Sanayi A.Ş. was established. Tümosan Motor is the only shareholder of Tümosan Döküm A.Ş and Tümosan Savunma A.Ş. with a capital of TRY 10mn and TRY 1mn, respectively. In October 2015, a 40% stake with a value of TRY 92mn of Trabzon Liman İşletmeciliği A.Ş. (Trabzon Liman) belonging to Albayrak Turizm was acquire by Eregli Tekstil. 56.73% of shares of Trabzon Liman are held by Albayrak Turizm Seyh. Inş. Tah. A.Ş. The financial statements of Trabzon Liman are valued using the equity method and therefore has no control on Company operations.

Tümosan Motor, located in Konya on an area of 1.6mn m² with an annual production capacity of 45k tractors and 75k disel motors, was purchased by the Group in 2005. Eregli Tekstil is the largest shareholder of the publically traded Tümosan. Tümosan Motor itself is strong enough to meet the annual domestic tractor demand alone. Tümosan Motor was established in 1975 for the production of engine parts, transmission components, and other equipment, later concentrating on the production of diesel engines and tractors. The company was the first diesel engine manufacturer in Turkey and produces diesel engine cars under its own brand as well as provides engines to other producers. Tümosan began motor and tractor production in 1987 and 1993, respectively. The company was unable to participate in and benefit from the sales advantages from government tractor subsidies in contrast to its well-prepared competitors. However, although its market share did not increase over the last reporting periods, Tümosan Motor maintained its position in the tractor sector and was ranked 2nd in Turkey with a market share of 10.00% in FYE2015, a slight decline from 13.65% in the previous year. As of August 2014, Tümosan won the tender for the development of the Altay Tankı Güç Grubu project for the design, development, and production of a prototype of the first domestically designed and produced military tank. The project aims to remove external dependency of the Turkish Armed Forces for the modernization of tank engines, wheels and caterpillar vehicles. On the other hand, the uncertainty regarding technical support from abroad for the Altay Tankı Güç Geliştirme Project still ongoing and will be monitored. Tümosan has 104 main offices in 65 cities and 400 authorized services in 78 provinces.

The Shareholder Structure of	SHARE(%)		
Tümosan Motor ve Traktör Sanayii A.Ş.	2015	2014	2013
Ereğli Tekstil Turizm San. Tic. A.Ş.	66.34	67.20	68.57
Muzaffer Albayrak	1.74	1.74	1.74
Bayram Albayrak	1.74	1.74	1.74
Nuri Albayrak	1.74	1.74	1.74
Kazım Albayrak	1.74	1.74	1.74
Mustafa Albayrak	1.74	1.74	1.74
Ahmet Albayrak	1.74	1.74	1.74
Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	1.30	1.74
Other	23.23	21.06	19.25
Paid-in Capital (TRY-000)	115.000	115.000	115.000

The Albayrak Group, one of Turkey's paramount construction companies, grew rapidly during Turkey's fast urbanization in the 1950s and took a part in several projects such as the construction of the Taksim Underground and Muş Train Station. Currently, the Albayrak Group has a labor force of over 5,000 employees in 6 different fields including logistics, media, construction, manufacturing, service, and social responsibilities. The history of Albayrak Group is briefly listed below:

- Activities began in the construction sector in 1952
- Became the only company in the personnel transport sector in 1982
- Established Turkey's first private waste management company in 1992 to undertake a large portion of the municipality's waste collection activities
- Entered the industry sector with the purchase of the Ereğli Tekstil Factory in 1996
- Purchased Yeni Şafak Gazetesi in 1997, entering the media sector
- Undertook the operation of Trabzon Port for 25 years in 2003
- Purchased Tümosan Traktör ve Motor Factory in 2004
- Established ATR TV in 2005 and changed its name to TV NET in 2007
- Purchased İktisat Gayrimenkul Yatırım Ortaklığı in 2005 and changed the name to Albayrak GYO
- Collected the companies operating in the Waste Management sector under the umbrella Green Man Waste Management
- Nakil Lojistik A.Ş. began activities in 2010 in the logistics sector
- KUVVE Elektrik Enerjisi Toptan Satış A.Ş. began activities in the energy sector in 2010

As JCR Eurasia Rating has not presently analysed the independent risk level of each of these companies, no opinion regarding their creditworthiness has been formed.

d. Corporate Governance

As the Company is not a publicly traded company, the corporate governance discipline is not a field that is required to be taken into consideration. On the other hand, implementing corporate governance best practices set by the Capital Markets Board (CMB) improves efficiency, stakeholder value, and market perception. The Company's annual financial results are subject to independent audit reports prepared in accordance with Turkish Financial Reporting Standards (TFRS). The only subsidiary of Ereğli Tekstil, Tümosan Motor, has been listed on the Borsa Istanbul (BIST) since 2012.

Company shares are mainly held by the Albayrak Family. Shares are payable to the holder and there are no privileges on the shares. The Board of Ereğli Tekstil consists of three members, two of which are from the Albayrak Family. Board Members have extensive managerial and industry experience and are considered to be capable of providing the necessary guidance to Ereğli Tekstil in order to achieve its ambitious goals.

The lack of independent board members is evaluated as a constraining factor for the overall transparency of the Company. Moreover, no specific committees have been established within the Board as designated in the CMB's corporate governance principles.

The webpage of the Company provides information about the Company's history and catalogues including production activities. In addition, under the section of Investor, independent audit reports, article of association (aoa), issuances documents and international credit ratings reports are underlined. Nevertheless, essential information such as an organizational chart, ownership structure, financial reports including annual audit reports, information about subsidiaries, general meeting agenda and attendance sheet, vision and ethical rules and mission as a result of a detailed SWOT analysis, information regarding the Board of Directors are not disclosed. These factors translate into an insufficient level of transparency and lack of compliance to corporate governance practices. These factors translate into an insufficient level of transparency and lack of compliance to corporate governance principles.

e. The Company and its Group Strategies

Ereglı Tekstil's sales depend on orders from the Turkish Armed Forces for the production and supply of clothing and uniforms (training suits, parkas, hats, etc.). Tümosan Motor, the first diesel engine manufacturer in Turkey, produces diesel engine cars under its own brand. As Tümosan Motor held the largest share in the consolidated structure of Ereğli Tekstil in terms of assets, sales, generated profit and resources, high sales revenue are provided mainly from subsidiary Tümosan Motor's activities.

Due to the destocking strategy of the Turkish Army, textile sales dropped. On the other hand, with the new tenders of the Turkish Army Forces, Ereğli Tekstil has started to produce uniforms for the Military which will turn into revenue for the Company's consolidated structure.

Group strategies for the following sectors and activities include; re-evaluation of activities in the field of textiles, serious concentration in the fields of tractors and machinery, continuation of the long-term 'Altay Tankı Proje Geliștirme' project, concentration in the field of inter/nationally solid waste management.

On the other hand, focus on the domestic industry, fulfilling customer requirements, decreasing capital expenditures, short research and development processes and efficient team with extensive experience are the main strategies of Tümosan Motor.

5. Sector Overview & Operational Environment

❖ Textile Sector

The textiles and apparels industry play an important role in the country's GDP, manufacturing industry, exports, net foreign exchange reserves, employment, investment and trade openness. On the other hand, cost pressures, oversupply and fierce competition are factors affecting the global textile and garment industry.

The textiles market has reached over USD 2 trillion overall value, consolidating the production of apparel, garments, and yarn. As of 2014, China stands as the largest textile exporter in the world, followed by the EU, India, and the United States. Figures for textile exporters are provided below.

Top Exporters (2014)	in billions USD	Share
China	112	35.6%
EU Countries	75	23.8%
India	18	5.8%
US	14	4.6%
Turkey	13	4%

Source: WTO

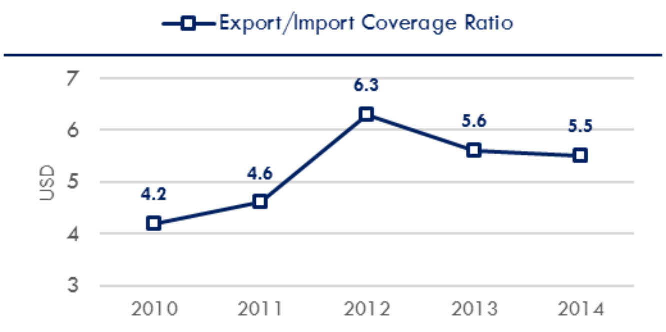
The global textile sector's competition dynamics changed dramatically with the new quota regulations by World Trade Organization (WTO) and the inclusion of China in 2005. Following the dissolution of quote on production, China rapidly gained leadership in the market.

Turkey claims a 4% share in global textile exports. The sector was one of the first industrial areas to be invested in during the early stages of the republican era, enabling the accumulation of know-how and experience in manufacturing. Today, the textile industry is a key contributor to Turkey's GDP, industry, employment and even foreign exchange reserves due to its trade surplus.

Turkey (in billions USD)	Export	Import	Trade Surplus
2013	18.48	3.1	15.38
2014	15.4	2.6	12.8

Source: TUIK

Export/Import coverage ratio for 2010-2014 period is displayed below. Each USD 1 of imported raw material was turned into USD 5.5 worth of exports in the Turkish textile industry in 2014.



Although the overall Turkish export market had growth rates of -0.4% and 3.9% in 2013 and 2014 respectively, textile and apparel exports increased by 8.5% and 6% for the same period.

Top exporters of Turkey

(in million USD)	2013	2014	2015
Germany	3,673	3,871	2,891
United Kingdom	2,150	2,463	1,996
Spain	1,497	1,632	1,540
France	1,111	1,113	791
Netherlands	902	947	724
Iraq	574	669	700
Italy	703	690	536
United States	443	463	452
Romania	260	476	438
Poland	321	434	416

Source: TUIK

As provided above, the top exporters of Turkish textiles are dominantly EU countries, thanks to the European Customs Union. This situation leads Turkish textile manufacturers to generate earnings in EUR while the imported inputs such as machinery and raw materials etc. are imported in USD. Therefore, the fluctuations and the narrowing of EUR/USD parity particularly in 2014 pressurized the profits of textile companies. The sector is fragile against vicissitudes in foreign exchange in terms of sustainable profits.

Another insight from the industry is the widespread *informal economy* between Russia and Turkey. The amount of the trade is noteworthy despite inability to calculate the exact size. High political tension of those countries during 2016 may lead to a slowdown in trade.

Energy and labor costs are another important variable for the sector. Minimum wages have been reset for 2016 in Turkey which is forecasted to increase employee costs by approximately 40%. In addition, macroeconomic instability complicates energy cost projections. An increase in production and logistics costs can create negative pressure on costs that may lead to decreases in sector profitability.

Political upheaval and on-going turmoil in the Middle East stands out as another drawback for the Turkish textile market. While Turkey enjoyed more favorable results during the 'Arab Spring' of 2011, the latest conjuncture has led to a decrease in exports to the region. On the other hand, sanctions towards Iran are planned to be lifted in early 2016 which is expected to trigger new export opportunities for textile and garment producers.

Despite the potential complications depicted above, Turkey's textile and garment industry has advantages in production. According to ITKIB, a textile exporters representative, 53% of textile industry workers have at least high school degree (source ITKIB). In addition, most of the industry consists of SMEs allowing for differentiated

know-how. Machinery and equipment are modernized and sufficient to maintain scale efficiency. Turkey has Europe's largest thread, home textile, and denim production capacity. Capacity usage ratio of textile and apparel production was around 80% during 2013 and 2014, 10 points above the overall production industry.
The price of cotton has decreased rapidly in global commodity markets. Due to the cancellation of China's stockpile policy in 2014, prices have lost around 60% of value in the market. The given situation positively affected raw material costs for textile manufacturers in 2015. On the other hand, as supply-demand equilibrium has not been achieved, 2016 prices remain uncertain.

Overall, strong communication skills, the availability of highly skilled workers, speed in lead time, excellent quality of production, industrial experience, brand awareness, full integration of the production chain, use of the latest manufacturing techniques, flexibility in the manufacturing process, logistics and know-how are the strengths of the Turkish textile sector.

On the other hand, fluctuations in labour, raw material and energy costs, prevalence of informality, and international competition as well as relatively loose tariff and anti-damping policies are weaknesses of the sector. Disruptive prices of the firms particularly based in China, Indonesia, India and Taiwan have detrimental effects on the local manufacturers.

Middle East and North Africa (MENA) region is the key target zone for carpet exporters, followed by the U.S. and EU countries. The on-going turmoil in Syria and Iraq, coupled with the insecure environment disrupted by terror activities and other economic, political and military uncertainties reduce the potential of the Middle East markets and dissuade exporters from committing trade. Nevertheless, ameliorating relations of the Western countries with Iran is expected to result in a gradual cancellation of economic sanctions which limits the trade. In 2015, the total export by Turkish producers is declined over 10% emanating from the reasons mentioned above.

The predominance of EU markets among the top export markets of Turkey exposes the manufacturers to significant currency risk and weak recovery conditions. Furthermore, rapid appreciation of USD against other currencies including EUR results in a narrow parity level, which directly influences the financial positions of the Turkish exporters who usually use USD denominated debt but receive EUR denominated proceeds from exports. Increasing USD rates also increase the cost of foreign inputs, further pressurizing the Sector outlook. On the other hand, a strong brand name and reputation can be evaluated as an essential factor for sizable and steady revenue growth and market leadership.

❖ Agricultural Machinery Sector

The Turkish agricultural machinery market has developed rapidly over the last five years and the export volume of the Turkish agricultural machinery sector has increased approximately by 50%. Turkey has become a big market through the size of agricultural land, the number of agricultural enterprises, variety of products design and production capacity. The demand on tractors in Turkey has been increasing due to the number of agricultural enterprises in our country, the habit of using these tractors in a daily life and socia-economic reasons.

Approximately 850 companies operate in the field of tractor and equipment, only 150 of which hold import identities (plant protection machinery manufacturers are not included). In the tractor group, approximately 30 companies represent approximately 40 brands as Antonio Carraro, Bozok, Kioti, Bronson, Ferrari, Chery, Uzel and Tümosan are the few brands listed in the tractor sector. %3 of these companies produce their own engines under domestic brands have a market share of %28. The domestic tractors market share is 80% with the licenced manufacturing companies.

Tractor sector has approximately got a %20 share of the labor force of the sector of 25.000. Due to the high demand on tractors, Turkey ranked 4th in the global tractor market (excl. China and India) in 2014. On the other hand, approximately 1mn tractors used in the agriculture sector are over 25 years old through 500-550 hours use on an annual base (%48 share of total tractors). As their life has already been expired, the need for new tractors have been increased and promises future growth of the industry. Additionally, the number of professional enterprises and their size have steadily being increased. As a result of increase of average landed properties, the probability of agriculture being realized with a larger capacity machine has increased. Specifically, Turkey promises for further growth for larger scaled capacity agriculture machinery.

Approximately 30% of the EU tractor production is produced in Turkey. There is a negligible difference in the units of production between Turkey and Italy and

Germany, the EU's largest tractor producers. More than 90% of produced tractors are 50bg and over.

Foreign Trade of Agricultural Machinery of Turkey (ITC) ((000 USD))						
Exportation	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Tractor	374.472	434.241	341.08	324.849	219.413	195.428
Equipment	287.113	299.909	263.932	237.470	204.173	165.586
Total	661.585	734.150	605.012	562.319	423.586	361.014
Importation						
Tractor	396.607	276.702	244.492	259.295	345.233	200.090
Equipment	312.940	374.861	473.276	408.722	407.618	255.524
Total	709.547	651.563	717.768	668.017	752.851	455.614
Trade Balance	-47.962	82.587	-112.756	-105.698	-329.265	-94.600

The export volume of the Turkish agricultural machinery sector indicated an increasing trend since 2009 with the exception of slight drop in FYE2015 to USD 661.59mn while the import level recorded an opposite trend and slightly augmented by 12.82% to USD 709.55mn according to ITC records. The main reason behind the increase of import figure is tractor importation increased by 43%. Therefore, in Turkey, USD 47.96mn deficit was existed in FYE2015, compare to previous years' trade balance.

Among the agricultural machinery, tractors are the most exported agricultural machines. Depending on ITC data, the import share of Turkey among total world importation was 1% in FYE2014.The top 10 import markets are India, Italy, France, Poland, USA, China, Japan, Holland and England. Turkey is one of the largest and most important global markets for the sales of tractors. The first 5 countries' share among general importation figures was 68%. As of FYE2015, domestic tractor sales number increased by 12.33% to 66.788 units, from 59.458 units in FYE2014. According to the current TUIK data, there are around 1.612.310 tractors on tractor park. The average age of tractors in the park is 23. Around 480k tractors are over age of 35. The maximum life of tractors are 24-25 years in Turkey.

On the other hand, the top 10 exporters from Turkey are India, Italy, France, USA and Germany with a share of 82%, followed by the Japan, England, China, Mexico and Australia. The total import amount was USD 709.55mn consisting of 55.90% tractor import and the rest USD 312.94mn equipment import.

Additionally, bank loans were very effective for the purchase of tractors in the domestic market. 89 of tractors were farm type and 11 garden type tractors of every 100 tractors as of FYE2013. 21% of tractors sold domestically are imported. The greatest risk in terms of the production and import of tractors is inconsistent policies which must include more concrete and clear guidelines to minimize unfair competition within the sector. Moreover, the need for the establishment of the Platform of Agricultural Mechanization, the absence of qualified employees, inability of factories to renew the production technologies due to the lack of funding, insufficient resources for R&D, unfair competition and different tax rates in the sector are a few of the problems in the sector that require attention.

In summary, domestic market largely dependent on market prices, agricultural credit, public incentives and climatic conditions. The last years' highest sales recorded in domestic market with an improvement of 12%. On the other hand, around 10% fell was in agricultural machinery exportation due to the slow down in the global market where equitment and tractor export has a share of 4% and 14%, respectively, in this drop. Agricultural machinery import increased by 13%. The demand from domestic market forms the tractor import's 43% increase.

As of 2015, competition increased in the tractor sector mainly derived from a general focus on increasing market share at the expense of profit. The market share of Tümosan Motor decreased to 10% form 13.65% in FYE2015. Central Anatolia has continued to become the strongest region for Tümosan Motor's sales activities while the Black Sea is the weakest region.

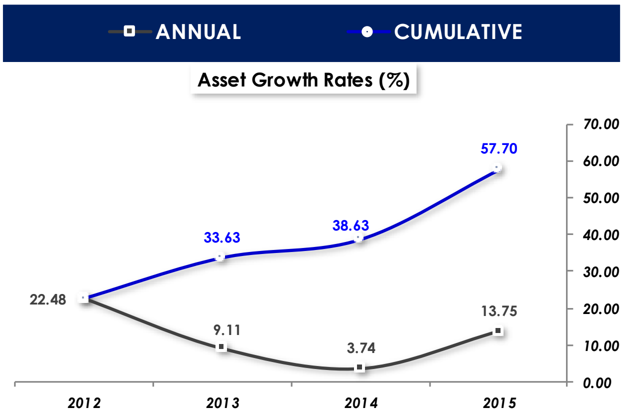
***Sources**: Republic of Turkey Ministry of Economy, Turkey Statistics Foundation, The Turkish Association of Agricultural Machinery and Equipment Manufacturers(İTKİB), Tarmakbir*

6. Financial Analysis

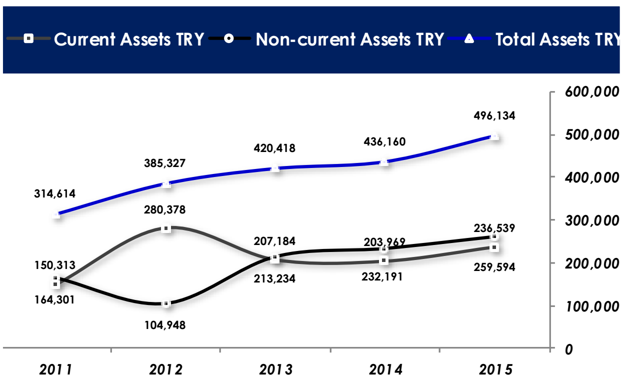
a. Financial Indicators and Performance

I. Indices relating to size

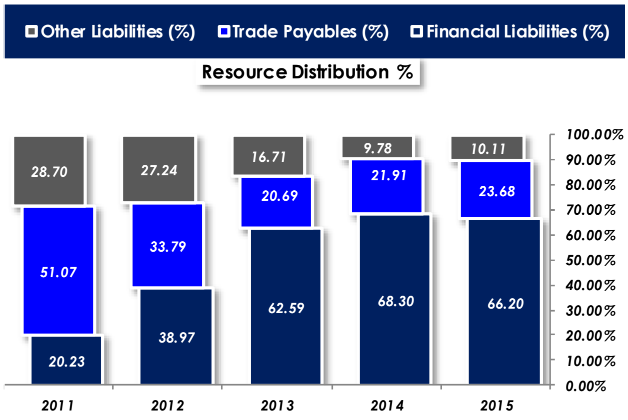
The Company's growing sales base boosted its asset size to TRY 496.13mn in 2015, largely achieved by outstanding volume of tractor sales and revived textile sales. Additionally, an ample increase in '**investments valued by equity method'** acquired through the purchase of the shares of 40% of Trabzon Port together with the increase in the trade receivables from third parties and inventories bolstered the Company's asset growth. Despite the slowdown in the textile production volume in the previous years due to decreasing demand from the Turkish Army, production and sales increased with the tenders during 2015. However, public enterprise tenders, including that of the Turkish Army and General Directorate of Security, for 2016 have not been concluded. Therefore, the production and sales performance of Company has not yet been determined.



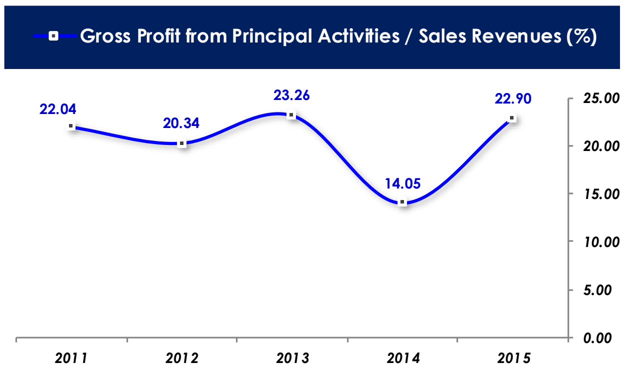
The Company's total assets performed well and its annual growth rate indicated a slight increase of 13.75% and 57.70% on a cumulative base between FYE2011 and FYE2015, increasing its assets from TRY 436.16mn to TRY 496.13mn as of FYE2015.



Over the three-year period, the Company's asset composition was weighted by non-current assets whilst non-current assets slightly fell by 0.91% to 52.32% in FYE2015. The growth in current assets was largely driven by the expansion in inventory and trade receivables while non-current assets was largely driven by the expansion in investments valued by equity method and intangible assets. Specifically, long term receivables from related parties, **Albayrak Turizm Seyahat İnşaat Tic. A.Ş.**, significantly decreased to TRY 24.81mn from TRY 104.28mn. As of FYE2015, the share of current assets to total assets slightly increased to 47.68% from 46.76%. As of FYE2015, the current assets of the Company increased to TRY 236.54mn while non-current assets were recorded at TRY 259.59mn.



Financial liabilities accounted for the largest share of Company liabilities over the reporting period, followed by trade payables. The share of financial liabilities maintained a fluctuating trend over the reporting period in order to fund the Company's rising operational trade volume as reflected by the expansion of sales revenues and asset size. Eregli Tekstil's outstanding short term bond issuances worth TRY 87.27mn as of FYE2015 and long term bond issuances worth TRY 15.36mn reflect a more balanced funding mix and maturity structure. The Company's modest net debt stood at TRY 147.99mn as of FYE2015. The Company's decreasing level of financial burden, 66.20% of its total external liabilities, reduce its reliance on financing policies of the creditor institutions. Additionally, reasonable levels of financial leverage and balanced funding mix of the Company enables further room for additional credit lines.



The level of gross profitability largely resembled a pattern opposite to that of cost of sales. As such, gross profitability from the Company's core operations indicated an upward trend as of FYE2015, reaching the peak of TRY 109.10mn up from TRY 61.31mn in the previous year. Including the general administrative, marketing and financial expenses, the net profit increased three fold more than the previous year's figure of TRY 8.74mn. Despite its fluctuating figures, the Company's Gross Profit from Principal Activities to Sales revenues ratio reached to 22.90% as of FYE2015.

II. Indices relating to profitability

Textiles, production and sale of tractors, casting, and foundry are the main operational fields of the Group activities. Among these, Tümosan Motor, operating in the production and sale of tractors, has the largest share in the consolidated structure in terms of assets, sales, resource sizes and generated profit. Therefore, when assessing the Company's rating notes and analyzing Group risk levels and cash flows, the most significant developments related with Tümosan Motor have been monitored.

Eregli Tekstil Turizm San. Ve Tic. A.Ş Production Capacity	2015
Yarn Production	360 tone/year
Fabric Production	5mn meter /year
Paint Production	6mn meter fabric/year
Printing Production	8mn meter fabric/year
Garment Production	2mn suit/year
Sewing Yarn Production	25 tone/year(mercerised-polyster)

Textile activities are carried out in production factories including yarn, fabric, paint, printing, garment, and sewing yarn on a covered area of 46,500 m². As the first diesel engine manufacturer in Turkey, Tümosan Motor produces diesel engine cars under its own brand and provides engines to other producers. Tümosan has an annual production capacity of 45k tractors and 75k motors on a covered area of 93,000m².

The Company's diversified sales revenues due to the wide-ranging spectrum of product portfolio including national and international sales underpins the Company's expanding operational volume in driving asset growth.

Distribution of Sales	SHARE	
	2015	2014
Tractor Sales (%)	89.04	96.69
Motor Sales (%)	1.06	0.90
Sales of Spare Parts (%)	2.94	2.37
Sales of Agricultural Machinery (%)	1.28	-
Textile	5.67	0.05
Total (TRY)	**476,399,470**	**436,355,014**

Despite stagnation in both the international and domestic markets and two elections, Eregli Tekstil achieved sales revenues of TRY 27mn in FYE2015, breaking the record of the previous years. On the other hand, the Group engenders its main source of revenues through the tractor line from Tümosan Motor's operations, accounting for 94.33% of total sales revenue. The Group continues its investments in cotton harvesting machine, spraying machine and loader-backhoe.

FYE2015	Textile	Tractor	Elimination	Total
Sales Revenue	27,006,689	449,392,781	-	476,399,470
Cost of Sales	20,926,160	348,639,619	51,896	369,513,883
Gross Profit	6,080,529	100,753,162	51,896	106,885
Operating Profit	3,952,902	39,626,633	-	43,579,534
Profit Before Tax	176,062	39,822,724	- 4,838,993	35,159,793
Net Profit	2,773,252	33,594,316	- 4,838,993	25,982,071
Total Assets	258,590,043	353,378,838	- 115,835,243	496,133,638
Total Liabilities	131,278,343	90,839,539	- 11,795,742	210,322,140

The Group mainly focuses on developing projects for the Turkish Army and defense industry and on tractor production and maintained noteworthy sales in 2015 despite a period of political and economic uncertainty emanating from the 2015 election cycle. As seen in the above chart, Tümosan Motor's tractor production and sales provide the largest share on the Company's balance sheet.

Sales Volume (Tümosan)	2013	2014	2015
Tümosan Sales Volume	8,626	8,561	6,915
Total Sales	53,803	62,732	70,328
Market Share (%)	16.03	13.65	9.83

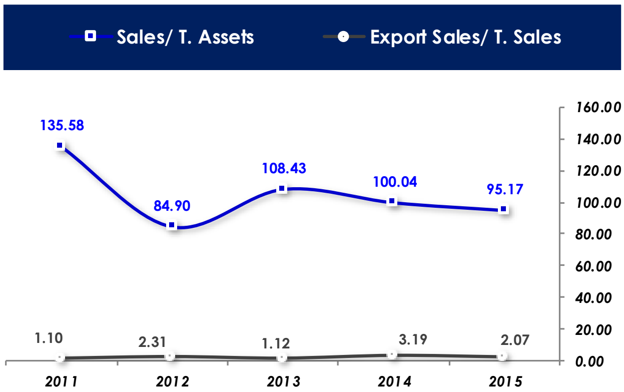
*Company

As a result of Tümosan's decreasing sales volume of, in parallel, the market share recorded a downward trend over the three-year period as given above. The Company has a higher market share in the **70 hp and higher horsepower tractor segment** in which the turnover and profitability is higher.

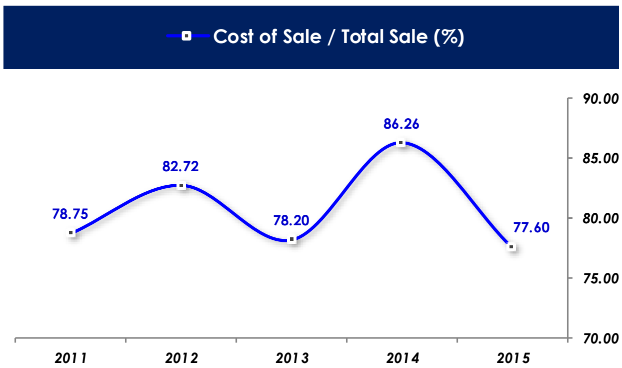
	1Q2015	1Q2016
Tümosan Production	1,778	2,155
Tümosan Sales Volume	1,643	1,660

*Company

The production and sales volume of Tümosan Motor were 2,155 and 1,660 pcs, respectively, as of 1Q2016.

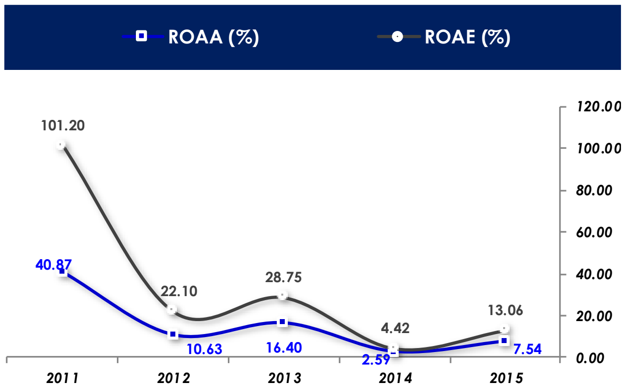


Despite a 9.12% rise in sales revenues, its ratio in relation to assets slightly decreased to 95.17%. Moreover, the share of export sales among total sales dropped by 1.12% to 2.07%. The Company's major export destinations include Ireland, France, and Moldovia. Of top priority, the Company projected to focus on domestic sales then export activities, continuing its ongoing upward trend in sales revenue.



Fluctuations in expense items such as raw materials and global commodity prices in addition to currency movements may result in pressure on the Company's cost of sales and profitability ratios.

The Company's operating margins are directly affected by raw materials and fluctuations in commodity prices represent a major source of possible risk due to supply and demand, seasonal changes, and raw material price fluctuations. A wide list of expense items such as raw materials and global commodity prices related to textile activities fluctuating apart from currency movements may result in pressure on the cost of sales and profitability ratios of the Group and comprised the cost of products sold of TRY 369.51mn as of FYE2015 (TRY 376.38mn in FYE2014). The separation and authorization of the sales and marketing departments of Tümosan Motor, the Group's largest-scale main subsidiary included in the consolidation; after sales services; reduction of transport and cargo expenses via an expanding dealer structure and high dependence on domestic manufacturing leading cost reduction. The Cost of Sales to Total Sales ratio stayed above 75% over the reporting period.

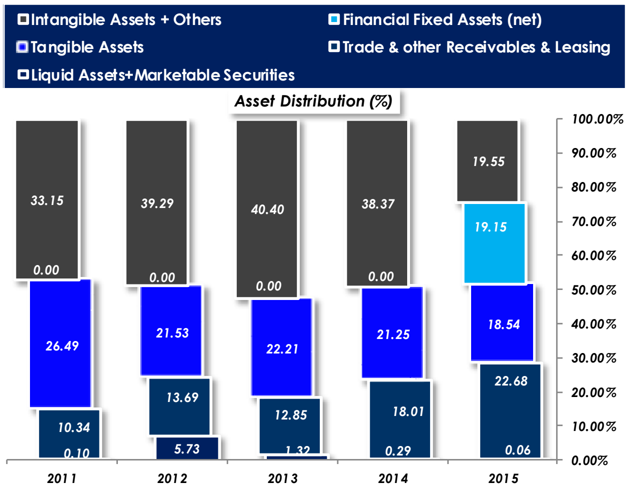


The Company's size and volume of operations grew steadily over the reviewed period through dropping financing costs while profits caught up with increasing tractor and textile sales. The key profit indicators of Return on Average Assets (ROAA) and Return on Average Equity (ROAE) followed a fluctuating pattern over the period, but managed to increase to 7.54% and 13.06%, respectively, in line with the expansion of the Company's equity and assets. According to the consolidated audit report, the profit from principal activities noticeably increased by TRY 15.83mn to TRY 48.26mn in FYE2015 and the net profit almost tripled to TRY 25.98mn in FYE2015 compared to the previous year's profit of TRY 8.74mn through improved financing expenses. Seasonal fluctuations and wrong pricing strategies pressured the Group's profitability.

b. Asset quality

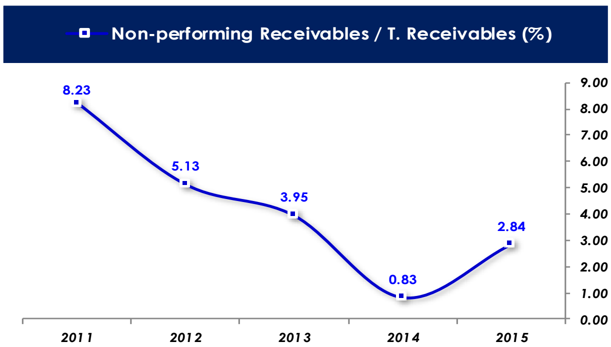
Company assets largely consisted of non-current assets with a share of 52.32% as of FYE2015. Trade receivables from third parties were the largest item among total assets, followed by inventories with shares of 22.68%, and 20.02%, respectively. The receivables from Albayrak Turizm decreased to TRY 24.81mn from TRY 104.28mn. The main reason behind this collection is the acquisition of a 40% stake of Trabzon Liman İşletmeciliği A.Ş. for TRY 92mn from Albayrak Turizm in October 2015. An ample increase in **'investments valued by equity method'** acquired through the purchase of the shares of 40% of Trabzon Port weighted the Company's non-current assets, indicating 19.15% of total assets in FYE2015.

The ratio of current assets to non-current assets was 91.12%. On the other hand, the Company's liquid assets of TRY 308k were mainly comprised of bank accounts through its lowest share of 0.06% in asset distribution, decreasing from 5.73% in FYE2012. Tangible assets largely consisted of machinery equipment-principle assets utilized in the core operations of the Company, accounting for 18.54% of total assets.

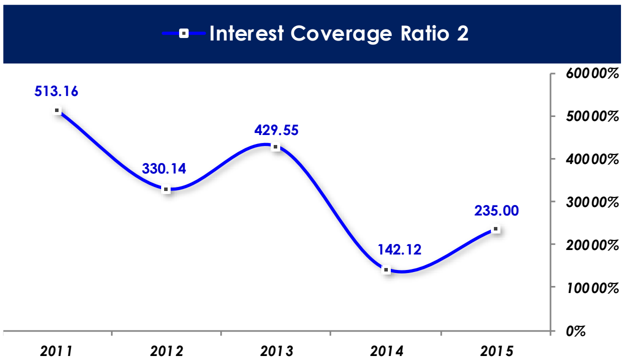


Due to economic uncertainties and volatile customer preferences depending on market conditions, the collection period of trade receivables and trade payables were augmented to 73 days and 44 days, respectively.

The Company's ratio of past-due receivables in total receivables increased from 0.83% to 2.84% in FYE2015, despite a downward trend between FYE2011 and FYE2014. The impaired receivables do not represent a major source of risk for the Company due to their overall smaller share of doubtful receivables in comparison to the Company's total receivables. The management strategy of provisioning for full doubtful receivables contributes to asset quality.



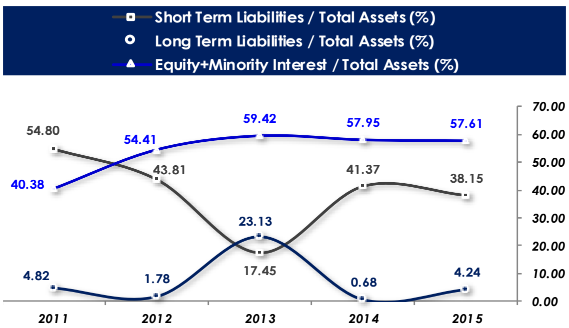
The Company's book debt mainly granted from financial institutions and bond issuances reached TRY 147.99mn (FYE2014: TRY 131.47mn), a moderate level considering its total asset size of TRY 496.13mn as of FYE2015. However, the Company's financing expenses were adequately covered by the income generated from its principle activities, demonstrated by a slight increase in the interest coverage ratio of 235.00% as of FYE2015. The Company's ability to meet its financing expenses through internally generated funds is measured by the interest coverage ratio exhibited below. A ratio greater than 150% typically denotes a financially sound company which is able to cover its obligations to its creditors. On the other hand, over the reporting period, this ratio was above 150% with the exception of FYE2014, which denotes an acceptable level for a healthy company.



Decreased financing costs and alternative funding channels such as bond issuances may strength interest coverage power. On the other hand, the sustainability of the Group's revenue streams is a factor that further increases its ability to meet financial expenses. In addition, the Company has a strong potential and proven track record for growth and sufficient credit limits which imply its adequate debt payment capability.

c. Funding & Adequacy of Capital

The Company's outstanding bond issuances with two year's maturity worth TRY 117.50mn reflect a more balanced funding mix and maturity structure. The Company's modest net debt stood at TRY 147.99mn as of FYE2015, with approximately 75% belonging to bond issuances.



The Company's funding needs were financed externally through bond issuances. As seen in the graph above, the Company sustained its funding composition in favor of short-term liabilities for the last two-year period with a share among total assets to 38.15% in FYE2015. Long term liabilities augmented to TRY 16.74mn. The small share of financial liabilities in foreign currency amounted to TRY 1.39mn with a share of 3.99% of total obtained bank loans of TRY 34.68mn, limitedly contributing to the Company's FX position and financing costs. The Company's financial expenses mainly consisted of interest expenses on borrowings mainly for bond issuances payments, which led to pressure on balance sheet quality and profitability as a result of the volatility in interest rates, despite dropping by around 18% in FYE2015. It is anticipated that the realized bond issues depending on the economic conjecture altering the funding structure mainly in favor of long-term liabilities.

Despite its small share, the share of long term financial liabilities among total liabilities increased to 4.24% as of FYE2015, mainly consisting of bond issuances amounting to TRY 15.36mn.

As the Group's strong sales revenue, especially in tractor line, is expected to be enjoyed through recent investments and projects, the Group's activity in the sector is anticipated to be reinforced and the improvement in the cash flow generation to continue. Additionally, with the ongoing investments in Tümosan Döküm, totally owned by Tümosan Motor, the Group projected to almost double production capacity and leading an improved effect on net working capital via generated cash through augmented profit stemming from decreased costs.

Since FYE2012, the share of equity in total assets fluctuated between 54.41% and 59.42%. The paid up capital, with a value of TRY 5.00mn, consisted of 1.75% total equity as of FYE2015. The Company's equity base is supported with funds and profits via operations and fair value gains and accumulated earnings. Due to the high dependence on domestic manufacturing, increasing profitability indicators, and customer satisfaction will high probably strengthen the equity in the following periods.

7. Risk Profile and Management

a) Risk Management Organization & Its Function- General Information

The Company's risks related to its business are managed at the senior management and Board level and the entity currently does not have a dedicated risk management department. Albayrak Group's inter/national reliable reputation stemmed from world-wide facilities in the fields of local personnel transport services, car rental services, textiles, port management, waste collection and transfer services, meter reading and billing services, electricity selling, written and visual media, automotive and logistics activities.

The senior management, BoD and specifically the Group's financial affairs department are responsible for monitoring and managing the activities of the Company through intra-Group annual reports and mitigating their impact. The risk policy of the Company maintains the goal of ensuring Ereğli Tekstil's expansion, sustainably increasing corporate value, and realizing fiscal and planned objectives. The risk management practices focus on the unpredictability of the financial markets and aim to identify, monitor and manage risks through various financial and operational activities and precautions in order to preserve capital and sustain profitability.

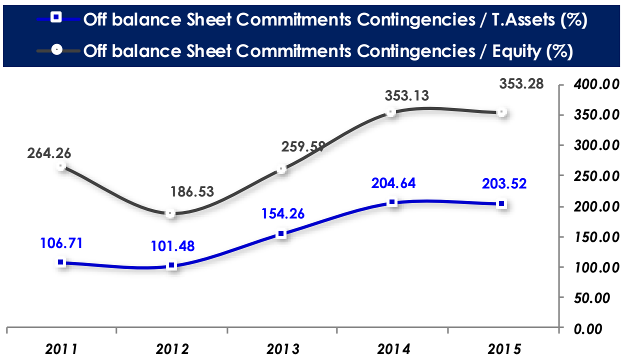
Although risk and internal control departments or committees have not been created in the Company organization, the Board Members have the adequate qualifications and experience to administer their duties of leading, supervising, and inspecting. There are no committees settled under the Board. Moreover, the lack of independent board members is evaluated as a constraining factor for the overall transparency of the Company.

b) Credit Risk

The Company's credit sales of TRY 112.24mn to unrelated parties as of FYE2015 are the primary source of its credit risk. Credit risk refers to the repayment inability of un/related parties that are part of a transaction and the subsequent financial loss. The Company attempts to minimize credit risk by undertaking transactions with parties that have credibility and obtain enough collateral to safeguard against potential losses. The Group's credit risk exposure derived mainly from trade receivables from unrelated parties constituting 76.40% of the total credit risk of TRY 146.92mn (credit risk exposure stemmed from trade receivables from third parties was 41.56% of total credit risk of TRY 188.79mn). The shares of the related parties accounted for 24.96% of total assets in FYE2014 and decreased to 5.63% in FYE2015 as the majority of receivables from Albayrak Turizm decreased to TRY

24.81mn from TRY 104.28mn in FYE2015. The main reason behind this collection was the acquisition of 40% shares of Trabzon Liman İşletmeciliği A.Ş. for TRY 92mn from Albayrak Turizm in October 2015. The reflection of recently acquired Trabzon Liman İşletmesi on the company balance sheet will be closely monitored.

Despite the high share of receivables and a slight increase, the level of non-performing receivables was negligible in relation to the Company's asset size and the Group had a full provisioning policy for its overdue receivables contributing to its risk management implementations. As of FYE2015, the Company's impaired receivables ratio slightly increased to 2.84%, indicating a significantly low level of risk exposure. The unfavorable market conditions and tightening liquidity and credit policies might pressurize the Company's credit risk exposure.



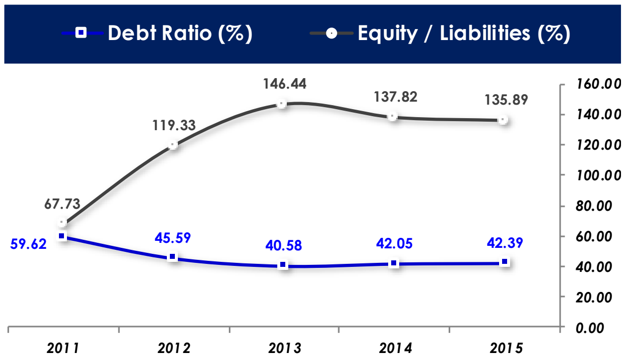
The Company's off balance sheet commitments and contingencies were TRY 1.01bn in FYE2015, staying above the previous year's TRY 892.56mn. The off-balance sheet commitments and contingencies of the Group fluctuated over the reporting period and off-balance sheet commitments and contingencies accounted for 353.28% of equity and 203.52% of total assets.

Ereğli Tekstil has pledged 66.50mn shares of Tümosan Motor to a variety of financial institutions. 7mn units of shares of Tümosan (4mn shares in 27.03.2014, 3mn in 09.07.2014) were provided to Albaraka Turk Katılım Bankası A.Ş. as a collateral for the Group's financial need. Moreover, the Group used 15mn units of shares of Tümosan Motor as collateral for loans from Asya Katılım Bankası and 5mn of these shares have been revealed as of April 2014. Furthermore, 46mn units of shares (40% of the capital) were provided to Denizbank, and additional 3.5mn units as collateral for the cash and non-cash credit debt of Albayrak Group. These collaterals increased the burden of debt and reduced operating freedom.

As of FYE2015, TRY 568.32mn of guarantee letters given to Ziraat Bank regarding the loans received for tractor purchases of customers regarding the agreement was signed between Ziraat Bank and Tümosan Motor in December 2010. Although this guarantee was given by Tümosan Motor, thanks to the above stated agreement, bank loans are provided to customers when Tümosan sells tractors via its dealers and liabilities are transferred to the retailers in cases of insolvency.

c) Market Risk

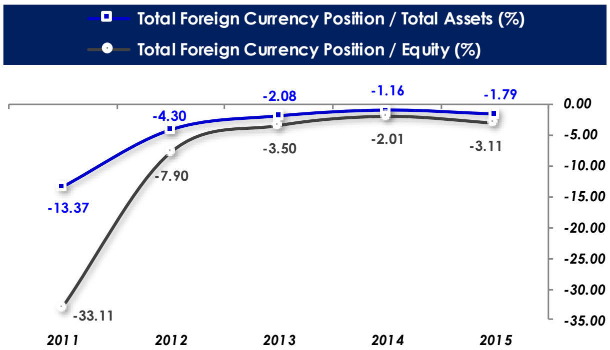
Interest Rate Risk;
Excluding bank borrowings worth almost TRY 34.12mn, the Company's total financial debt were largely comprised of flexible rate bond issuances led the Company bearing interest rate risk. The annual interest rate for issued bonds fluctuated between 13.72% and 15.38% as of FYE2014. Given a 1% fluctuation in interest rates and holding everything else constant, the Company's pre-tax profit shows a volatility of (+/-) TRY 1.39mn as of FYE2015 (FYE2014: (+/-) TRY 1.20mn), indicating an interest rate risk as borrowing in floating rate.



To meet its cash flows, the Company manages cash resources in a timely manner. The debt ratio indicates what proportion of debt a company has relative to its total assets and displays an opinion on the leverage of the company along with the potential risks the company is exposed to in terms of its debt-load. The debt ratio of the Company remained fairly stable at around 42% for the last two years. The dominated financial liabilities mainly in bonds has been the major factor contributing to the rise in the debt ratio. It is anticipated that the share of equity among total liabilities also recorded a downward trend as the Company's growth rate in liabilities was higher than the growth in equity.

Foreign Currency Risk;

Foreign currency movements have a negligible impact on the Company's financial standing due to its low level of EUR and USD financial liabilities. As of FYE2015, the low level of financial loans in foreign currency of the Company stood at TRY 1.39mn, accounting less than 1% of total financial liabilities.

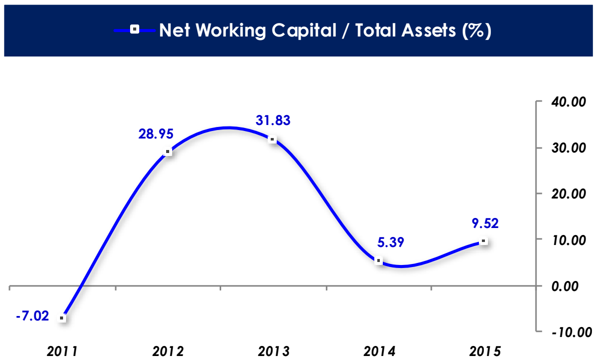


The short currency position indicated an upward movement through a slight upward trend both in the ratio of foreign currency position to total assets and equity over the reporting period. On the other hand, the low import dependency and liabilities in foreign currency eliminates the vulnerability against foreign exchange rate fluctuations in the Company balance sheet. Given a 10% fluctuation in FC rates and holding everything else constant, the Company's profit shows a volatility of (+/-) TRY 887k as of FYE2015 (FYE2014: (+/-) TRY 506k) indicating a negligible FX risk.

d) Liquidity Risk

The potential mismatch between the timeline of the cash inflows generated via sales & collection receivables and the cash outflows due to debt & trade payable repayments generates an uncertainty and liquidity risk. The book value of financial liabilities exposed to liquidity risk was TRY 191.40mn as of FYE2015, an increase from TRY 168.36mn in the previous year. The Company mainly facilitates customer bills, trade & other receivables, loans from financial institutions (banks and capital markets), and income from principal activities for its liquidity needs.

The cash and cash equivalent balance of the Company significantly dropped to TRY 387k as of FYE2015, comprising a limited free cash buffer. Moreover, the Company's potent sales figures thanks to Tümosan's tractor sales provides additional cash flows for funding needs. The Company had a net working capital (also called operating liquidity) balance of TRY 47.25mn as of FYE2015, more than doubled the FYE2014 figure of TRY 23.53mn. The Company's Net Working Capital to Total Assets ratio correspondingly advanced to 9.52%, reflecting a solid liquidity structure.



As of July, 2016, the available cash credit line of the Company from domestic banks was TRY 85.99mn, around 1.82% of which was used, thus not creating a significant pressure on liquidity management.

e) Operational, Legal Regulatory & Other Risks

Operational risk is the risk of direct or indirect loss arising from operational activities and other processes related with the Group's activities which are prone to certain risks associated with the Company's processes, personnel, technology, and infrastructure. In the event that necessary precautions are not taken in time, these risks cause a loss and may dampen the brand value of the institutions. The senior management carries out duties to avoid probable operational risks when required due to the absence of a specific unit. Company business processes are not documented in writing and audit activities are not fully configured. The Company has not yet set up and disclosed a comprehensive emergency and contingency plan defining the rules to be monitored in the event of disruption in operations due to internal and external unexpected events. These shortcomings increase the Company's operational risk.

Tümosan Motor holds varied certifications such as 'Production Adequacy Document', Quality Conformation Document', 'TS-EN-ISO 9002' and 'AQAP 120'.

The Group's court cases, as either claimant or defendant, do not carry significant financial burdens for the Company. The Group made provisions of TRY 624k the ongoing cases in FYE2015.

8. Budget & Debt Issue

Eregli Tekstil has identified financial assumptions and estimations for FYE2016, FYE2017, and FYE2018 and has projected year-end financial statement figures of TRY 27.28mn, TRY 28.65mn, and TRY 30.36mn net profit, TRY 515.98mn, TRY 541.78mn, and TRY 574.28mn asset size, and TRY 297.24mn, TRY 312.11mn, and TRY 330.83mn equity size, respectively, on a consolidated base due to a planned and scheduled growth strategy. According to the base scenario developed by the Company, the Company will demonstrate a sound cumulative asset growth of 59.47% between 2012 and 2019 and a growth rate of 4.00% in annual assets in FYE2016.

On the other hand, the Group's liabilities composition is expected to continue in favor of short term liabilities dominated by short term dominated bond issuances. Similar to the previous year, short term trade receivables, inventories, tangible assets, and investments value by equity method are projected to dominate the assets composition while short & long-term financial loans, trade payables, and equity will largely constitute to total liabilities. The projections also reflect that the Group will maintain a similar leverage level as reflected in the debt ratio of 42.39% in FYE2016.

Financial indicators relating to the balance sheet and income statement projections for the 2016-2017-2018 period based on the assumptions and plans through bond issue submitted by the Eregli Tekstil have been provided in the table below:

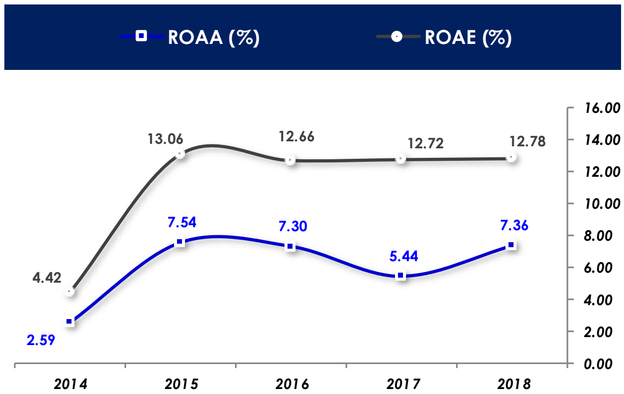
Budget of Ereğli Tekstil (TRY/000)	2016	2017	2018
Liquid Assets	320,874	336,918	357,133
Trade Receivables	117,240,500	123,102,525	130,488,677
Due From Related Parties	2,738,636	2,875,568	3,048,102
Inventories	101,607,958	106,688,356	113,089,658
Current Assets	246.000.775	258.300.814	273.798.863
Due From Related Parties (Net)	25,797,760	27,087,647	28,712,906
Tangible Assets	97,394,386	102,264,105	108,399,952
Non-Tangible Assets	45,185,013	47,444,264	50,290,920
Investments Valued by Equity Method	98,819,507	103,760,483	109,986,112
Non-Current Assets	269.978.208	283.477.119	300.485.746
Total Assets	515,978,984	541,777,933	574,284,609
Financial Liabilities	127,398,799	133,768,739	141,794,863
Trade Payables	52,730,525	55,367,051	58,689,074
Short Term Liabilities	196,866,052	206,709,355	219,111,916
Financial Liabilities	17,414,197	18,284,907	19,382,001
Long Term Liabilities	21,868,973	22,962,422	24,340,167
Equity	297,243,958	312,106,156	330,832,525
Shareholders Equity	5,200,000	5,460,000	5,787,600
Profit & Loss	27,281,175	28,645,233	30,363,947

As indicated below, the Company plans to maintain its ongoing augmentation in sales revenues in the following years primarily driven by focusing on internal sales. The concentration of activities on higher margin compound products mainly in tractor segment in 70p and over segment and will also raise profitability, strengthening market share. On the other hand, the Company's proven track experience provides a strong basis for the Company's future sales and increase the visibility of the cash flow projections. Strong sales volume, the positive effect of austerity measures projected in the fields of production, management, and logistics on profitability performance in the following periods, the reflection of recently acquired Trabzon Liman İşletmesi on the company balance sheet, the Group's strategy of expanding its operating fields will be closely monitored.

Income Statement(TRY)	2016	2017	2018
Sales Revenue	500,219,444	525,230,416	556,744,241
Cost of Sales	387,989,577	407,389,056	431,832,399
Profit From Principal Activities	45,758,511	48,046,436	50,929,222
Financing Expenses	16,703,964	17,539,162	18,591,512
Net Profit	27,281,175	28,645,233	30,363,947
Annual Sales Growth Rate(%)	42.55	5.00	6.00
Cost of Sales/ Total Sales (%)	77.56	77.56	77.56

The cost of sales among total sales are expected to maintain above 75% for the following years. The Company's projection reflects the strategy of moderate financial borrowings through bond issuances in the funding of operations through strong sales figures. Moreover, the Company engendered the vast majority of its liquidity requirement through sales revenues. The share of the equity is expected to stand at 57.61% within the total resources of the Company and net profit with regard to equity stands at 9.18% in FYE2016.

Based on the assumptions of the Company's 2016-2018 financial statements, the profitability ratios ROAA and ROAE are expected to remain stable for the following years, reaching 7.36% and 12.78%, respectively, in the next two years.



Despite the current domestic and global economic conditions, the Company aims to maintain its high sales revenue, mainly in the tractor line. On the other hand, the decrease in the Company's cost of sales to total sales ratio due to the high dependence on domestic manufacturing will boost profitability. Completion of the main investments is expected to have a positive contribution to the Company's liquidity and profitability position. Nevertheless, JCR Eurasia Rating believes that the Company has the potential to meet its obligations, considering that it maintains its high level of sales and sufficient revenue generating capacity in order to meet the liabilities, increases net working capital, extends borrowings to long term, does not experience further deterioration in the collectability of the receivables portfolio and that the financial markets and general economic outlook do not experience distress or significant fluctuations.

b) Debt Issue

The aforementioned balance sheet and income statement projection includes bond issuances. On the other hand, depending on the economic conjuncture, the Company may issue further bonds in the following futures. Therefore, the Company diversified funding base as benefiting from an improving liquidity quality and converting its loans into long terms.

The Company's bond issuances will be the main source of funding, for the last two years. The chart below provides details of the issued bonds of Company.

BOND ISSUANCE					
Dateof Sale	Amount of Sale	Date of Payment	Coupon Paymets	ISIN Code	Maturity
30.11.2015	17,500,000	29.05.2017	6 Coupon Payments	TRSERTT51719	546
26.05.2016	49.034.960	20.11.2016	-	TRFERTTK161	179
26.05.2016	30.000.000	29.05.2017	13 Coupon Payments	TRSERTT51727	368
26.May.16	18.000.000	15.11.2017	19 Coupon Payments	TRSERTTK1716	538

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. BALANCE SHEET - ASSET TRY	FYE 2015 USD (Converted)	FYE 2015 TRY (Original)	FYE 2015 TRY (Average)	FYE 2014 TRY (Original)	FYE 2014 TRY (Average)	FYE 2013 TRY (Original)	FYE 2013 TRY (Average)	FYE 2012 TRY (Original)	As % of 2015 Assets (Original)	As % of 2014 Assets (Original)	As % of 2013 Assets (Original)	2015 Growth Rate	2014 Growth Rate	2013 Growth Rate
I. CURRENT ASSETS	**81,352,045**	**236,539,207**	**220,253,995**	**203,968,783**	**205,576,397**	**207,184,011**	**243,781,118**	**280,378,224**	**47.68**	**46.76**	**49.28**	**15.97**	**-1.55**	**-26.11**
A. Liquid Assets	**106,113**	**308,533**	788,896	**1,269,259**	**3,410,197**	**5,551,134**	**13,808,797**	**22,066,460**	**0.06**	**0.29**	**1.32**	**-75.69**	**-77.14**	**-74.84**
B. Marketable Securities	**1,533,086**	**4,457,600**	**2,280,954**	**104,308**	**286,115**	**467,922**	**233,961**	**0**	**0.90**	**0.02**	**0.11**	**4,173.50**	**-77.71**	**n.a**
1.Bond	1,533,086	4,457,600	2,280,954	104,308	286,115	467,922	233,961	0	0.90	0.02	0.11	4,173.50	-77.71	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	**38,699,592**	**112,522,933**	**95,539,757**	**78,556,580**	**66,280,471**	**54,004,361**	**53,369,696**	**52,735,031**	**22.68**	**18.01**	**12.85**	**43.24**	**45.46**	**2.41**
1.Customers & Notes Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Other Receivables	38,699,592	112,522,933	95,539,757	78,556,580	66,280,471	54,004,361	53,369,696	52,735,031	22.68	18.01	12.85	43.24	45.46	2.41
3.Doubtful Trade Receivables	1,130,502	3,287,047	1,971,928	656,809	1,439,287	2,221,765	2,537,769	2,853,773	0.66	0.15	0.53	400.46	-70.44	-22.15
4.Provision for Doubtful Trade Receivables (-)	-1,130,502	-3,287,047	-1,971,928	-656,809	-1,439,287	-2,221,765	-2,537,769	-2,853,773	-0.66	-0.15	-0.53	400.46	-70.44	-22.15
5.Rediscount on Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
D. Due From Related Parties (net)	**1,073,354**	**3,120,885**	**3,859,968**	**4,599,050**	**10,358,466**	**16,117,882**	**55,702,506**	**95,287,130**	**0.63**	**1.05**	**3.83**	**-32.14**	**-71.47**	**-83.08**
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.Rediscounts on Other Notes Receivables (-)	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)	**34,166,183**	**99,341,593**	**97,830,003**	**96,318,413**	**96,992,266**	**97,666,118**	**86,922,946**	**76,179,773**	**20.02**	**22.08**	**23.23**	**3.14**	**-1.38**	**28.20**
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	**4,522,219**	**13,148,804**	**18,076,035**	**23,003,265**	**26,645,424**	**30,287,583**	**31,242,820**	**32,198,057**	**2.65**	**5.27**	**7.20**	**-42.84**	**-24.05**	**-5.93**
J. Other Current Assets	**1,251,499**	**3,638,859**	**1,878,384**	**117,908**	**1,603,460**	**3,089,011**	**2,500,392**	**1,911,773**	**0.73**	**0.03**	**0.73**	**2,986.18**	**-96.18**	**61.58**
1.Other Current Assets	1,251,499	3,638,859	1,878,384	117,908	1,603,460	3,089,011	2,500,392	1,911,773	0.73	0.03	0.73	2,986.18	-96.18	61.58
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	**89,281,342**	**259,594,431**	**245,892,738**	**232,191,045**	**222,712,686**	**213,234,327**	**159,091,356**	**104,948,384**	**52.32**	**53.24**	**50.72**	**11.80**	**8.89**	**103.18**
A. Trade Receivables & Leasing	0	0	0	0	0	0	0	0	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Customers & Notes Receivables & Leasing	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	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. Rediscount 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)	**8,531,276**	**24,805,538**	**64,545,024**	**104,284,510**	**98,072,653**	**91,860,795**	**45,930,398**	**0**	**5.00**	**23.91**	**21.85**	**-76.21**	**13.52**	**n.a**
C. 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.Rediscounts 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)	**32,679,446**	**95,018,757**	**47,509,379**	**0**	**0**	**0**	**0**	**0**	**19.15**	**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)	32,679,446	95,018,757	47,509,379	0	0	0	0	0	19.15	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	**31,627,518**	**91,960,170**	**92,316,836**	**92,673,501**	**93,016,727**	**93,359,953**	**88,153,075**	**82,946,196**	**18.54**	**21.25**	**22.21**	**-0.77**	**-0.74**	**12.55**
F. Other Fixed Assets	**16,443,103**	**47,809,966**	**41,521,500**	**35,233,034**	**31,623,307**	**28,013,579**	**25,007,884**	**22,002,188**	**9.64**	**8.08**	**6.66**	**35.70**	**25.77**	**27.32**
TOTAL ASSETS	**170,633,388**	**496,133,638**	**466,146,733**	**436,159,828**	**428,289,083**	**420,418,338**	**402,872,473**	**385,326,608**	**100.00**	**100.00**	**100.00**	**13.75**	**3.74**	**9.11**

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	FYE 2015 USD (Converted)	FYE 2015 TRY (Original)	FYE 2015 TRY (Average)	FYE 2014 TRY (Original)	FYE 2014 TRY (Average)	FYE 2013 TRY (Original)	FYE 2013 TRY (Average)	FYE 2012 TRY (Original)	As % of 2015 Assets (Original)	As % of 2014 Assets (Original)	As % of 2013 Assets (Original)	2015 Growth Rate	2014 Growth Rate	2013 Growth Rate
I. SHORT TERM LIABILITIES	**65,103,275**	**189,294,281**	**184,867,593**	**180,440,905**	**126,902,643**	**73,364,381**	**121,094,919**	**168,825,457**	**38.15**	**41.37**	**17.45**	**4.91**	**145.95**	**-56.54**
A. Financial Liabilities	42,130,570	122,498,845	123,882,661	125,266,477	69,026,383	12,786,289	39,066,706	65,347,123	24.69	28.72	3.04	-2.21	879.69	-80.43
B. Trade Payables	17,132,198	49,813,580	45,002,638	40,191,695	37,747,664	35,303,633	47,335,417	59,367,200	10.04	9.21	8.40	23.94	13.85	-40.53
C. Due to Related Parties	343,331	998,270	618,711	239,151	5,545,388	10,851,625	14,690,239	18,528,853	0.20	0.05	2.58	317.42	-97.80	-41.43
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	1,602,061	4,658,153	5,041,510	5,424,867	3,493,121	1,561,375	3,863,967	6,166,558	0.94	1.24	0.37	-14.13	247.44	-74.68
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	2,277,304	6,621,490	6,049,738	5,477,985	2,738,993	0	0	0	1.33	1.26	n.a	20.87	n.a	n.a
H. Provisions for Liabilities	2,293,308	6,668,022	6,288,892	5,909,762	6,052,000	6,194,237	5,441,144	4,688,050	1.34	1.35	1.47	12.83	-4.59	32.13
I Other Liabilities	-675,498	-1,964,079	-2,016,556	-2,069,032	2,299,095	6,667,222	10,697,448	14,727,673	-0.40	-0.47	1.59	-5.07	-131.03	-54.73
II. LONG TERM LIABILITIES	**7,232,033**	**21,027,859**	**11,993,786**	**2,959,713**	**50,094,763**	**97,229,813**	**52,045,726**	**6,861,639**	**4.24**	**0.68**	**23.13**	**610.47**	**-96.96**	**1,317.01**
A. Financial Liabilities	5,758,846	16,744,420	8,372,210	0	46,995,756	93,991,512	48,557,443	3,123,374	3.37	n.a	22.36	n.a	-100.00	2,909.29
B. Trade Payables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	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	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	0	0	0	0	0	0	250,000	500,000	n.a	n.a	n.a	n.a	n.a	-100.00
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	233,651	679,365	339,683	0	417,793	835,586	956,588	1,077,590	0.14	n.a	0.20	n.a	-100.00	-22.46
H. Provisions for Liabilities	1,239,536	3,604,074	3,281,894	2,959,713	2,681,214	2,402,715	2,234,654	2,066,593	0.73	0.68	0.57	21.77	23.18	16.26
I. Other Liabilities (net)	0	0	0	0	0	0	47,041	94,082	n.a	n.a	n.a	n.a	n.a	-100.00
TOTAL LIABLITIES	**72,335,307**	**210,322,140**	**196,861,379**	**183,400,618**	**176,997,406**	**170,594,194**	**173,140,645**	**175,687,096**	**42.39**	**42.05**	**40.58**	**14.68**	**7.51**	**-2.90**
F- EQUITY	**98,298,080**	**285,811,498**	**269,285,354**	**252,759,210**	**251,291,677**	**249,824,144**	**229,731,828**	**209,639,512**	**57.61**	**57.95**	**59.42**	**13.08**	**1.17**	**19.17**
a) Prior year's equity	86,930,530	252,759,210	251,291,677	249,824,144	229,731,828	209,639,512	168,340,106	127,040,699	50.95	57.28	49.86	1.17	19.17	65.02
b) Equity (Added from Internal & External Resources in the Current Year)	2,431,633	7,070,217	631,719	-5,806,780	-8,445,943	-11,085,106	21,639,644	54,364,393	1.43	-1.33	-2.64	-221.76	-47.62	-120.39
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	8,935,917	25,982,071	17,361,959	8,741,846	30,005,792	51,269,738	39,752,079	28,234,420	5.24	2.00	12.19	197.21	-82.95	81.59
TOTAL LIABILITY	**170,633,388**	**496,133,638**	**466,146,733**	**436,159,828**	**428,289,083**	**420,418,338**	**402,872,473**	**385,326,608**	**100.00**	**100.00**	**100.00**	**13.75**	**3.74**	**9.11**

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. INCOME STATEMENT TRY	2015	2014	2013
I. Principal Activity Revenues	**109,096,252**	**61,306,183**	**106,046,606**
A. Sales Revenues (Net)	**476,155,727**	**436,355,014**	**455,859,990**
1.Domestic Sales	472,080,401	425,947,697	451,297,676
2.Export Sales	9,977,319	14,038,234	5,111,287
3.Sales Deductions (-)	-5,901,993	-3,630,917	-548,973
B. Cost Of Sales (-)	**-369,513,883**	**-376,381,586**	**-356,487,650**
C. Service Revenues (net)	**243,743**	**0**	**350**
D. Other Revenues From Principal Activities	**2,210,665**	**1,332,755**	**6,673,916**
1.Interest	2,210,665	1,332,755	6,673,916
2.Dividend	0	0	0
3.Rent			
4.Other	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**109,096,252**	**61,306,183**	**106,046,606**
Activities Expenses (-)	-60,834,725	-28,877,273	-25,592,256
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**48,261,527**	**32,428,910**	**80,454,350**
Income & Profit From Other Activities	6,429,975	2,966,943	6,281,594
Expenses & Losses From Other Activities (-)	-4,050,225	-4,086,695	-5,738,837
Financing Income	745,739	553,029	612,501
Financing Expenses (-)	-19,245,980	-20,754,594	-15,557,641
OPERATING PROFIT & LOSS	**32,141,036**	**11,107,593**	**66,051,967**
Net Monetary Position exc. And Other Profit & Loss (+/-)	3,018,757	0	0
PRETAX PROFIT & LOSS	**35,159,793**	**11,107,593**	**66,051,967**
Taxes (-/+)	-9,177,722	-2,365,747	-14,782,229
NET PROFIT FOR THE PERIOD	**25,982,071**	**8,741,846**	**51,269,738**
Total Income	**491,687,842**	**444,838,658**	**469,977,324**
Total Expense	**-456,528,049**	**-433,731,065**	**-403,925,357**
NET INCOMES OR EXPENSES FOR THE PERIOD	**35,159,793**	**11,107,593**	**66,051,967**

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. FINANCIAL RATIOS %	FYE 2015	FYE 2014	FYE 2013
I. PROFITABILITY			
Relationship Between Capital and Profit			
ROAE - Pre-tax Profit / Equity (avg.)	13.06	4.42	28.75
ROAA - Pre-tax Profit / Total Assets (avg.)	7.54	2.59	16.40
Total Income / Equity (avg.)	182.59	177.02	204.58
Total Income / Total Asset (avg.)	105.48	103.86	116.66
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	11.67	7.44	20.26
Operating Profit / Total Assets (avg.)	10.35	7.57	19.97
Financial Expenses / Inventories Ratio (avg.)	19.67	21.40	17.90
Return on Avg. Long Term Sources	9.24	2.90	18.20
Relationship Between Sales and Profit			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	22.91	14.05	23.26
Operating Matgin = Operating Incomes / Net Sales Income	10.14	7.43	17.65
Net Profit Margine = Net Profit / Net Sales Income	5.46	2.00	11.25
Cost of Sales / Net sales Income	77.60	86.26	78.20
Activities Expenses / Net Sales Income	12.78	6.62	5.61
Financing Expenses / Net Sales Income	4.04	4.76	3.41
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	11.43	7.30	17.90
Relationship Between Financing Liabilities and Profit			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	282.69	153.52	524.56
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	235.00	142.12	429.55
Structure of Income and expenditure account			
Financing Expenses / T. Assset (avg.)	4.13	4.85	3.86
Financial Liabilities / T. Assets	28.07	28.72	25.40
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	0.96	0.31	1.43
(Liquid Assets +Marketable Securities) / T. Liabilities	2.27	0.75	3.53
Net Working Capital / Total Assets	9.52	5.39	31.83
Liquid Assets / Equity	1.67	0.54	2.41
Current Ratio	124.96	113.04	282.40
Acid Test Ratio	70.56	59.59	145.07
Cash Ratio	2.52	0.76	8.20
Inventories / Current Asset	42.00	47.22	47.14
Inventories / Total Asset	20.02	22.08	23.23
Inventories Dependency Ratio	185.75	185.91	68.95
Short Term Receivables / Total Current Assets	48.89	40.77	33.85
Short Term Receivables / Total Assets	23.31	19.07	16.68
III. CAPITAL and FUNDING			
Equity / Total Assets	57.61	57.95	59.42
Equity / Liabilities	135.89	137.82	146.44
Net Working Capital/Total Resources	9.52	5.39	31.83
Equity generation/prior year's equity	2.80	-2.32	-5.29
Internal equity generation/prior year's equity	10.28	3.50	24.46
Tangible Assets/Total Asset	18.54	21.25	22.21
Financial Fixed Assets/(Equity +Long Term Liabilities)	31.41	0.00	0.00
Minority Interest/Equity	0.00	0.00	0.00
IV. EFFICIENCY			
Net Profit Margine Growth	172.37	-82.19	30.32
Net Sales Growth	9.12	-4.28	39.34
Equity Growth	13.08	1.17	19.17
Asset Growth	13.75	3.74	9.11
Inventories Turnover	377.71	388.05	410.12
Days Inventories Utilization	96.63	94.06	89.00
Receivables Turnover	n.a	n.a	n.a
Days' Accounts Receivable	0.00	0.00	0.00
Efficiency Period	96.63	94.06	89.00
Payables Turnover	821.09	997.10	753.11
Days' Payments In Accounts Payables	44.45	36.61	48.47
Cash Turnover Cycle	52.18	57.45	40.53
Current Assets Turnover	216.18	212.26	187.00
Net Working Capital Turnover	1,345.59	554.64	371.57
Tangible Assets Turnover	515.78	469.11	517.12
Fix Asset Turnover	193.64	195.93	286.54
Equity Turnover	176.82	173.64	198.43
Asset Turnover	102.15	101.88	113.15
Export sales/Total sales	2.07	3.19	1.12
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	2.84	0.83	3.95
Non-Performing Asset / Total Assets	57.71	43.33	45.44
Financial Fixed Assets / Non-Current Assets	36.60	0.00	0.00
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	-1.79	-1.16	-2.08
Total Foreign Currencies Position/Equity	-3.11	-2.01	-3.50
VII. INDEBTEDNESS			
Debt Ratio	42.39	42.05	40.58
Short Term Liabilities/Total Asset	38.15	41.37	17.45
Long Term Liabilities/Total Asset	4.24	0.68	23.13
Long Term Liabilities/(Equity+ Long term Liabilities)	6.85	1.16	28.02
Fixed Asset/Liabilities	123.43	126.60	125.00
Fixed Asset/(Long Term Liabilities +Equity)	84.60	90.80	61.44
Short Term Liabilities/ T. Liabilities	90.00	98.39	43.01
Short Term Financial Liabilities/Short Term Liabilities	64.71	69.42	17.43
Tangible Assets/Long Term Liabilities	437.33	3,131.17	96.02
Financial Liabilities/Total Liabilities	66.20	68.30	62.59
Off Balance Liabilities/(Assets +Off Balance Liabilities)	67.05	67.17	60.67
Off Balance Liabilities/(Equity +Off Balance Liabilities)	77.94	77.93	72.19