JCR Eurasia Rating

"Global Knowledge Supported by Local Experience"

TURKEY

Corporate Credit Rating

Non- Financial Sector

[(Textile, Tractor & Casting 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
National	Local Rating		BBB (Trk)	A-3 (Trk)
	Outlook		Stable	Stable
Sponsor Support			2	-
Stand Alone			BC	-
Sovereign*	Foreign Currency		BBB-	-
	Local Currency		BBB-	-
	Outlook	FC	Stable	-
		LC	Stable	-

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

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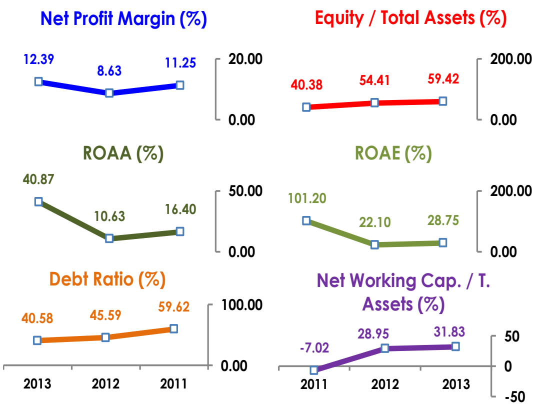

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş.				
Financial Data	**1H2014****	**2013***	**2012***	**2011***
Total Assets (000 USD)	219.563	197,342	216,768	166,560
Total Assets (000 TRY)	466,880	420,418	385,327	314,614
Equity (000 TRY)	254,751	249,824	209,640	127,041
Net Profit (000 TRY)	8,503	51,270	28,234	52,843
Sales (000 TRY)	220,293	455,860	327,151	426,547
Net Profit Margin (%)	n.a	11.25	8.63	12.39
ROAA (%)	n.a	16.40	10.63	40.87
ROAE (%)	n.a	28.75	22.10	101.20
Equity / Total Assets (%)	54.56	59.42	54.41	40.38
Net Working Capital / T. Assets (%)	26.21	31.83	28.95	-7.02
Debt Ratio (%)	45.44	40.58	45.59	59.62
Asset Growth Rate (%)	n.a	9.11	22.48	n.a

*End of year **Unaudited&End of Period

Company Overview

'Ereğli Tekstil Turizm Sanayi ve Ticaret A.Ş.' (herein referred to as 'Ereğli Tekstil' or 'the Company') was founded in 1937 by Sümerbank and purchased by Albayrak Group in 1997. Facilities including spinning, weaving, paint factory, printing, garment and sewing yarn factories that have been modernized after joining the Group. The main activities of Ereğli Tekstil are the production and sale of all kinds of fabrics, fabric dyeing services, manufacture and sale services of textile and garment products and supply of a wide range of products and services to local and international clients via its subsidiaries.

The Istanbul-based Albayrak Turizm Seyahat İnşaat Ticaret A.Ş. is the main shareholder of Ereğli Tekstil with a share of 45%. Control of the Company is also held by Albayrak Family members. Subsidiaries include Tümosan Motor ve Traktör Sanayi A.Ş. which produces agricultural machineries such as diesel engines and tractors and Tümosan Döküm A.Ş. which operates in the metal casting sector. Tümosan Motor went public in 2012.

Company facilities are located on a covered area of 46.500 m2 with a daily production capacity of 18k meter of fabric and 12k meter of yarn, producing 40% of the Turkish Armed Forces uniforms.

Strengths

- Sustainability of sales revenues and market position based on domestically dominated sales income through the Group's activities
- Tümosan Motor's largest share in the Group's consolidated structure thanks to its expanding sales points and logistic centres
- The positive outlook of the acquisition of the Altay Tankı Güç Geliştirme Project of Tümosan Motor, promising further growth in both sales and assets
- Equity generation supported by the steady profitability
- High level of NWC supporting the Company's short term financial health and efficiency
- The reversal of short term borrowing through long term bond issuances, relieving the liquidity management
- Commercial and operational intra-group synergy through group companies

Constraints

- Possible distribution of accumulated retained earnings may pressure resource reduction in consequence of the non-inclusion of an important portion of the capital resources
- On-going noteworthy level of off balance sheet commitments contingencies detrimentally affecting the Group's financial structure
- Low compliance level with corporate governance principles and weak transparency
- Poor tractor-stock management which negatively pressures financing expenses
- Unique customer concentration risk throughout the textile sector
- Increasing risk level through absence of a specific auditing mechanism
- Growing perception of pressure in the markets through risks arising from the current social unrest and political instability on economic influences

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"Global Knowledge supported by Local Experience"

1. Rating Rationale

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

Ereğli Tekstil has been one of the major textile providers of the Turkish Armed Forces since the tender was won by Group company Yaşam Tekstil Turizm San. Ve Tic. A.Ş. Despite rising competition, Ereğli Tekstil has maintained its strong market position thanks to its experience in the sector, intra-group synergy and brand awareness. As of FYE2013, the Company provides textile products to the Turkish National Police, Turkish Air Force, General Command of Gendarmerie and Turkish Naval Forces.

Although the net profit stated TRY 92.21mn in the Company's balance sheet in FYE2011, according to JCR's adjusted consideration, the net profit considered as TRY 52.84mn while the rest amount of TRY 39.37mn (due to non-recurring income) evaluated as changes in revaluation of fixed assets, therefore not considered in the net profitability.

Consolidated independent auditor's reports prepared in accordance with TFRS, subsidiaries and shareholder financial statements, information, projections, audit reports edited by the auditing company, sector statistical data, 1H2014 unaudited reports, JCR Eurasia Rating's own research and records and other non-financial figures were drawn upon in the determination of the assigned ratings.

Factors determining the rating include: the reputable background of the main shareholder and equity structure, dominant position with high-tech plant in the textile sector in terms of providing Turkish Army's clothing needs, commercial and operational synergies arising between Group companies, brand reputation, high level of profitability ratios, the positive value of the working capital and high share of sales revenues of the group companies.

Factors 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 consolidated Company, the possibility of distribution of accumulated retained earning which may cause a reduction in equity and the weaknesses in corporate governance principles.

Fundamental rating considerations are as below;

Sound And Adequate Level Of Net Working Capital To Total Asset

The dominant NWC level is sufficient to support the Company's liquidity needs. As a natural result of the Group's high sales revenue, the "Net working Capital/Asset" ratio followed a continuing positive trend. Balanced assets and liabilities in terms of maturity dates were at an optimum level.

Comparative Advantages Triggered By The Group's Branding Advantage And Experiences

With a history dating back to 1952, the Albayrak Group has diversified its business activities since 1982, 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 six different sectors through 20 subsidiaries and a labor force of over 5,000. The subsidiary Tümosan Motor was the first diesel engine manufacturer in Turkey. Producing diesel engine cars under its own brand, the company is strong enough to meet Turkey's annual tractor demand.

Sound Sales Growth and Strong Business Expansion Potential

Ereğli Tekstil achieved ongoing sales revenue historically from the continuing business field. Group activities mainly focus on three segments with Tümosan Motor holding the largest share in the consolidated structure in terms of assets, sales, resources sizes and generated profit. The company operates through 11 regional headquarters and 367 authorized dealers nationwide. The Company supplies a large portion of the clothing needs for the Turkish National Police, Turkish Air Force, General Command of Gendarmerie and Turkish Naval. Moreover, the subsidiary Tümosan Motor won the tender for the development of the Altay military tank, promising further growth.

Sustainable Profitability Ratios Via Diversified Revenue Streams Supported By The Group's Activities

The Company gained a steady profit over the years supporting its equity level. The main profitability ratios ROAA and ROAE indicated positive and on-going performance through the reporting period. The net profit from principal activities of the Company almost doubled the previous year's figures.

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

The allowances for impaired receivables followed a decreasing trend. A slight drop was recorded in the ratio of non-performing receivables to total receivables thanks to adequate risk management practices contributing to ratios related to impaired receivables. Moreover, despite a steady growth in assets, the NPL level remained at a low level. The Company classified TRY 2.22mn of collectibles as impaired receivables which accounted for less than 1% of total receivables as of year-end 2013. Considering that the ratio of trade receivables to assets was 38.53% (FY2012: 38.41%), the credit risk exposure of the Company is considered to be lower than moderate levels. On the other hand, the Company fully provisioned for the impaired receivables, improving asset quality.

The Reverse Of Short Term Borrowing Into Successful Long Term Bond Issuances
The Company had a diversified borrowing structure through bank loans, factoring payables and capital market instruments such as debt issuances. The bond issuances with scarce alternative funding sources, presented the advantages of reducing funding costs, relieving the balance sheet and lengthening the maturity of borrowings, leading to a positive effect on liquidity management. The borrowing structure was dominated by short term bank loans and factoring payables until 2013. Afterwards, the borrowing structure transitioned to long term borrowings with the successful debt issuances, relieving the liquidity management.

Continuing Upward Trend Of Off Balance Sheet Commitments Contingencies During Recent Years, Exerting Pressure On Asset Quality
The number of guarantee letters and pledges given on behalf of its own legal entity, related parties and group companies has increased over the last years. In other words, off balance sheet commitments contingencies followed an upward trend during recent years, exerting pressure on asset quality.

Single Customer Risk in Textile Sector
The majority of sales of Ereğli Tekstil are realized through Yaşam Tekstil Turizm San. Ve Tic. A.Ş. The high share of domestic sales creates a significant customer concentration risk.

Accumulated Retained Earnings
Accumulated retained earnings may create the possibility of distribution which will pressure resource reduction in consequence of the non-inclusion of an important portion of the capital resources. Adding these earnings to capital might prevent the related risks.

Need For Progress in Corporate Governance Practices
With the exception of disclosure requirements authorized by the Capital Market Board, Ereğli Tekstil is not subject to strict governance regulations as a non-publicly traded company. However, to establish transparency and ensure that its customers have the access to current information, the Company should disclose materials concerning the organization such as the Company's annual report, details of AGMs, an organizational chart, mission & vision and dividend and remuneration policies. Absence of a group specific auditing mechanism increases the risk level.

Leading Company
Ereğli Tekstil is a credible supplier of 40% of the Turkish Armed Forces and is one of two companies in Turkey with fully integrated textile plants. In addition, the subsidiary Tümosan Motor, was the first diesel engine manufacturer in Turkey, producing diesel engine cars under its own brand.

Accelerated Activities in the Tractor Field in Parallel With Regressed Activities in the Textile Sector
Ereğli Tekstil stopped textile production in February 2013 due to the destocking strategy of the Turkish Army. While tractor activities accelerated in the Company's consolidated structure, the activities in the textile side lost volume. In this scope, Tumosan has strengthened its position as the flagship of the Group. As of FYE2013, the sales of tractors constituted 95% of total sales. On the other hand, with probable new Turkish Armed Forces tenders is expected to create advantages for Ereğli Tekstil in the following year.

Market Outlook
Political instability, social tensions, rising interest rates, tightening liquidity structure, and the run-up to general elections suppress the market outlook expectations. Moreover, the economic and political risks inherent are exacerbated by the recent turmoil in the Middle East and economic sanctions imposed on Russia by the western countries. Therefore, as much as these regions constitute solid growth potentials, the tensions and economic sanctions are likely to hinder business activity, extend receivable collection periods and postpone the investors' investment plans.

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

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

An increase of equity level, continuation of internal capital generation through increased revenue via improving profitability and/or paid-in capital support for its capital base against potential losses, sustainable dominant position in the sector, the maintenance of developments in investments and financial performance and a more diversified customer base indicating lower credit risk, more diversified funding profile, high consistency in cash flow, Tümosan Motor's business activities and Ereğli Tekstil's projected growth aspects may result in a positive rating action.

On the other hand, an increase of financing costs lowering the profitability ratios, continuance of high amount of receivables from the main shareholder 'Albayrak Turizm Seyahat İnşaat Tic. A.Ş.', a deterioration in asset quality, downward trend in the sales revenue and increased volatility in economic outlook may trigger a negative rating result.

2. Outlook

JCR Eurasia has assigned a "**Stable**" outlook for the Long Term National Rating and a "**Stable**" outlook for the Short Term National Rating perspectives of Ereğli Tekstil, considering the continuity of the Company and the Group's high sales revenue and cash-flow which strengthening future profitability, asset quality, balance sheet composition and market conditions.

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

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

3. Sponsor Support and Stand-Alone Assessment

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected supportive potential of the main controlling shareholder of Albayrak Turizm Seyahat İnşaat Tic. A.Ş. and other shareholders holding majority shares. It is considered that the shareholders have the willingness and propensity to supply long term liquidity or equity to the Company as and when financial needs arise and the adequate experience to provide efficient operational support. However, JCR Eurasia Rating was unable to obtain the adequate knowledge and conviction on whether the family and other sponsors have the sufficient funds to support the Company when financial needs arise.

The Stand-Alone Note is formed regarding with Group Company and its subsidiaries assets quality, equity structure, market shares, sustained growth rates, existing risk situation and the risks associated with the environment and financial markets. Therefore, JCR Eurasia Rating believes that the Company has enough experience and infrastructure to manage the risks individually as long as they maintain their existing customers, sustainability of sales revenue and market positions.

After assessing all factors stated above, the Sponsor Support and Stand Alone Notes of the Company have been determined as "**2**" and "**BC**", respectively. A Sponsor Support Note of "**2**" denotes adequate external support.

4. Company Profile

a. History and Activities

Ereğli Tekstil, with roots tracing back to the 1930s, was acquired by the Albayrak Group through a privatization process in 1997. The Company provides 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. Ereğli Tekstil's control is held by Albayrak Family members. With a history in construction dating back to 1952, the Albayrak Group has diversified its business activities since 1982 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 6 different sectors through 20 subsidiaries and a labor force of over 5.000.

As of FYE2013, the annual production capacity of the Company is listed as below:

Ereğli Tekstil Turizm San. Ve Tic. A.Ş Production Capacity	2013
Yarn Production	360 tone/year
Fabric Production	5mn meter/year
Paint Production	6mn meter fabric/year
Printing Production	8mn meter facbric/year
Garment Production	2mn suit/year
Sewing Yarn Production	25 tone/year(mercerised-polyster)

The factory is located on a covered area of 46.500m² Konya/Ereğli with a production capacity of 8.000m² fabric and 12.000m² yarn on a daily basis. It provides 40% of the clothing needs of the Turkish Armed Forces through fully integrated high-tech plants.

Group strategies for the following sectors and activities include;

- Continued investment in newsprint production
- 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 Geliştirme' project Concentration in the field of inter/nationally solid waste management

b. Organization and Employees

As of the reporting date, the Board of Directors of the Company was comprised of 3 members, given below. As of December 31, 2013, Ereğli Tekstil had a staff force of 58 personnel including white collar workers (9 employees) and blue collar workers (49 employees).

Board Members	
Chairman	Muzaffer Albayrak
Vice Chairman	Faruk Albayrak
Board Member	Fahri Aydın

The Company's organization includes the General Manager, Accounting and Finance, Marketing and Sale, Purchasing, Human Resources, Maintenance and Repair, Planning, Production and IT Departments and Weaving, Painting and Quality Control Sections and a Quality Management Representative.

c. Shareholders, Subsidiaries and Affiliates

The following table shows the historical and current shareholder structure of Ereğli Tekstil. The Company's corporate shareholding structure covers Albayrak Turizm Sey. İnş. A.Ş., holding the largest shares (45%). The real person shareholder structure included 4 individuals in FYE2013. The Company is under complete-ownership of the Albayrak family.

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİC.A.Ş			
Shareholders	Share % 2013	Share % 2012	Share % 2011
Albayrak Turizm Seyahat İnşaat Tic.A.Ş	45.00%	45.00%	45.00%
Bayram ALBAYRAK	22.50%	22.50%	22.50%
Nuri ALBAYRAK	21.25%	21.25%	21.25%
Mesut M.ALBAYRAK	6.25%	6.25%	6.25%
Faruk ALBAYRAK	5.00%	5.00%	5.00%
Total	100.00%	100.00%	100.00%
Paid Capital-TL/(000)	5,000	5,000	5,000

✓ Albayrak Group

The Albayrak Group, stating as one of Turkey's paramount construction companies, showed a rapid growth during Turkey's fast urbanization in the 1950s and took a part in several projects such as the Taksim Underground and Muş Train Station construction.

During the 1992 Istanbul 'garbage crisis' the Albayrak Group began providing services in the area of waste management. Currently, the group is the largest company in the sector with 830 vehicles and 5,500 staff. Additionally, the Albayrak Group extended its reach by entering foreign markets such as Iraq and Pakistan to provide waste management services with 400 vehicles and a staff of more than 7,000. The Group began providing meter reading, billing, maintenance and on-off services to local electricity (TEDAŞ), water (İSKİ) and natural gas (İGDAŞ) providers in 1995.

The history of Albayrak Group is briefly listed below:

- Activities began in the construction sector in 1952.
- In 1982 only company entered the personnel transport sector.
- 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.
- İktisat Gayrimenkul Yatırım Ortaklığı was purchased in 2005, changing the name to Albayrak GYO.
- Companies operating in the sector of Waste Management were collected 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.

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 Albayrak Group operates in the following fields:

Construction: Albayrak İnşaat is one of the leading construction companies in Turkey. As of FYE2005, Albayrak REIT joined the Group and with Albayrak İnşaat, have become the flagship of Group. Important projects such as a cooperative housing project in Aydın in 1952, the Muş Train Station in 1954, resort housing in Balıkesir and the İstanbul Underground in 2001 have been completed. Recent projects include Esenler Kemerpark, Halkalı Güneşpark and İzmir Albayrak Mavişehir. The company also carries out construction projects in industry, trade and health.

Industry: Albayrak Group's industry investments are concentrated in the fields of textile & tractor and motor production. The Ereğli Integrated Tekstil Factory was founded by Sümerbank Holding in 1937 and taken over by the Albayrak Group through privatization in 1997. The Group modernized the factory's manufacturing facilities and expanded into spinning, weaving, paint, printing, garment and sewing manufacturing. The capacity of the factory reached to a daily production of 12,000 kg of yarn and 18,000 meters of fabric. The factory, covering a 46,500 m2 closed area, provides approximately 40% of the Turkish Armed Forces' clothing needs.

Additionally, the Group acquired the Balikesir Paper Factory through privatization in 2003 with an investment of EURO30mn. Although not currently operational due to legal processes, the factory is expected to have an annual production capacity of 200k tons of paper.

Tümosan Motor, located in Konya on an area of 1.6 m^2 with an annual production capacity of 45k tractors, was purchased by the Group in 2005. Eregli Tekstil is the largest shareholder of Tümosan and shares are publicly trade on the national stock market (BİST). Tümosan Motor itself is strong enough to meet the annual domestic tractor demand.

Tümosan Döküm A.Ş. was founded in 2012 in Konya to provide casting activities.

Logistics: The Group entered the logistics sector in 1982 to provide local personnel transport services. By 2013, the Group became the largest company in the sector with a fleet of 2,500 vehicles. Albayrak Group also founded a car rental company in 1995 serving private and public sector institutions with 1,500 cars and vans. Furthermore, the Group acquired the Trabzon Port through privatization in 2003. The logistics sector ranks 4th in terms of revenue of Group.

Services: The Albayrak Group has been active in the service sector since 1992 through waste disposal management and meter reading services. The Group provides the collection and transfer of waste in an environmentally friendly manner.

Sistemli was established in 1995 to provide meter reading services for natural gas, water and electricity and for the distributing, invoicing and maintenance and resetting-pausing services for the relevant subscriptions for ISKI, TEDAS, IGDAS in Istanbul and TEDAS in Ankara and Trabzon.

Media: The Group currently owns 1 newspaper and 1 TV Channel. TV NET broadcasting and Yeni Şafak Gazetesi newspaper were founded in 2007 and 1995, respectively.

Textile: Yaşam Tekstil Turizm San. ve Tic. Ltd. Şti. was was incorporated into the Group structure in 2004 and located in Zeytinburnu, Istanbul to outsource sewing activities to the industry's leading brands. The main business activities of the company are the buying and selling of yarns, fabrics and ready-made garments.

Ereğli Tekstil operates as a sub-contractor of Yaşam Tekstil Ltd. Şti. The majority of products are produced in Group factories.

The participation of the subsidiaries of Ereğli Tekstil, Tümosan Motor ve Traktör San. A.Ş. and Tümosan Döküm A.Ş., are listed below:

	Share(%)		
Subsidiaries of Ereğli Tekstil	3Q2014	2013	2012
Tümosan Motor ve Traktör San. A.Ş.	67.20	68.57	67.58
Tümosan Döküm A.Ş.	-	78.18	78.18

As of 3Q2014, Ereğli Tekstil transferred all shares of Tümosan Döküm to Tümosan Motor and Tümosan Motor has been the only subsidiary of Ereğli Tekstil.

- ✓ **Tümosan Motor ve Traktör San. A.Ş. (hereinafter Tümosan Motor)**

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.

Ereğli Tekstil purchased a 78.18% share of Tümosan Motor in September 2009. Currently, Ereğli Tekstil holds a 67.20% share of Tümosan Motor A.Ş. and 19.25% of shares have been open to the public since 2012. Headquarters is located in İstanbul, the factory in Konya and the Company operates through regional headquarters and authorized dealers nationwide. The Company employed 125 white collar employees and 290 blue collar employees as of FYE2013.

Tümosan places great importance on R&D investments with the support of Tubitak and the consultancy of İTÜ. The Tümosan R&D Center has the distinction of being the first application in the automotive field in İTÜ Teknokent.

On the other hand, Tümosan Motor was unable to participate in and benefit from the sales advantages from government tractor subsidies in contrast to its well-prepared competitors.However, despite not increasing its market share as of FYE2013, Tümosan Motor maintained its position in the tractor sector and was ranked 2nd in Turkey. Although the number of dealers reached 114, a drought in 2014 negatively affected tractor sales in parallel the dealer's collection volume.

Besides, 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.

- ✓ **Tümosan Döküm A.Ş.(hereinafter Tümosan Döküm)**

Tümosan Döküm A.Ş. was established in 2012 for casting and machining operations. The labor force of Tümosan Döküm was 33 as of FYE2013 through its headquarters in İstanbul and factory in Konya. Ereğli Tekstil has held a 78.18% share of Tümosan Döküm A.Ş. since establishment.

The following table shows the shareholder structure of Ereğli Tekstil's subsidiaries as of FYE2013.

The shareholder structure of Ereğli Tekstil subsidiaries (as of 2013)		
Shareholders	Tümosan Motor ve Traktör Sanayi A. S.	Tümosan Döküm A.S.
Ereğli Tekstil Turizm San. Ve Tic. A.Ş.	68.57%	78.18%
Muzaffer ALBAYRAK	1.74%	6.27%
Bayram ALBAYRAK	1.74%	3.11%
Nuri ALBAYRAK	1.74%	3.11%
Kazım ALBAYRAK	1.74%	3.11%
Mustafa ALBAYRAK	1.74%	3.11%
Ahmet ALBAYRAK	1.74%	3.11%
Hedef Girişim Sermayesi Yatırım Ortaklığı A.Ş.	1.74%	-
Public	19.25%	-
Total	**100.00%**	**100.00%**
Paid Capital-TL/(000)	**115,000**	**10,000**

Moreover, the related parties of Ereğli Tekstil and the field of facilities of these companies are listed below;

Related Companies of Ereğli Tekstil	Facility Field
1. Albayrak Holding A.Ş.	Holding
2. Albayrak Turizm Seyahat İnşaat Tic. A.Ş.	Construction
3. Albil Merkezi Hizmetler ve Tic. A.Ş	IT
4. Bayha Atık Yönetimi ve Taşımacılık A.Ş.	Waste Collection
5. Diyalog Gazetecilik San. Ve Tic. Ltd. Şti.	Journalism
6. Güneş Albayrak Turizm Seyahat San. Ve Tic.	Logistic
7. Kademe Atık Teknolojileri San. A.Ş.	Waste Collection
8. Net Yayıncılık Sanayi ve Ticaret AŞ.	Media
9. Platform Tur. Taş. Gıda Inş. Tem. Hiz. San. Ve Tic. A.Ş.	Logistic
10. Reklam Piri Medya İletişim A.Ş.	Media
11. Trabzon Liman İşletmeciliği A.Ş.	Harbour Management
12. Varaka Kağıt Üretimi A.Ş.	Paper Manufaturing
13. Yaşam Tekstil Turizm San. Ve Tic. Ltd. Şti.	Textile, Garment
14. Yeni Şafak A.Ş.	Journalism
15. Yeşil Adamlar Atık Yönetimi ve Taşımacılık A.Ş.	Waste Collection

The main shareholder and subsidiaries on Ereğli Tekstil's financial statements and income statements are shown in the table below:

	Shareholder	Subsidiaries	Subsidiaries
Balance Sheet FYE2013	Albayrak Turizm Sey. İnş. Tic. A.Ş.	Tümosan Motor ve Traktör San. A.Ş.	Tümosan Döküm A.Ş.
Current Assets-d	177.848.731,26	202.017.276,16	3.399.648,23
Non-Current Assets	397.069.383,21	41.247.555,95	7.945.475,41
Short Term Liabilities	108.704.073,14	43.048.284,99	2.998.633,69
Long Term Liabilities	302.276.505,12	2.466.845,73	
Equity	163.937.536,21	197.749.701,39	8.346.489,95
* Paid in Capital	145.805.962,32	115.000.000,00	10.000.000,00
Total Liabilities&Equity	574.918.114,47	243.264.832,11	11.345.123,64

	Shareholder	Subsidiaries	Subsidiaries
Income Statement as of FYE2013	Albayrak Turizm Sey. İnş. Tic. A.Ş.	Tümosan Motor ve Traktör San. A.Ş.	Tümosan Döküm A.Ş.
Total Sales	31.058.815,28	446.794.704,13	7.354.192,88
Cost of Sales	22.689.200,26	349.807.089,57	8.170.558,51
Gross Profit	8.365.236,55	96.497.164,02	-854.654,59
Operating Profit	-8.814.217,13	69.925.820,57	-1.161.882,12
Net Profit	-31.957.033,03	57.600.425,93	-1.076.246,34

According to Albayrak Turizm Seyahat İnşaat Tic. A.Ş.'s year end 2013 financial statements, total assets were TRY 574.92mn. The main shareholder's equity was TRY 163.94mn, of which 88.94% was paid (TRY 145.81mn). The Company's debt structure was mainly based on long term liabilities. On the other hand, despite strong total sales during FY2013, the Company's gross profit was TRY 8.37mn and negative net profit was an obstacle to the continuation of the Company's activities.

Tümosan Motor held the largest share (1H2014:%67.20) in the consolidated structure in terms of the assets, sales, resources sizes and generated profit. As of 3Q2014, Ereğli Tekstil did not hold any shares of Tümosan Döküm.

d. Corporate Governance

As the Company is not a publicly traded company, therefore the corporate governance discipline is not a field that is required to be taken into consideration. No special law has been enacted and no regulatory or supervisory public authority has been established yet to regulate the activities of the firms in the sector. On the other hand, the subsidiary of Ereğli Tekstil, Tümosan Motor, has been listed on the BIST since 2012.

Company shares are held by one corporate shareholder, Albayrak Turizm Seyahat İnşaat Tic. A.Ş., and four real person shareholders. Shares are payable to the holder and there are no privilege on the shares.

The website of the Company contains disclosures contributing to transparency on topics such as Company 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.

On the other hand, to enhance better transparency, the website of the Company should include an organizational chart, ownership structure, financial reports including annual audit reports, information about subsidiaries, general meeting agenda and attendance sheet, and vision and. These deficiencies are factors reducing the quality of the Company's total corporate governance practices.

Ereğli Tekstil production facilities and overall operational processes are governed according to the international standards evidenced by the possession of certification including TS – EN ISO 9001 Quality Management System regarding production of painted and paint imprinted woven fabric.

Under the frame of Social Responsibility, as of FYE2013, the Company provided donations of TRY 154k to institutions with the status of public benefit associations.

The Board of Ereğli Tekstil consists of three members, two of which are from the Albayrak Family and two executive. 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.

Subsequently, the Company's compliance with the principle of corporate governance requires essential improvement compared to international standards.

e. The Company and its Group Strategies

Ereğli Tekstil operates as a sub-contractor of Yaşam Tekstil Ltd. Şti. The majority of products are produced in Group factories. Yaşam Tekstil Turizm San. ve Tic. Ltd. Şti. received an order from the Turkish Armed Forces for the production and supply of clothing and uniforms (training suits, parkas, hats, etc.) in FYE2011. Tümosan Motor, the first diesel engine manufacturer in Turkey, produces diesel engine cars under its own brand. The tender for the development of the Altay military tanker by Tümosan Motor promises further expansion of the Group.

Ereğli Tekstil, on a textile base, stopped production in February,2013 due to the destocking strategy of Turkish Army. On the other hand, with the probable new tenders of Turkish Army Forces, Ereğli Tekstil's planning to produce 1.5mn units of uniforms for the Military which will turn into high revenue of the Company's consolidated structure.

5. Sector Overview & Operational Environment

❖ Textile & Apparels Sector

The textiles and apparels industry is one of the first established industries in Turkey. The sector has an important place in the country's GDP, manufacturing industry, exports, net foreign exchange reserves, employment, investment and trade openness.

The sector has created new competition strategies by increasing quality and efficiency following new quota regulations by the WTO and the inclusion of China in 2005. The sector was the most affected in the 2009 crisis. However, the sector experienced a 10.5% growth in FYE2010 compared to the previous year and reached USD14.2mn. Growth rates of 10.2% and 0.8% in the amount of USD15.6mn and USD15.8mn were achieved in FYE2011 and FYE2012, respectively.

According to UNIDO data, 13mn people are employed in the clothing industry. Key markets, comprising 54% of production, are China, India, the USA, Germany, the UK, Spain and France. China is the first and Turkey is the 7th largest global cotton supplier. Additionally, Turkey is the 5th largest global supplier of ready wear clothing.

Textiles make up a 10% share of total GDP. According to the Social Security Agency, approximately 2mn insured and uninsured workers are employed by 11,000 SMEs in the industry. Intermediate goods accounted for 40% of production in FYE2010, decreasing to approximately 20% in 2011 and 2012 after government restricted import tariffs. The sector had a foreign trade surplus of USD10.6mn in FYE2011. Germany, the UK and Spain were the largest export partners.

Foreign Trade Statistics ($ mn)				
	All Sectors		Textile Sector	
Period	Import	Export	Import	Export
1H2013	125,837	75,231	1,218	8,339
2012	236,537	152,561	2,502	15,770
2011	240,842	134,907	3,166	15,649
2010	185,544	113,883	2,704	14,206
2009	140,928	102,143	2,017	1,285
2008	201,964	132,027	2,118	15,235

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 production chain, use of the latest manufacturing techniques, flexibility in the manufacturing process, logistics, know-how and intellectual property rights protection are the strengths of the Turkish clothing sector.

On the other hand, fluctuation in labour and raw material and energy costs and lack of branding resources in both the public and private sectors, prevalence of informality, branding, promotion, marketing activities and inadequate support for cotton farming by government are the weaknesses of the sector. Moreover, unfair competition, especially from China, increases international competition dramatically. Furthermore, the short physical distances to the EU and emerging markets, the expectation of trade in neighbouring countries, ease of entry into the Asian market and preferential free trade agreements can be shown as key opportunities of the sector.

September,2013 Import	USD	%
U.S.	16,915,301	42.22%
CHINA	3,935,424	9.82%
SWISS	3,711,060	9.26%
BELGIUM	3,595,931	8.98%
SINGAPORE	2,255,118	5.63%
EGYPT	1,910,097	4.77%
INDIA	1,736,404	4.33%
GERMANY	1,520,515	3.80%
NETHERLANDS	1,011,162	2.52%
MERSİN FREE ZONE	830,473	2.07%
OTHER	3,473,815	6.60%
TOTAL	**40,064,826**	**100.00%**

In addition to exports to non-EU countries, the rise in exports was driven by an increase in exports of high tech products to EU countries, including Italy and Spain which have experienced economic woes in the recent past.
Ereğli Tekstil is a credible supplier of 40% of Türk Silahlı Kuvvetleri, is one of two companies in Turkey having fully integrated textile plants and using this technology.

❖ Agricultural Machinery Sector

The Turkish agricultural machinery market has developed rapidly over the last five years. Approximately 850 companies operate in the field of tractor and equipment, only 150 of which hold import identities. In the tractor group, more than 20 companies represent approximately 40 brands. Antonio Carraro, Bozok, Kioti, Bronson, Ferrari, Chery, Uzel and Tümosan are the few brands listed in the tractor sector.

The labor force of the sector is approximately 25000, 4,000 in the tractor sector. Turkey ranked 5th in the global tractor market (excl. China and India) in 2012 due to high demand. On the other hand, approximately 1mn tractors used in the agriculture sector are over 25 years old. Therefore, the need for new tractors promises future growth of the industry.

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.

The export volume of the Turkish agricultural machinery sector increased by 50% over the last five-year period. According to 2014 data, the sector increased its export share by 27.8% comparing the previous year's figures. Germany has the largest share in the export of agricultural machinery, followed by the USA, Italy and China while Turkey was ranked 25th. The global production volume of 2013 is projected to reach EUR 96bn. Turkey is one of the largest and most important global markets for the sales of tractors. 56,407 tractors were produced in FYE2013 and 42,341 produced in the first 8 months of 2014, an increase of 20% from the previous period.

In 2013, the export of agricultural machinery was approximately USD 660mn to around 120 countries, of which USD 340mn belonged to tractor and USD 265mn equipment. Tractors are the most exported agricultural machines. The top 10 import markets are Italy, Azerbaijan, Morocco, South Africa, Poland, Russia, Algeria and Bulgaria.

On the other hand, the top 10 exporters are India, Italy, France, Germany and South Korea with a share of 82%, followed by the USA, Japan, England, Mexico and Austria. The total import amount was USD 718mn consisting of USD 244mn tractor import and USD 473mn equipment import.

The share of tractor and equipment in foreign trade and export & import figures are listed below:

	The Share of Tractor and Equipment in Foreign Trade					
Description	Export(000 usd)	Share(%)	Share (%)(Except Tractor)	Import(000 usd)	Share(%)	Share (%) (Except Tractor)
Irrigation equipment	7,729.00	1.28	2.93	19,951.00	2.78	4.22
Spraying equipment	12,099.00	2	4.58	9,354.00	1.3	1.98
Irrigation & Spraying	5,529.00	0.91	2.09	18,327.00	2.55	3.87
Loaders	520.00	0.09	0.2	7,487.00	1.04	1.58
Soil cultivation, planting, fertilisation and plant care equipments	88,307.00	14.58	33.45	37,151.00	5.18	7.85
Harvest, threshing, reap, baling and sorting equipments	66,870.00	11.04	25.33	308,324.00	42.96	65.15
Milking equipments	15,767.00	2.6	5.97	13,716.00	1.91	2.9
Other agricultural equipments	62,935.00	10.39	23.84	52,937.00	7.38	11.19
Agricultural trailer	2,773.00	0.46	1.05	459.00	0.06	0.1
Tractor	341,840.00	56.43	-	244,492.00	34.06	-
Motoculteur	1,433.00	0.24	0.54	5,572.00	0.78	1.18
Total	605,802.00			717,770.00		

Additionally, bank loans were very effective for the purchase of tractors in the domestic market. More than 90% of tractor purchases were financed by bank loans. 91% of tractors were farm type and 9% garden type tractors. Türk Traktör, Tümosan and Erkunt Traktör produce their own engines under domestic brands and held a total market share of 27% of the Turkish tractor market. 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.

Tümosan Motor, despite not increasing its market share in FYE2013, maintained its 2nd ranked position in the tractor sector. As of 2014, competition increased in the tractor sector mainly derived from a general focus on increasing market share at the expense of profit. While central Anatolia is the strongest region for Tümosan Motor's sales activities, the Aegean is the weakest region.

*__Sources__: *Republic of Turkey Ministry of Economy, Turkey Statistics Foundation, İTKİB, Tarmakbir*

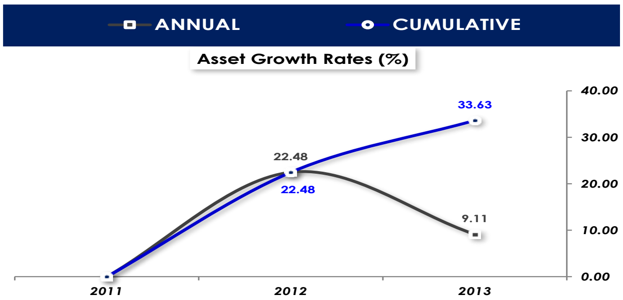
6. Financial Analysis

a. Financial Indicators and Performance

Ereğli Tekstil has obtained yearly based auditing reports, providing an enhanced comparison with the previous financial statements of the Company.

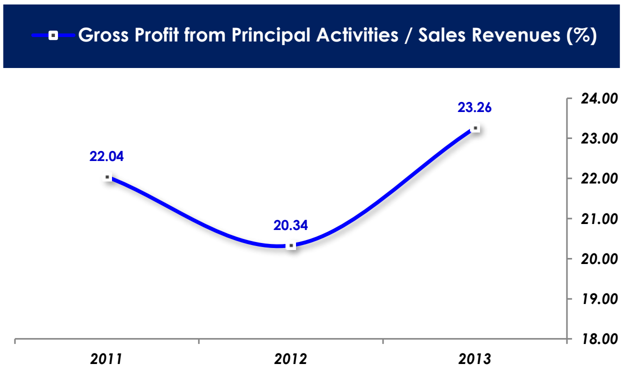
I. Indices relating to size

Despite the intense competition and economic strain, the consolidated assets of Ereğli Tekstil exhibited an upward cumulative growth rate of 33.63% for the last two year period. On an annual basis, the highest level of growth was recorded in 2012 with a rate of 22.48%. Following the period of expansion, growth rates experienced a downward trend and the annual asset growth of the Company slightly declined to 9.11% as of FYE2013. On the other hand, the total assets increased to TRY 420.42mn from TRY 385.33mn as of FYE2013.



The share of current assets in the Company's total assets diminished to 49.28% from 72.76%, while the non-current assets' share almost doubled to 50.72% as of FYE2013. Receivables from related parties considerably decreased to TRY 15.97mn from TRY 95.02mn, mainly due to the payment from Albayrak Turizm to Tümosan Motor on 5 June, 2013. The Company's current assets are principally composed of trade receivables and inventories.

Over the reviewed period, the Company's current assets fell by TRY 73.19mn to TRY 207.18mn. In addition, the Company supported its non-current assets through long term receivables from Albayrak Turizm of TRY 91.86mn. The Board of Directors of the main shareholder took the decision to take over the 95% stake of Trabzon Liman İşletmeciliği A.Ş. belonging to Albayrak Turizm. Interest was not calculated for these receivables. The purchase of the shares of Trabzon Port has not yet been realized. Moreover, a significant portion of balance sheet assets was composed of non- current assets in the amount of TRY 213.23mn as of FYE2013, while heavily constituted by current assets of TRY 280.38mn in the previous year.



Gross profit from principal activities increased by 59.40% to TRY 106.05mn while revenues from sales, including services, indicated a growth of 39.34%. Thus, the ratio of gross profit from principal activities to sales revenues increased to 23.26% as of FYE2013.

II. Indices relating to profitability

Group activities are mainly focused on three segments. Tümosan Motor mainly focuses on the production and sale of tractors, Tümosan Döküm in casting and foundry and Ereğli Tekstil in textiles. Tümosan Motor 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, JCR Eurasia concentrated mainly on the most significant developments related with Tümosan Motor.

2013	The Share of Activities (TRY)			
	Textile	Tractor	Casting	Total Amount
P/L	23,316,572.00	28,156,383.00	- 203,217.00	51,269,738.00
Assets	186,376,061.00	222,771,400.00	11,270,876.00	420,418,338.00
Liabilities	115,506,345.00	51,290,754.00	3,797,093.00	170,594,194.00

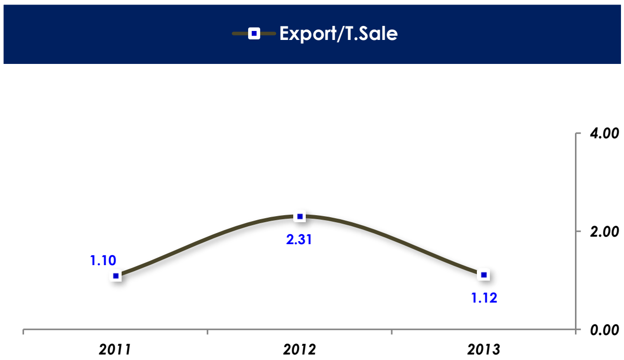
The revenue of investment activities at a value of TRY 41.72mn played the major role in the formation of profitability of Ereğli Tekstil's textile segment. The revenues from investment activities include the resale of Tümosan Motor's stakes to investors that had been purchased before. In this scope, Ereğli Tekstil is holding 1.7mn of stakes that can be invested.

The distribution of sales are detailed as follows:

Distribution of Sales	2013 Share (%)	2012 Share (%)
Tractor Sales	95.16	87.05
Motor Sales	0.64	0.65
Sales of Spare Parts	1.62	1.13
Textile	2.58	11.17
Total	455.860.340	327.152.870

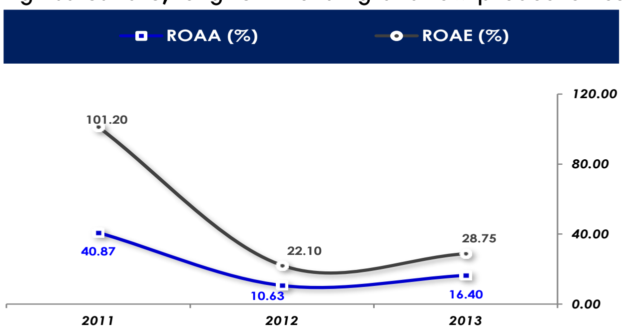
The Group produces profits from its core-business segments, the manufacture and sale of tractors, textile and casting with Tümosan Motor's tractor production and sales providing the largest share. Moreover, as of August 2014 Tümosan won the tender for the development the Altay Tank, the country's first domestically produced military tank.

Despite the minor share of export revenues among total sales, the Group has overseas export revenue at TRY 5.11mn declining from TRY 7.60mn. Group foreign export revenues are included in the chart below:

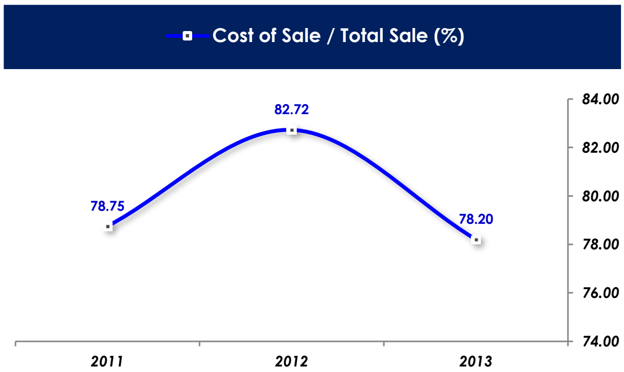


The Return on Average Assets (ROAA) and Return on Average Equity (ROAE), the two major indicators of a company's profitability, have both exhibited a fluctuating but positive pattern since FYE2011. Both ROAA and ROAE ratios considerably increased to 16.40% from 10.63% and to 28.75% from 22.10%, respectively, in the reporting period derived from the noticeable augmentation in net profit from TRY 28.23mn to TRY 51.27mn, derived from the increase of sales revenues from Tümosan Motor.

The profitability of the Company is considered to be closely related with the expansion of its activities through high sales rate, long term funding and low production costs.

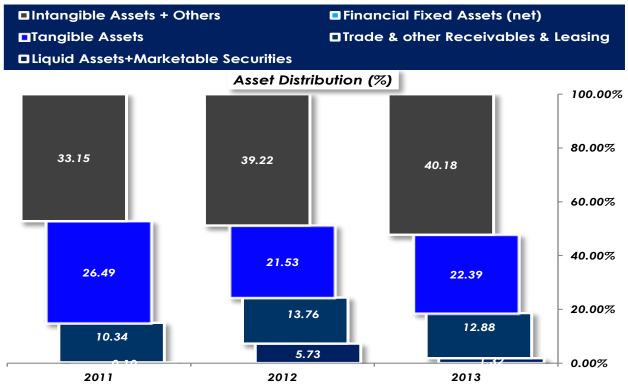


The cost of sales to total revenue of sales ratio slightly declined to 78.20% from 82.72% as of FYE2013, due to higher growth rate of sales revenue at 39.34% compared to the growth rate of cost of sales at 31.72%.



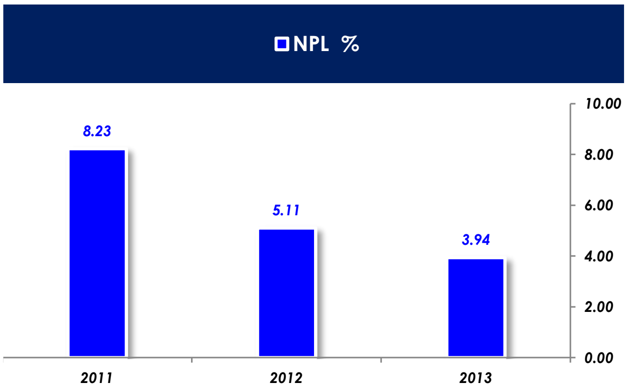
b. Asset quality

The largest share among assets, 23.23% in FYE2013, was comprised of inventories at an amount of TRY 97.67mn in which 66.23% constituted raw materials and supplies. The second largest item among total assets was tangible assets mainly driven by investment properties at a value of TRY 94.14mn, of which TRY 77.11mn belonged to building & lands and plant, machinery and equipment. The third largest item in total assets was trade and other receivables at 12.88%, a slight decline from 13.76% as of FYE2013. Liquid assets had the minimum share among total assets at 1.32%, a decline from 5.73%.

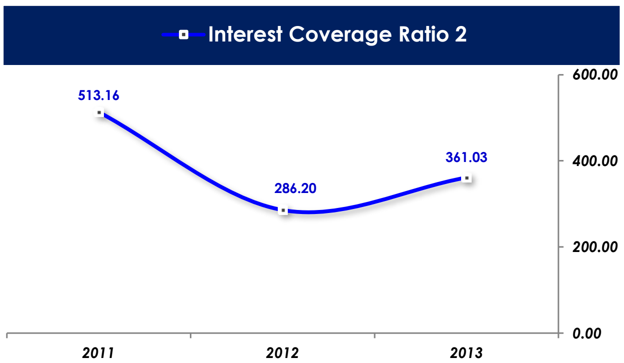


The share of the allowances for doubtful receivables to total trade receivables maintained its position at TRY 2.22mn as of FYE2013. In addition, the Company adopted a full provisioning policy for its impaired receivables arising from trade and related party receivables amounting to TRY 2.22mn as of FYE2013, further contributing to asset quality.

However, 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 aggregate total receivables. The Company's NPL ratio indicated a downward trend since FYE2011, indicating the lowest level at 3.94% as of FYE2013.



A company's ability to meet its financing expenses through internally generated funds is measured by the interest coverage ratio. A ratio greater than 150% typically denotes a financially sound company which is able to cover its obligations to its creditors. As of 2013, the Company's interest coverage ratio was noticeably above the desirable levels at 361.03%, increasing from 286.20%. On the other hand, the Company has a strong potential and proven track record for growth and sufficient credit limits which imply its adequate debt payment capability. However, the notable amount of net profitability of the Company indicates its increasing ability to meet rising financial expenses. The EPS of the Company, one of the main performance indicators for stock market appraisal, increased from TRY 37.72 to TRY 63.72.



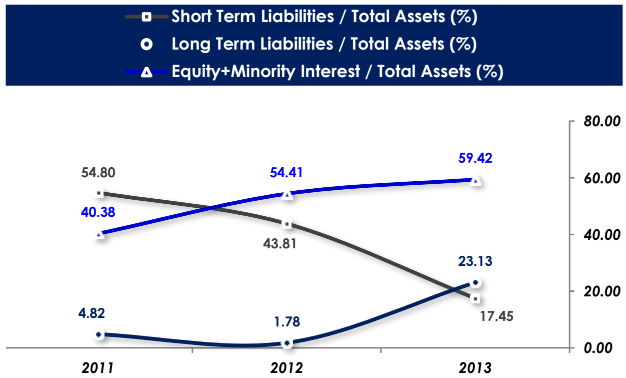
c. Funding & Adequacy of Capital

Ereğli's funding mix was mainly composed of short and long terms borrowings from banks, factoring companies, bond issues and trade receivables. Despite the pressure on balance sheet quality and profitability from the Company's on-oing financial expenses, the Company managed to overperform its net profit.

Growth in the Company's equity was based on increases in actual profitability. Due to the fact that cash facilities resulted from high sales revenues, the Group's working capital level has steadily increased. As of FYE2013, the Group financial structure consists of equity with a share of 59.42% and liabilities with 40.58%.

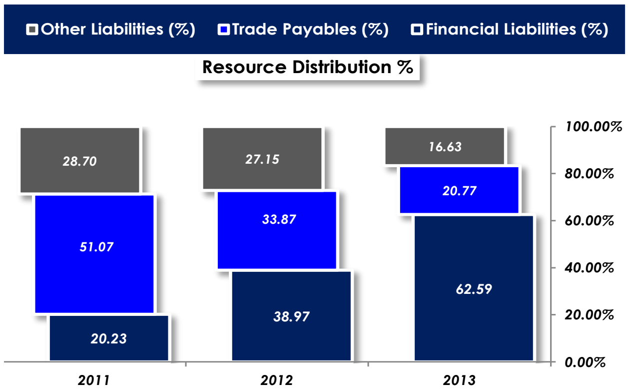
Ereğli posted short and long term liabilities of TRY 73.36mn and TRY 97.23mn, respectively, in FYE2013. The previous year, short term liabilities were heavily constituted at a rate of 96.03% of total liabilities (TRY 168.83mn). As such, the share of short term liabilities to total assets recorded a fall from 43.81% to 17.45% and long term liabilities to total assets an increase from 1.78% to 23.13%, respectively, in FYE2013.

While the main reason for the increase in long term liabilities was the bond issue of TRY 93.99mn, relieving and diversifying the borrowing structure in FYE2013. Short term bank borrowings and factoring payables were the main components of the dominant level of short term liabilities in FYE2012 amounting to TRY 65.35mn. The diversified structure of the Company's liabilities will improve its liquidity quality.



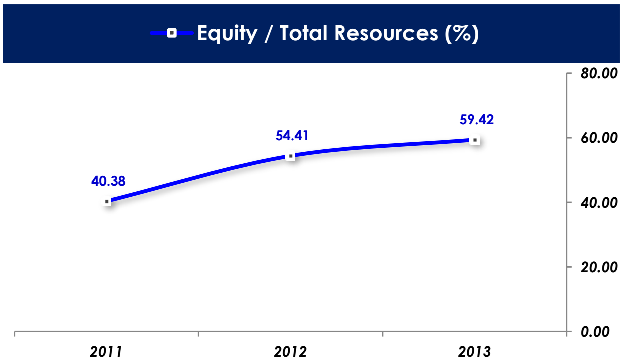
The dispersion of liabilities on the Company's balance sheet is shown in the graph below. While the total amount of trade payables and other liabilities almost halved to TRY 35.44mn and TRY 28.38mn, respectively, financial liabilities increased by 26.62% to TRY 106.78mn as of FYE2013. In addition, the share of financial liabilities increased to 62.59%, while the share of trade payables and other liabilities among total assets fell to 20.77% and 16.63%, respectively, as of FYE2013.

Only 2.87% of shareholder equity of Ereğli Tekstil in the consolidated financial structure was paid and the rest consisted of current and accumulated earnings. The possibility of current and accumulated profit distribution at any time creates risks to the shareholders' equity. The addition of the accumulated retained earnings in paid-in capital may decrease these risks for investors.



The Company's ratio of equity to total assets indicated an on-going trend and reached a peak of 59.42% in FYE2013 from 54.41%. The increase of the stated ratio was mainly derived from the higher growth of equity against the assets of the Company. The paid up capital, with a value of TRY 5mn, consisted of 2.87% total equity as of FYE2013 and the amount of paid capital has not changed for the last three years.

The Company's internal equity generation compared to the prior year's equity stood at 24.46% in FY2013. Continuation of profitability in the following years will support the maintenance of the Company's internal equity generation capacity.



7. Risk Profile and Management

a) Risk Management Organization & Its Function- General Information

The achievement of Ereğli Tekstil is built on a systematic application of growth opportunities as the Company's short and long term plans. In addition, the risk policy maintains the goal of ensuring Ereğli Tekstil's expansion, sustainably increasing corporate value and realizing fiscal and planned objectives. The Company does not have a dedicated risk management or monitoring department to monitor and prevent probable interest rate, foreign exchange rate and commodity market risks or risk limits for credits or market operations. A formal risk management system is considered to be essential for a company of Ereğli Tekstil' size.

Nonetheless, the Company's financial position and sales volume are reported regularly to the Board of Directors.

The Group's financial affairs department is responsible for providing access to financial markets on a regular basis and monitoring and managing the activities of the Company through annual reports prepared by intra-Group. Absence of a group-specific auditing mechanism increases the risk level. The Group is exposed to market risk (including currency risk and interest rate risk), credit risk and liquidity risk arising from its operations. The risk management strategies focus on the unpredictability of the financial markets, aiming to minimize the potential impact of negative developments.

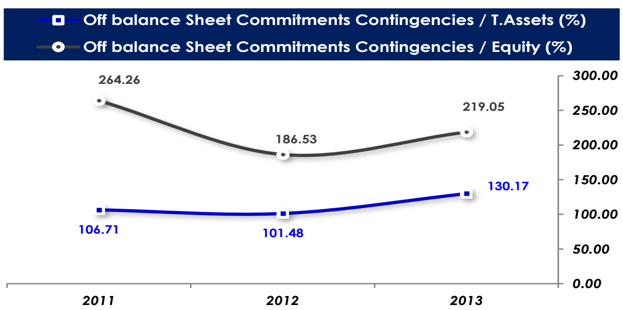
The Company's cash and cash equivalent amount reached TRY5.56mn as of FYE2013 while total debt was TRY170.60mn as of FYE2013. Weighted-average maturity (WAM) of the Company's debt is between one to five years.

b) Credit Risk

Essentially, the volatility of current assets changes affects a company's credit risk levels. Volatility includes existences and mobility of receivables within the consolidated companies. Receivables represented a considerable balance sheet item that can be forefront to credit risk within the consolidated structure of Ereğli Tekstil. As of December 31, 2013 the Company's maximum credit risk exposure, mainly stemming from receivables, amounted to TRY 161.98mn, accounting for 38.53% of total assets (FY2012: TRY 148.02mn, 38.41%).

The off-balance sheet contingencies and commitments to equity and assets displayed a fluctuating trend since FYE2011 and slightly increased to 219.05% and 130.17%, respectively. Off-balance sheet commitments and contingencies increased by 49.40% to TRY 670.60mn. The Company classified TRY 2.22mn of collectibles as impaired receivables which accounted for less than 1% of total receivables as of year-end 2013. The ratio of receivables to assets was 38.53% (FY2012: 38.41%) including the receivables from Albayrak Turizm of TRY 91.86mn is thought to be collected by the take over the 95% stake of Trabzon Liman İşletmeciliği A.Ş., belonging to Albayrak Turizm. With this, the credit risk exposure of the Company is considered to be lower than moderate levels. On the other hand, the Company fully provisioned for impaired receivables, improving asset quality.

The Group used 15mn units of shares of Tümosan Motor as collateral for loans from Asya Katılım Bankası. Additionally, 46mn units of shares (40% of the capital) were provided to Denizbank as collateral for cash and non-cash credit debt of Albayrak Holding. In addition to this, another 3.5mn units of shares were provided to Denizbank as collateral for cash and non-cash credit debt of Albayrak Holding. With the recent addition, the total pledge of shares reached 49.5mn units. These collaterals increased the burden of debt and reduced operating freedom.



Moreover, there is an hypothecs of TRY 32mn on the Company's investment property in İstanbul Dünya Ticaret Merkezi. On the other hand, in December, 2010 an agreement was signed between Ziraat Bank and Tümosan Motor. As of FYE2013, TRY 394.78mn of guarantee letters given to the Ziraat Bank regarding the loans received for tractor purchases of customers. Although this guarantee was given by Tümosan Motor, the liabilities are transferred to the retailers.

c) Market Risk

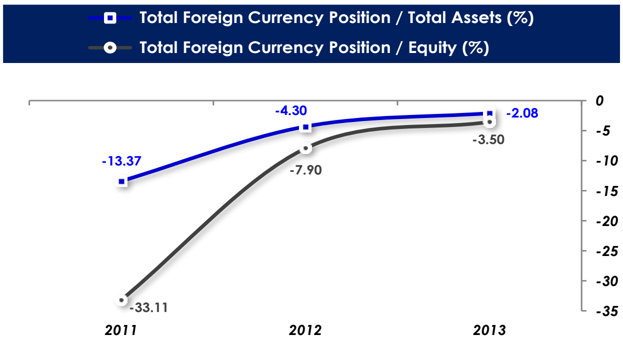
The consolidated structure of Ereğli Tekstil is exposed to market risk, mainly through the fluctuations in interest and exchange rates.

Foreign Currency Risk; The Company is exposed to foreign currency risk due to its non-native currency transactions derived trade payables and loans from the banks, mainly in USD and EUR.

On the other hand, despite the absence of a specific unit for hedging techniques, the Financial Affairs Director of the Company monitors the processes to diminish the adverse effects of foreign currency risk.

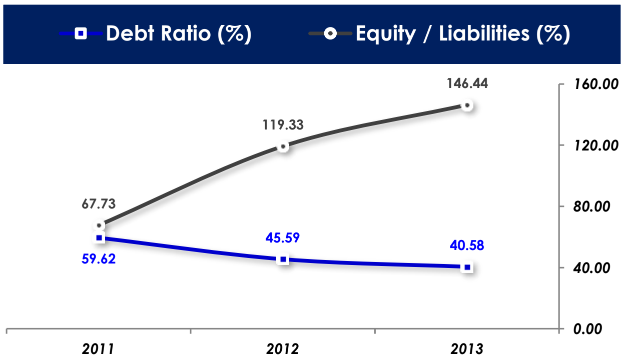
Although the foreign currency to total assets and equity positions have remained negative since FYE2011, the figures performed an upward trend and reached peaks of -2.08% and -3.50%, respectively, in FYE2013. The Company had a short net exchange position of TRY -8.75mn deriving from trade liabilities as of FYE2013 and TRY -16.57mn in the previous year, deriving from financial and trade liabilities. The foreign currency rate losses partially affected the Group's pre-tax profitability. The total monetary assets of the Company in foreign currency were TRY 6.30mn, while the total foreign currency liabilities amounted to TRY 15.05mn.

The Group has not yet implemented any mechanisms such as off-balance sheet hedging transactions against negative effects on profitability that may occur from foreign currency rate risks. In this context, the Group shows no willingness to use financial derivative instruments such as swaps and options to control risk, particularly foreign exchange risk.



Moreover, a probable 10% change in exchange rates applied to the Company had a net variance range of (+/-) TRY 874k on the consolidated financial statement.

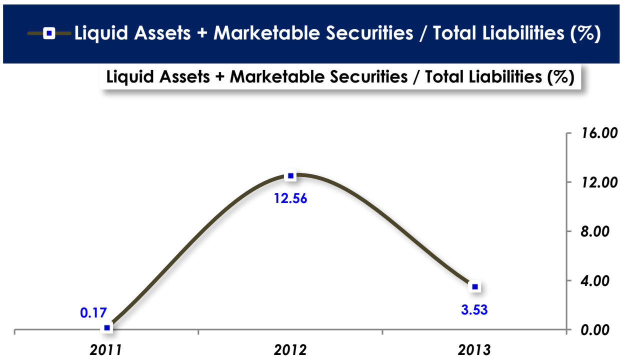
Interest Rate Risk; Interest rate risk results from fluctuations in interest rates caused by different maturity dates and amounts of interest earning assets and interest-bearing liabilities. The Group's financial liabilities are exposed due to variable interest rated bond issuances. As of FYE2013, the Company's financial liabilities with fixed interest rates amounted to TRY 11.66mn (FYE2012: TRY 68.47mn) and TRY 95.12mn floating interest rates derived from bond issuances. A probable 1% change in interest rates applied to the Company had a net variance range of (+/-) TRY 1.07mn on profit before tax of the consolidated financial statement. The annual interest rates varied between 0%-7.63% for USD loans and 7.20%-19.64% TRY loans for short term borrowings and 7.63% for long term USD loans. On the other hand, the interest rate for long term bond issuances was 13.28% as of FYE2013.



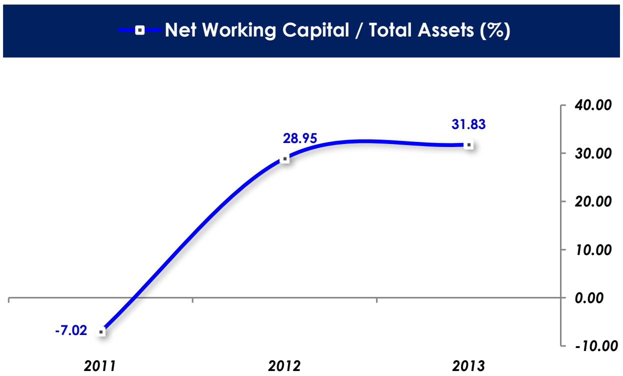
The debt ratio shows the proportion of liabilities among total assets and monitors a view on the leverage of the company along with the potential risks the company is exposed to in terms of its debt-load. On the other hand, the Company aims to augment the profit as well as the sustainability of its activities by effectively balancing liabilities and equity. As of FYE2013, the ratio of debt to equity dropped to 40.58% from 45.59%. The debt ratio performed a downward trend, while the ratio of equity to liabilities indicated an upward trend since FYE2011. The Group's short term liabilities declined by TRY 56.63mn including deductions in bank and factoring loans. The Company relieved the debt management through long term bond issuances of TRY 93.95mn as of FYE2013.

d) Liquidity Risk

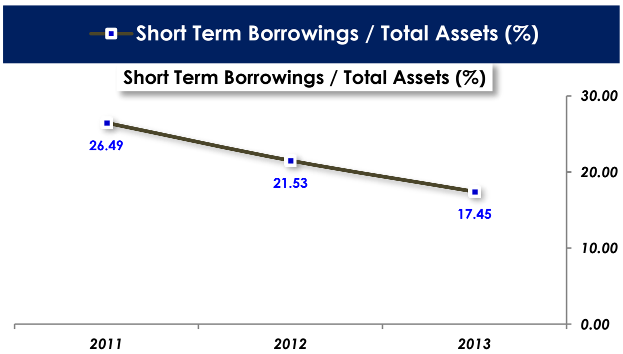
The Company is exposed to liquidity risk derived from the inability to meet funding needs. Liquidity risk can be managed by distributing funds as well as having sufficient cash and cash equivalents to fulfil its obligations. Ereğli Tekstil was mostly afforded cash credit opportunities from the banking system and factoring companies until 2013. As of FYE2013, the long term bond issuances of more than TRY 90mn relieved the Company's liquidity management.



In this regard, the amount of liquid assets among its total liabilities significantly fell throughout FYE2013 in line with the management strategy of ensuring a minimum idle balance. Moreover, the liquid assets of the Company fell by 74.84% from TRY 22.07mn to TRY 5.55mn, while liabilities dropped by 2.90% to TRY 170.59mn as of FYE2013.



The net working capital of the Company performed an upward trend since FYE2011. In addition, as of FYE2013, the ratio of net working capital to total assets slightly increased to 31.83% from 28.95%, derived from a more than halved short term liabilities figure and a decrease of 26.11% in current assets. On a contrary, the growth in total assets was lower at 9.11%. Moreover, as a natural result of the Group's high sales revenue, the net working capital to asset ratio reached a peak value of 31.83% as of FYE2013.



As of FYE2012, the Company's funding was mainly based on bank borrowings of TRY 29.50mn and factoring payables of 38.97mn, of which 95.45% were composed of loans with less than a year maturity. In addition, as of FYE2013, bond issuances became the largest funding source, amounting to TRY 93.95mn.

The borrowing structure of the Company is mainly based on successful bond issuances which affect the liquidity management and trade receivables. The ratio of short term borrowings to total assets performed a declining trend since FYE2011 and short term liabilities constituted the smallest share of total assets as of FYE2013 at a rate of 17.45%.

As of August 2014 cash credit lines worth TRY 2.77.mn have been extended to Ereğli Tekstil by financial institutions for daily operations and none of this limit has been used yet.

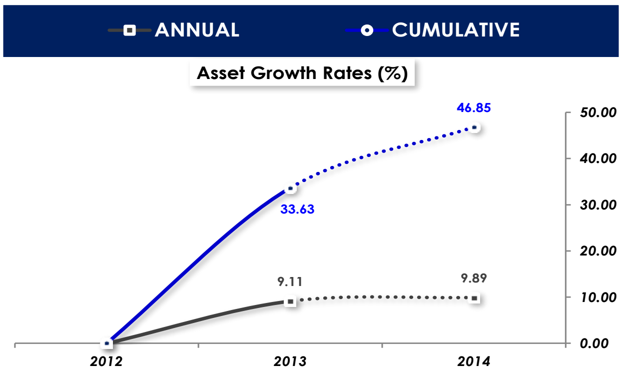
e) Operational, Legal Regulatory & Other Risks

No specific unit has been established in the Company structure for probable operational risks although the senior management carries out such duties when required. Moreover, the lack of a specific unit dealing with legal cases against shareholders, board members and senior managers or any abuses of staff events may affect the financial structure of the Company. In addition, Company business processes are not documented in writing and audit activities are not fully configured. These shortcomings increase the Company's operational risk.

Ereğli Tekstil has improved the controls of its quality management by meeting the conditions for the TS – EN ISO 9001 Quality Management System certification, indicating a high level of quality management systems.

8. Budget & Debt Issue

Since FYE2011, the Group's consolidated assets are expected to grow by a cumulative 46.85% by FYE2014. Ereğli Tekstil has projected 2014 year-end consolidated financial statement figures of TRY 462mn asset size and net profit TRY 30.97mn asset size through an annual growth rate of 9.89 for FYE2014.



The estimated budget projections submitted by the Company are shown below:

Financial Ratios	2013 Realized (%)	2014 Projected (%)
Asset Growth Rate	9.11	9.89
Equity/ Total Assets	59.42	59.52
ROAA	16.40	10.70
ROAE	28.75	18.02

The Group's operations will sustain and raise the efficiency of the development processing under production, sales and marketing activities. Once Tümosan won the tender of the Altay tank project, the positive outlook promised further enhancements in the balance sheet structure in terms of sales and asset size.

Based on the assumptions of the Company's 2014 financial statements, the profitability ratios ROAA and ROAE are expected to record a fall to 10.75% and 17.91%, respectively. On the other hand, the ratio of equity to total assets is projected to maintain its level as in the previous year.

	Breakdown	Textile	Tractor	Casting	Consolidated
2014	Sales Revenue	11.749	458.438	9.287	471.192
	Gross Profit	2.661	78.761	1.426	82.958
	Pre-tax Profit	9.815	56.363	1.047	47.208
2015	Sales Revenue	58.748	518.035	14.38	582.881
	Gross Profit	13.303	92.606	3.091	109.112
	Pre-tax Profit	20.458	68.098	2.576	71.115

Despite the recent slowdown in production volume due to decreasing demand from the Turkish Army, production and sales are expected to increase with upcoming tenders in 2014.The Group receives its largest profits from Tümosan Motor's tractor production and sales.

As seen above, Tümosan Motor has the largest share in the consolidated structure in terms of assets, sales, resources and generated profit. Therefore, when assessing the Company's rating notes and analyzing Group risk levels and cash flows, JCR Eurasia Rating concentrated mainly on the most significant developments related with Tümosan Motor.

While JCR Eurasia Rating believes that the assumptions and forecasts are compatible, it is of the opinion that the forecasts relating to annual increases in Company sales are optimistic. The realization of the projected sales targets have been formed assuming successive annual increases and will be determined by the prevailing market demand and the overall process of the national and international economy in addition to the Company's own efforts.

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. BALANCE SHEET - ASSET (000) TRY	(Year end) 2013 USD (Converted)	(Year end) 2013 TRY (Original)	(Year end) 2013 TRY (Average)	(Year end) 2012 TRY (Original)	(Year end) 2012 TRY (Average)	(Year end) 2011 TRY (Original)	(Year end) 2011 TRY (Average)	(Year end) 2010 TRY (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	As % of 2011 Assets (Original)	2013 Growth Rate	2012 Growth Rate	2011 Growth Rate
I. CURRENT ASSETS	**97,251,226**	**207,184,011**	**243,781,118**	**280,378,224**	**215,345,705**	**150,313,186**	**75,156,593**	**0**	**49.28**	**72.76**	**47.78**	**-26.11**	**86.53**	**n.a**
A. Liquid Assets	**2,605,677**	**5,551,134**	13,808,797	**22,066,460**	**11,193,707**	**320,953**	**160,477**	**0**	**1.32**	**5.73**	**0.10**	**-74.84**	**6,775.29**	**n.a**
B. Marketable Securities	**219,640**	**467,922**	**233,961**	**0**	**0**	**0**	**0**	**0**	**0.11**	**0.00**	**0.00**	**0.00**	**0.00**	**n.a**
1.Bond	219,640	467,922	233,961	0	0	0	0	0	0.11	n.a	n.a	n.a	n.a	n.a
2.Share Certificates	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Other	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Decrease in Value of Marketable Securities(-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
C. Trade Receivables & Leasing	**25,260,110**	**53,814,139**	**53,261,511**	**52,708,883**	**42,347,061**	**31,985,238**	**15,992,619**	**0**	**12.80**	**13.68**	**10.17**	**2.10**	**64.79**	**n.a**
1.Customers & Notes Receivables	25,260,110	53,814,139	53,261,511	52,708,883	42,347,061	31,985,238	15,992,619	0	12.80	13.68	10.17	2.10	64.79	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	1,042,886	2,221,765	2,537,769	2,853,773	2,885,424	2,917,074	1,458,537	0	0.53	0.74	0.93	-22.15	-2.17	n.a
4.Provision for Doubtful Trade Receivables (-)	-1,042,886	-2,221,765	-2,537,769	-2,853,773	-2,885,424	-2,917,074	-1,458,537	0	-0.53	-0.74	-0.93	-22.15	-2.17	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
D. Due From Related Parties (net)	**7,494,018**	**15,965,257**	**55,490,339**	**95,015,421**	**47,987,708**	**959,994**	**479,997**	**0**	**3.80**	**24.66**	**0.31**	**-83.20**	**9,797.50**	**n.a**
E. Other Receivables	**160,931**	**342,847**	**320,352**	**297,857**	**422,959**	**548,061**	**274,031**	**0**	**0.08**	**0.08**	**0.17**	**15.10**	**-45.65**	**n.a**
1.Other Receivables	160,931	342,847	320,352	297,857	422,959	548,061	274,031	0	0.08	0.08	0.17	15.10	-45.65	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
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)	**45,844,028**	**97,666,118**	**86,922,946**	**76,179,773**	**85,156,537**	**94,133,300**	**47,066,650**	**0**	**23.23**	**19.77**	**29.92**	**28.20**	**-19.07**	**n.a**
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	**14,216,853**	**30,287,583**	**31,242,820**	**32,198,057**	**25,816,101**	**19,434,145**	**9,717,073**	**0**	**7.20**	**8.36**	**6.18**	**-5.93**	**65.68**	**n.a**
J. Other Current Assets	**1,449,968**	**3,089,011**	**2,500,392**	**1,911,773**	**2,421,634**	**2,931,495**	**1,465,748**	**0**	**0.73**	**0.50**	**0.93**	**61.58**	**-34.79**	**n.a**
1.Other Current Assets	1,449,968	3,089,011	2,500,392	1,911,773	2,421,634	2,931,495	1,465,748	0	0.73	0.50	0.93	61.58	-34.79	n.a
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	**100,091,216**	**213,234,327**	**159,091,356**	**104,948,384**	**134,624,724**	**164,301,063**	**82,150,532**	**0**	**50.72**	**27.24**	**52.22**	**103.18**	**-36.12**	**n.a**
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)	**43,119,036**	**91,860,795**	**45,930,398**	**0**	**30,513,420**	**61,026,839**	**30,513,420**	**0**	**21.85**	**n.a**	**19.40**	**n.a**	**-100.00**	**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)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Affiliates (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Subsidiaries (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Other Financial Fixed Assets (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
E. Tangible Assets	**44,188,018**	**94,138,154**	**88,542,175**	**82,946,196**	**83,139,361**	**83,332,526**	**41,666,263**	**0**	**22.39**	**21.53**	**26.49**	**13.49**	**-0.46**	**n.a**
F. Other Fixed Assets	**12,784,162**	**27,235,378**	**24,618,783**	**22,002,188**	**20,971,943**	**19,941,698**	**9,970,849**	**0**	**6.48**	**5.71**	**6.34**	**23.78**	**10.33**	**n.a**
TOTAL ASSETS	**197,342,442**	**420,418,338**	**402,872,473**	**385,326,608**	**349,970,429**	**314,614,249**	**157,307,125**	**0**	**100.00**	**100.00**	**100.00**	**9.11**	**22.48**	**n.a**

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. BALANCE SHEET-LIABILITIES+EQUITY (000) TRY	(Year end) 2013 USD (Converted)	(Year end) 2013 TRY (Original)	(Year end) 2013 TRY (Average)	(Year end) 2012 TRY (Original)	(Year end) 2012 TRY (Average)	(Year end) 2011 TRY (Original)	(Year end) 2011 TRY (Average)	(Year end) 2010 TRY (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	As % of 2011 Assets (Original)	2013 Growth Rate	2012 Growth Rate	2011 Growth Rate
I. SHORT TERM LIABILITIES	**34,436,904**	**73,364,381**	**121,094,919**	**168,825,457**	**170,612,892**	**172,400,327**	**86,200,164**	**0**	**17.45**	**43.81**	**54.80**	**-56.54**	**-2.07**	**n.a**
A. Financial Liabilities	6,001,825	12,786,289	39,066,706	65,347,123	45,772,618	26,198,112	13,099,056	0	3.04	16.96	8.33	-80.43	149.43	n.a
B. Trade Payables	16,635,677	35,440,646	47,476,332	59,512,018	77,653,002	95,793,986	47,896,993	0	8.43	15.44	30.45	-40.45	-37.87	n.a
C. Due to Related Parties	5,029,390	10,714,612	14,549,324	18,384,035	28,288,746	38,193,456	19,096,728	0	2.55	4.77	12.14	-41.72	-51.87	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	732,902	1,561,375	3,863,967	6,166,558	3,083,279	0	0	0	0.37	1.60	n.a	-74.68	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
H. Provisions for Liabilities	2,907,546	6,194,237	5,441,144	4,688,050	4,951,331	5,214,612	2,607,306	0	1.47	1.22	1.66	32.13	-10.10	n.a
I Other Liabilities	3,129,563	6,667,222	10,697,448	14,727,673	10,863,917	7,000,161	3,500,081	0	1.59	3.82	2.22	-54.73	110.39	n.a
II. LONG TERM LIABILITIES	**45,639,229**	**97,229,813**	**52,045,726**	**6,861,639**	**11,017,431**	**15,173,223**	**7,586,612**	**0**	**23.13**	**1.78**	**4.82**	**1,317.01**	**-54.78**	**n.a**
A. Financial Liabilities	44,119,185	93,991,512	48,557,443	3,123,374	7,434,019	11,744,664	5,872,332	0	22.36	0.81	3.73	2,909.29	-73.41	n.a
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	250,000	500,000	250,000	0	0	0	n.a	0.13	n.a	-100.00	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	392,220	835,586	956,588	1,077,590	886,809	696,027	348,014	0	0.20	0.28	0.22	-22.46	54.82	n.a
H. Provisions for Liabilities	1,127,823	2,402,715	2,234,654	2,066,593	1,852,555	1,638,517	819,259	0	0.57	0.54	0.52	16.26	26.13	n.a
I Other Liabilities (net)	0	0	47,041	94,082	594,049	1,094,015	547,008	0	n.a	0.02	0.35	-100.00	-91.40	n.a
TOTAL LIABLITIES	**80,076,133**	**170,594,194**	**173,140,645**	**175,687,096**	**181,630,323**	**187,573,550**	**93,786,775**	**0**	**40.58**	**45.59**	**59.62**	**-2.90**	**-6.34**	**n.a**
F- EQUITY	**117,266,309**	**249,824,144**	**229,731,828**	**209,639,512**	**168,340,106**	**127,040,699**	**63,520,350**	**0**	**59.42**	**54.41**	**40.38**	**19.17**	**65.02**	**n.a**
a) Prior year's equity	98,403,827	209,639,512	168,340,106	127,040,699	79,239,272	31,437,845	15,718,923	0	49.86	32.97	9.99	65.02	304.10	n.a
b) Equity (Added from internal & external resources at this year)	-40,761,941	-86,839,240	-49,613,392	-12,387,543	-6,193,772		0	0	-20.66	-3.21	n.a	601.02	n.a	n.a
c) Minority Interest	35,558,643	75,754,134	71,253,035	66,751,936	54,755,958	42,759,979	21,379,990	0	18.02	17.32	13.59	13.49	56.11	n.a
h) Profit & Loss	24,065,780	51,269,738	39,752,079	28,234,420	40,538,648	52,842,875	26,421,438	0	12.19	7.33	16.80	81.59	-46.57	n.a
TOTAL LIABILITY	**197,342,442**	**420,418,338**	**402,872,473**	**385,326,608**	**349,970,429**	**314,614,249**	**157,307,125**	**0**	**100.00**	**100.00**	**100.00**	**9.11**	**22.48**	**n.a**
USD Rates 1=TRY		**2.1304**		**1.7776**		**1.8889**		**1.5376**						

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. INCOME STATEMENT (000) TRY	2013	2012	2011
I. Principal Activity Revenues	**106,046,606**	**66,526,917**	**94,023,094**
A. Sales Revenues (Net)	**455,859,990**	**327,151,278**	**426,547,362**
1.Domestic Sales	451,297,676	321,524,194	421,929,986
2.Export Sales	5,111,287	7,590,857	4,707,155
3.Sales Deductions (-)	-548,973	-1,963,773	-89,779
B. Cost Of Sales (-)	**-356,487,650**	**-270,632,795**	**-335,905,509**
C. Service Revenues (net)	**350**	**1,592**	**0**
D. Other Revenues From Principal Activities	**6,673,916**	**10,006,842**	**3,381,241**
1.Interest	6,673,916	10,006,842	3,381,241
2.Dividend	0	0	0
3.Rent			
4.Other	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**106,046,606**	**66,526,917**	**94,023,094**
Activities Expenses (-)	-25,592,256	-20,791,080	-22,659,281
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**80,454,350**	**45,735,837**	**71,363,813**
Income & Profit From Other Activities	4,067,564	2,920,549	2,534,122
Expenses & Losses From Other Activities (-)	-1,491,563	-460,111	-2,831,201
Financing Income	3,773,382	4,848,236	6,008,150
Financing Expenses (-)	-19,641,489	-15,163,172	-12,789,777
OPERATING PROFIT & LOSS	**67,162,244**	**37,881,339**	**64,285,107**
Net Monetary Position exc. And Other Profit & Loss (+/-)	-1,110,277	-680,430	0
PRETAX PROFIT & LOSS	**66,051,967**	**37,200,909**	**64,285,107**
Taxes (-/+)	-14,782,229	-8,966,489	-11,442,232
NET PROFIT FOR THE PERIOD	**51,269,738**	**28,234,420**	**52,842,875**
Total Income	**470,924,175**	**346,892,270**	**438,560,654**
Total Expense	**-404,872,208**	**-309,691,361**	**-374,275,547**
NET INCOMES OR EXPENSES FOR THE PERIOD	**66,051,967**	**37,200,909**	**64,285,107**

EREĞLİ TEKSTİL TURİZM SANAYİ VE TİCARET A.Ş. FINANCIAL RATIOS %	FYE 2013	FYE 2012	FYE 2011
I. PROFITABILITY			
Relationship Between Capital and Profit			
ROAE - Pre-tax Profit / Equity (avg.)	28.75	22.10	101.20
ROAA - Pre-tax Profit / Total Assets (avg.)	16.40	10.63	40.87
Total Income / Equity (avg.)	204.99	206.07	690.43
Total Income / Total Asset (avg.)	116.89	99.12	278.79
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	21.27	14.96	49.00
Operating Profit / Total Assets (avg.)	19.97	13.07	45.37
Financial Expenses / Inventories Ratio (avg.)	22.60	17.81	27.17
Return on Avg. Long Term Sources	18.20	15.74	74.31
Relationship Between Sales and Profit			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	23.26	20.34	22.04
Operating Matgin = Operating Incomes / Net Sales Income	17.65	13.98	16.73
Net Profit Margine = Net Profit / Net Sales Income	11.25	8.63	12.39
Cost of Sales / Net sales Income	78.20	82.72	78.75
Activities Expenses / Net Sales Income	5.61	6.36	5.31
Financing Expenses / Net Sales Income	4.31	4.63	3.00
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	18.80	16.01	18.07
Relationship Between Financing Liabilities and Profit			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	436.29	345.34	602.63
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	361.03	286.20	513.16
Structure of Income and expenditure account			
Financing Expenses / T. Assset (avg.)	4.88	4.33	8.13
Financial Liabilities / T. Assets	25.40	17.77	12.06
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	1.43	5.73	0.10
(Liquid Assets +Marketable Securities) / T. Liabilities	3.53	12.56	0.17
Net Working Capital / Total Assets	31.83	28.95	-7.02
Liquid Assets / Equity	2.41	10.53	0.25
Current Ratio	282.40	166.08	87.19
Acid Test Ratio	144.60	119.64	30.57
Cash Ratio	8.20	13.07	0.19
Inventories / Current Asset	47.14	27.17	62.62
Inventories / Total Asset	23.23	19.77	29.92
Inventories Dependency Ratio	68.95	192.65	182.80
Short Term Receivables / Total Current Assets	33.85	52.79	22.28
Short Term Receivables / Total Assets	16.68	38.41	10.65
III. CAPITAL and FUNDING			
Equity / Total Assets	59.42	54.41	40.38
Equity / Liabilities	146.44	119.33	67.73
Net Working Capital/Total Resources	31.83	28.95	-7.02
Equity generation/prior year's equity	-41.42	-9.75	0.00
Internal equity generation/prior year's equity	24.46	22.22	168.09
Tangible Assets/Total Asset	22.39	21.53	26.49
Financial Fixed Assets/(Equity +Long Term Liabilities)	0.00	0.00	0.00
Minority Interest/Equity	30.32	31.84	33.66
IV. EFFICIENCY			
Net Profit Margine Growth	30.32	-30.34	n.a
Net Sales Growth	39.34	-23.30	n.a
Equity Growth	19.17	65.02	n.a
Asset Growth	9.11	22.48	n.a
Inventories Turnover	410.12	317.81	713.68
Days Inventories Utilization	89.00	114.85	51.14
Receivables Turnover	855.89	772.55	2,667.15
Days' Accounts Receivable	42.65	47.25	13.69
Efficiency Period	131.64	162.10	64.83
Payables Turnover	750.87	348.52	701.31
Days' Payments In Accounts Payables	48.61	104.73	52.05
Cash Turnover Cycle	83.03	57.37	12.78
Current Assets Turnover	187.00	151.92	567.54
Net Working Capital Turnover	371.57	731.35	-3,862.40
Tangible Assets Turnover	514.85	393.50	1,023.72
Fix Asset Turnover	286.54	243.01	519.23
Equity Turnover	198.43	194.34	671.51
Asset Turnover	113.15	93.48	271.16
Export sales/Total sales	1.12	2.31	1.10
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	3.94	5.11	8.23
Non-Performing Asset / Total Assets	45.62	41.30	56.41
Financial Fixed Assets / Non-Current Assets	0.00	0.00	0.00
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	-2.08	-4.30	-13.37
Total Foreign Currencies Position/Equity	-3.50	-7.90	-33.11
VII. INDEBTEDNESS			
Debt Ratio	40.58	45.59	59.62
Short Term Liabilities/Total Asset	17.45	43.81	54.80
Long Term Liabilities/Total Asset	23.13	1.78	4.82
Long Term Liabilities/(Equity+ Long term Liabilities)	28.02	3.17	10.67
Fixed Asset/Liabilities	125.00	59.74	87.59
Fixed Asset/(Long Term Liabilities +Equity)	61.44	48.47	115.53
Short Term Liabilities/ T. Liabilities	43.01	96.09	91.91
Short Term Financial Liabilities/Short Term Liabilities	17.43	38.71	15.20
Tangible Assets/Long Term Liabilities	96.82	1,208.84	549.21
Financial Liabilities/Total Liabilities	62.59	38.97	20.23
Off Balance Liabilities/(Assets +Off Balance Liabilities)	56.55	50.37	51.62
Off Balance Liabilities/(Equity +Off Balance Liabilities)	68.66	65.10	72.55