

# Corporate Credit Rating

Annual Review

# Non-Financial & Industry

(Vegetable Oil Production Sector)

Altınyağ		Long Term	Short Term
International	Foreign Currency	BBB-	A-3
	Local Currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	BBB- (Trk)	A-3 (Trk)
	Outlook	Positive	Stable
Sponsor Support		3	-
Stand-Alone		BC	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	Stable	-

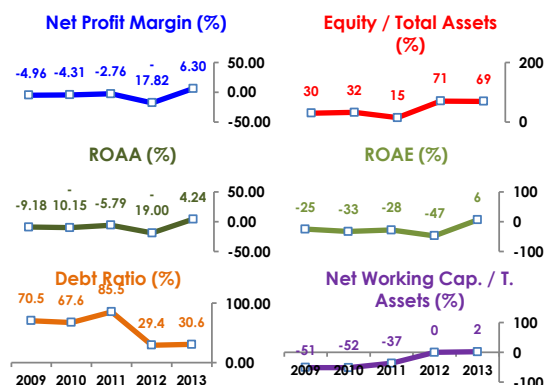
\*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

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ALTINYAĞ KOMBİNALARI A.Ş.						
Financial Data	March, 2014	2013*	2012*	Sept, 2011*	Sept, 2010*	Sept, 2009*
Total Assets (000 USD)	32,934	33,294	25,974	29,231	18,567	20,119
Total Assets (000 TRY)	70,996	70,930	46,172	55,214	28,549	29,923
Equity (000 TRY)	48,566	49,192	32,608	8,031	9,238	8,838
Net Profit (000 TRY)	-557.91	2,910	-9,303	-2,313	-2,106	-2,960
Sales (000 TRY)	13,904	46,185	52,196	83,816	48,926	59,714
Net Profit Margin (%)	4.01	6.30	-17.82	-2.76	-4.31	-4.96
ROAA (%)	n.a.	4.24	-19.00	-5.79	-10.15	-9.18
ROAE (%)	n.a.	6.06	-47.41	-28.07	-32.84	-25.09
Equity / Total Assets (%)	68.41	69.35	70.62	14.55	32.36	29.54
Net Working Capital / T. Assets (%)	0.46	1.91	-0.22	-36.99	-52.10	-51.13
Debt Ratio (%)	31.59	30.65	29.38	85.45	67.64	70.46
Asset Growth Rate (%)	8.17	53.62	-16.38	93.40	-4.59	4.36

\*End of year

## Company Overview

Altınyağ Kombinaları A.Ş. (referred to as the Company, Altınyağ or the Group) was established in 1962 and maintains operations in the production of raw oil, vegetable oilseeds, animal feed and biodiesel fuel along with its consolidated subsidiaries of "Gürtaş Tarım Enerji Yatırımları Sanayi ve Ticaret A.Ş." and "Altınyağ Biodizel Petrol Ürünleri Enerji Üretim A.Ş." The Company is located in the Ataturk Industrial Zone, in İzmir, Turkey and employed 92 personnel as of March 2014. Following its take-over by Arı Yatırım Holding A.Ş. in 2012, the Company halted the production of packaged oils targeting the consumer and shifted focused to raw oil manufacturing.

The financial tables for the period 1 September to 31 September 2011 have been constructed in line with special accounting standards while general accounting standards have been used in the construction of all financial results from FY2012 onwards. The "Çevik Family" is the controlling shareholder and shares of the Company have been listed on the Borsa İstanbul (BIST) since May 2000 with a floatation rate of 65.73%.

## Strengths

- Significant improvements in profitability performance contributing to internal equity generation capacity
- Maintenance of a high share of equity in the funding of Company activities
- Long operational track record resulting in extensive know-how and experience in the vegetable oil production industry
- Improvement in the level of compliance with Corporate Governance Practices
- Existence of synergies between different Group companies
- Presence of Company strategies aiming to penetrate niche markets offering significant potential for expansion

## Constraints

- Inadequate level of gross operating revenue resulting from high level of cost of sales to sales, leading to low profit margins
- Low net working capital ratio despite turning positive by the end of the year
- High level of dependence on imports for raw material needs increasing susceptibility to fluctuations in global oilseed prices and currency markets
- The large number of players and oligopolistic market structure leading to intense competition
- Ongoing political and economic instability in the Middle East and Ukraine, representing the sector's largest export and import destinations respectively

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## 1. Rating Rationale

Ratings provided by JCR Eurasia Rating are based mainly on (i) The Company's consolidated year-end independent audit reports prepared in conformity with the Capital Markets Board from FY2012 onwards prior to which special accounting standards have been used, (CMB) communiqués of "Principles of Financial Reporting in Capital Markets", (ii) JCR Eurasia Rating's own studies and records, (iii) information and clarifications provided by the Company directly and (iv) non-financial figures.

In addition to the Company's asset quality, equity structure, liquidity position, profitability figures and the general market conditions in the vegetable oil sector, the main shareholders' financial and non-financial positions were also taken into consideration when determining the risk assessment of the Long-Term International Local Currency and Foreign Currency Grades as well as National Grades.

The principal rating drivers are,

### Significant Improvement in Profitability Performance

The two major indicators of profitability, namely Return on Average Assets (ROAA) and Return on Average Equity (ROAE), attained positive values (4.24% and 6.06%, respectively) for the first time in FY2013, mainly resulting from the reduction in the cost of sale to total sales level relative to FY2012 along with decreases of 33.92% and 67.79% in general management and marketing expenses, respectively, strengthening the Company's internal equity generation capacity.

### Robust Equity Level

Following an injection of capital in FY2012, the Company maintained its relatively high level of equity in relation to its total assets (approximately 70%), enabling its growth and expansion in the medium and long-term via the use of greater levels of leverage. It is expected that the maintenance of rising levels of profitability will further contribute to the Company's equity in the upcoming period.

### Increase in the Extent of Compliance with Corporate Governance Practices

The Company is one of the very few companies operating in the vegetable oil sector listed on the Borsa Istanbul (BIST) and as such is under an obligation to comply with Corporate Governance Principles, unlike the majority of its peers. In addition, it undertook complete re-structuring of its website and established investor relations and internal control divisions, significantly enhancing its level of transparency.

### Long Operational Track Record

Established in 1962, the Company is one of Turkey's oldest manufacturing firms with a track record of over 50 years leading to extensive know-how and brand reputation across the sector. Furthermore, it uses the most up-to-date technologies in manufacturing and undertakes continuous analysis of its products in quality laboratories, differentiating itself from its competitors.

### Company Strategies offering Further Growth and Profitability

The Company is undertaking major investments in line with the Investment Incentive Certificates, providing exemption from taxes and aims to double its processing capacity on a daily basis. In addition, plans to produce biodiesel fuels from semi-refined oils via its subsidiary, Altınyağ Biodizel along with the feasibility studies currently in progress regarding the production of fatty acids, fish oil and fish flour are factors that carry the potential to boost its operational volume and profitability. Furthermore, the determination of strategies at the Group level leads to significant synergies among companies.

### Significantly High Cost of Sales Level

Despite a reduction in FY2013, the Company maintained its high cost of sales level which exceeded 90%, limiting the Company's ability to cover operational expenses and negatively impacting gross profitability. As such, the level of profitability from the Company's core business activities remains low. However, the expansion of capacity with the completion of ongoing investments will lead to greater economies of scale, easing pressures on the cost of sales.

### Unfavorable Sector Dynamics and Intensity of Competition

The vegetable oil production sector, despite offering catch-up growth potential with respect to per capita consumption, lacks central regulation and supervision and is characterized by high dependency on imports and an oligopolistic market structure containing numerous players many of which operate at low quality standards along with a high level of operating expenses.

### Ongoing Unrest in the Neighboring Countries

According to the estimates of the Vegetable Oils and Fats Association, total oilseed exports reached 838 thousand tons in FY2013, corresponding to a monetary value of USD 1.2bn, with the primary export markets dominated by the Middle Eastern region, primarily Iraq followed by Syria, Lebanon and Israel. It is anticipated that the ongoing political and economic turmoil in the region carries the potential to have a negative impact on the sector's export performance in the upcoming period. In addition to the difficulties in the Middle East, ongoing instability in Ukraine, representing one of the largest import markets of the sector, carries the potential to cause price fluctuations in the global oilseed market, impacting consumer demand.

With respect to the above-mentioned factors, JCR Eurasia Rating has upgraded the Long-Term International Foreign and Local Currency Ratings from 'BB+' to the investment level grade of 'BBB-' and affirmed the Long-Term National Ratings as 'BBB-(Trk)' in its notation system, which denotes an investment level grade.

## 2. Outlook

The short-term outlook has been assigned as "Stable" given the Group's upward trend with respect to profitability, improvement in net-working capital position and robust equity structure. The ongoing political and social instability in the region and its potential impacts on the currency markets are some of the factors that could exert downward pressure on

the Company's outlook in the short-term given the sector's high level of dependence on international trade.

The long-term outlook grade has been upgraded to "**Positive**" from "**Stable**" due to the Company's shift of focus from vegetable oil production to raw oil products offering greater profitability along with a lower degree of competition, diversification in its fields of activity such as biodiesel production and current plans regarding the production of animal oils, the increase in current production capacity expected to generate higher levels of cash-flow expected to strengthen future profitability and internal equity generation capacity and improvements recorded in the level of compliance with Corporate Governance Practices.

### 3. Sponsor Support and Stand Alone Assessment

The Sponsor Support Grades and the risk assessment reflect the financial and non-financial positions and expected assistance of the controlling shareholders of **Altınyaz Kombinaları A.Ş.**, the "**Çevik Family**". It is considered that the Company's qualified shareholders have the willingness to supply long-term liquidity or equity within their financial capabilities when required. JCR Eurasia Rating is unable to assess conclusively the extent of financial power belonging to the Company's main shareholders despite their capacity to lend operational support if necessary. However, taking into account the maintenance of high levels of equity following the injection of capital in FY2012, the Sponsor Support Grade of the Group has been affirmed as **(3)** by JCR Eurasia Rating.

The Stand-Alone Grade has been constituted taking into account the Group's growth rates, profitability performance, equity trend, asset quality, fields of operational activity and development of risks in the market. As JCR Eurasia Rating, we are of the opinion that Altınyaz and its subsidiaries have reached the adequate expertise and facilities to manage the incurred risks on its balance sheet without any assistance from shareholders, on condition that it maintains the existing improvement of trading activity and efficiency in the market. Taking the stated factors into consideration, JCR Eurasia Rating has assigned a **(BC)** rating for the Stand Alone grades.

### 4. Company Profile

#### a. History and Activities

**Altınyaz Kombinaları A.Ş.**, established in Izmir, Turkey in 1962, operates in the fields of production of raw oil, semi-refined and refined oil from sunflower seeds, soya, canola, camelin and corn seeds, along with the production of oil cake needed in the feed sector. In addition to raw oil production, the Company maintains feed production for animal breeders under the name Altınyaz.

The Company conducts its operations in its production plants located in the Ataturk Organized Industrial Zone in Izmir, with a total land area of 46,000sqm and a refining capacity of 350 tons oil seeds on a daily basis. It is expected that the Company will record an 100% increase in its capacity following the operationalization of new production lines in 1H2014.

The Company was acquired by Artı Yatırım Holding in FY2012 and, following major investments amounting to TRY 53mn, aims to further expand by strengthening its production capabilities and finances. Following its take-over, the Company suspended the production of packaged oils targeted at the end-consumer and shifted focus to the production of raw oil offering higher profitability and lower competitive pressures. The Company has been listed on the Borsa Istanbul (BIST) since May 2000 under the trade name "ALYAG" with a floatation rate of 65.73% as of March 2014.

In April 2014, the Company made an application to the Capital Markets Board (CMB) to merge with Gürtaş Tarım Enerji Yatırımları A.Ş. via the complete takeover of all its assets and liabilities which was approved in June 2014.

#### b. Organization and Employees

The Company has an executive board consisting of three members including Mr. Nureddin **CEVİK**, the Company's Deputy Chairman, its general manager and assistant general manager in charge of administrative and financial affairs. In addition, there are 8 functional heads reporting to the assistant general manager; factory, human resources, accounting, finance, quality control, purchasing managers, information technology officer, and the domestic and foreign trade department. In addition, the Internal Monitoring, Control and Official Relations Manager is free from the control of the General Manager, reporting directly to the Executive Board. The Executive Board ultimately reports to its Board of Directors.

The Board of Directors consists of 6 members, 2 of which are independent. As of March 2014, the Company employed a total of 92 personnel (FYE2013:86), including 9 managers, 15 administrative personnel and 68 staff working in a blue-collar capacity. The headquarters of the Company are located in Izmir with plans underway to open an office in Istanbul.

#### c. Shareholders, Subsidiaries and Affiliates

During FY2013, share belonging to Artı Yatırım Holding increased from 20.73% FYE2012 to 27.36% FYE2013. Similarly, there was an increase in the share of Group B Publicly Listed Shares from 32.30% FYE2012 to 35.79% FYE2013, whilst the share of Other Group A Privileged Shares was reduced from 1.45% at FYE2012 to 0.16% at FYE2013. The **Çevik Family** maintains its position as the Company's largest qualified shareholder while 65.73% of Company shares are listed on the BIST. The Company has a paid-in capital of TRY 60mn with an upper limit of registered capital amounting to TRY 150mn. The Group's latest shareholder structure is provided in the table below.

Altınyâğ Kombinaları A.Ş. Shareholders Structure (%)	March,2014	FYE2013	FYE2012
Enver ÇEVİK (Group B Publicly Listed Shares)	29.93	29.93	29.94
Artı Yatırım Holding (Group A Privileged Shares)	27.36	27.36	20.73
Enver ÇEVİK (Group A Privileged Shares)	6.76	6.76	6.76
Other Group A Privileged Shares	0.16	0.16	1.45
Other Group B Publicly Listed Shares	35.79	35.79	32.30
Masum ÇEVİK (Group A Privileged Shares)	0.00	0.00	6.63
Artı Yatırım Holding (Group B Privileged Shares)	0.00	0.00	2.19
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100</b>
Paid- Capital/TRY (000)	60,000	60,000	60,000

The Group A privileged shareholders hold privileges with respect to the election of Board members, dividend-distribution and voting rights in Company Annual General Meetings.

✓ **Artı Yatırım Holding A.Ş. (Artı Investment Holding A.Ş.)**

The Company was originally established in 2006 under the name "Taksim Yatırım Ortaklığı" and its privileged shares were acquired by Mehmed Nureddin ÇEVİK in the last quarter of FY2012. Following its acquisition, it underwent a period of restructuring and adopted the new name, Artı Yatırım Holding A.Ş. The Company operates principally in the fields of energy, real estate and finance aiming to diversify its asset portfolio and invest in projects offering high levels of profitability. As such, it acts similarly to a private equity Company aiming to add value to its current subsidiaries and new targets. At present, the Company is listed on the Stock Market with a floatation rate of 78.48%. The controlling shareholder is Mr. Nureddin ÇEVİK. As of March 2014, the Company had an equity of TRY 50.52mn with an asset size of TRY 95.48mn and employed 96 personnel.

Artı Yatırım Holding A.Ş. Shareholders, March, 2014	Paid Capital (TRY)	Share (%)
Nureddin ÇEVİK (Group A Privileged Shares)	100,000	1.00
Nureddin ÇEVİK (Group B Shares)	1,052,279	10.52
Artı Yatırım Holding A.Ş.	1,000,000	10.00
Biz AG	900,000	9.00
Publicly Listed Shares	6,947,721	69.48
<b>TOTAL</b>	<b>10,000,000</b>	<b>100.00</b>

In addition to **Altınyâğ Kombinaları A.Ş.**, Artı Yatırım Holding A.Ş. has three other subsidiaries; **Gürtaş Tarım Enerji Yatırımları San. ve Tic. A.Ş.**, **AYH Gayrimenkul Yatırımları A.Ş.**, **Altınyâğ Biodizel Petrol Ürünleri Üretim A.Ş.** and **Artı Agro Limited Şirketi**, the details of which have been provided in the table below.

Subsidiary Name	Field of Activity	Direct Share (%)	Indirect Share (%)
Altınyâğ Kombinaları A.Ş.	Production and Sale of Vegetable Oil	27.36	91.00
Gürtaş Tarım Enerji Yatırımları Sanayi ve Ticaret A.Ş.	Production and Sale of Animal Feeds and Olive Oil		99.54
AYH Gayrimenkul Yatırımları A.Ş.	Real Estate Intermediation	100.00	
Altınyâğ Biodizel Petrol Ürünleri Enerji Üretim A.Ş.	Sale and Production of Biodiesel Fuel		100.00
Artı Agro Limited Şirketi	Supply of Vegetable Oilseeds	80.00	

✓ **Gürtaş Tarım Enerji Yatırımları Sanayi ve Ticaret A.Ş.**

The Company began operations in 1980 under Altınyâğ Kombinaları A.Ş. Altınyem was among the first brands of the Company and maintained operations in its production plants in Çınarlı, İzmir until 1997 at which time it moved to its current facilities located in the Atatürk Organized Industrial Zone in Çiğli, İzmir. Originally established to operate in the animal feed and energy sectors, the Company is currently inactive. Altınyâğ Biodizel Petrol Ürünleri Enerji Üretim A.Ş. is the controlling shareholder of the Company. With a paid-capital of TRY 15mn, the Company is a subsidiary of Altınyâğ Kombinaları A.Ş. with a rate of 99.54%.

Gürtaş Tarım Enerji Yatırımları Sanayi ve Ticaret A.Ş. Shareholders	Paid- Capital (TRY)	Share (%)
Altınyâğ Biodizel Petrol Ürünleri Enerji Üretim A.Ş.	14,931,424	99.54
Mehmed Nureddin ÇEVİK	17,143	0.1143
Ercan CANMUTLU	17,143	0.1143
Hamit Serkan DRAHOR	17,143	0.1143
Biröl Yenal PEHLÜVAN	17,143	0.1143
Ahmet ERKASLAN	3	0.00002
Enver ÇEVİK	1	0.00001
<b>TOTAL</b>	<b>15,000,000</b>	<b>100.00</b>

✓ **Altınyâğ Biodizel Petrol Ürünleri Enerji Üretim A.Ş.**

Altınyâğ Biodizel Petrol Ürünleri Enerji Üretim A.Ş. Shareholders	Paid-Capital (TRY)	Share (%)
Altınyâğ Kombinaları A.Ş.	20,300,000	100.00
<b>TOTAL</b>	<b>20,300,000</b>	<b>100.00</b>

The Company was established in FY2013 as a subsidiary of Altınyâğ Kombinaları A.Ş. and aims to produce renewable biofuels from the remains of semi-refined vegetable oil produced by Altınyâğ Kombinaları using sustainable and environment-friendly techniques. Following its application to the Energy Markets Regulatory Authority (EMRA), the Company has laid out the necessary infrastructure for production following the necessary approval.

**d. Corporate Governance**

Altınyâğ has been traded on the BIST since 2000 and had a free float rate of 65.73% as of FYE2013. As such, the Company is under obligation to comply with the Corporate Governance Principles of the CMB.



In the past year, the Company undertook an extensive update of its website and significantly improved its level of transparency by providing detailed information about its history, mission and vision statements, shareholder structure, operational processes, audited financial statements, annual reports, dividend and distribution policies and rating reports. It publishes its quarterly and semi-annual results on a regular basis and also including organization chart along with the CVs of Board members and senior executives.

As of March 2014, there were 6 Board members, two of which were non-executive independent members. All members of the Board are appointed on an annual basis. Mr. Enver ÇEVİK, the largest qualified shareholder of the Company, is the Chairman. Currently, there are no women occupying positions on the Company Board. In addition, there are privileges associated with Group A shares belonging to Artı Yatırım Holding A.Ş. and Enver ÇEVİK with respect to voting rights, profit distribution and determination of Board Members which reduce the level of compliance with Corporate Governance Principles.

Currently, there are 4 sub-committees operating under the Board; the Audit Committee, Corporate Governance Committee, Nomination and Compensation Committee and the Committee for the Early Identification of Risk. Each sub-committee is headed by an independent Board member. In addition, there is an executive committee that is responsible for management of daily Company operations. The compensation details of Board members and senior executives have been outlined in the Company's annual report.

It must be noted that in the past year, the Group set up an investor relations department and appointed a director that holds the necessary Capital Markets licenses in this field.

#### **e. The Company and its Group Strategies**

Following its acquisition by Artı Yatırım Holding A.Ş. in 2012, the Company has ended the production of packaged vegetable oil for the end-consumer and began to focus on raw oil production offering greater profitability and a lesser degree of competition. In addition, it diversified its product range by launching the production of semi-refined vegetable oil for biodiesel fuel, which has progressively increasing demand.

In the short-term, the Company plans to double its daily oilseed processing capacity from 350 to 700 tons by undertaking the construction of an extraction unit, a neutralization unit, separators, refining machines and storage facilities in line with the investment incentive certificates which will provide exemption from Value-Added Tax (VAT) and customs duty as well as receiving contributions toward workers' insurance premiums and tax reductions. These measures will provide the Company with an additional oil seed storage capacity amounting to 20,000 tons.

Furthermore, the Company has initiated feasibility studies investigating the processing of fatty acids and the production of fish oil and fish flour, aiming to further broaden its product range and add greater value to its production line.

In the long-term, the listed Company aims to increase its turnover to TRY 225mn and attain a place among Turkey's Top 500 Industrial Companies and turn into a regional player by increasing its trade with the Middle Eastern companies and become an established player in the region.

### **5. Sector Overview and Operating Environment**

#### **Vegetable Oilseeds and Oil Sector**

According to market research, the value of the global vegetable oils market was estimated at USD 81bn FYE2012 and is expected to grow at an average rate of 2.50% per annum in the next few years and realize value of USD 91.4bn in FY2017. The global aggregate production was estimated at 169mn metric tons, an increase of 4.45% on the previous year's figure. Palm oil had the largest share of global vegetable oil production with 34% of global vegetable oil production, followed by soybean and rapeseed oils with shares of 27% and 15%, respectively.

At present, the United States is the leading producer of oilseeds with a share of 19%, followed by Brazil with 18% and Argentina and China with shares of 12% and 11%, respectively. Population growth and rising per capita income, particularly in Asian countries, are expected to lead to an average 2.1% growth per annum of food vegetable oil use in developing countries. Production is likely to remain concentrated with eight leading producers (Indonesia, Malaysia, China, the European Union, the United States, Argentina, Brazil and India) accounting for over 80% of total output. Cargill, Bunge Group, Zennoh, Wilmar, Alimenta SA and Ascot Commodities are the largest processors of agricultural seeds worldwide.

The utilization of vegetable oils for biodiesel production and the sustained demand for uses of vegetable oil in cooking are the major determinants of oilseed prices across the globe. The prices of oilseeds dipped with the onset of the global economic crisis in 2008 due to the fall in aggregate demand however recovered particularly due to the demand from emerging markets. It must be noted that the price of oilseeds is highly correlated with the global oil prices.

According to data obtained from the Turkish Statistical Institute, the total oilseed production in Turkey reached 2.68mn tons as of FYE2013, indicating a rise of 5.73% on the previous year's figure. Sunflower seeds represent the largest category among oil seeds with a share of 52.30%, followed by cotton seeds with a share of 35.49% and a much smaller share enjoyed by soybeans with a 6.72% share. Over the last 10 years, aggregate oil seed production displayed an upward trend, growing cumulatively by 27.35%. Companies involved in vegetable oil refining and crushing are organized under the "Vegetable Oils and Fat Industrialists Association" which was established in 1975.

Domestic raw vegetable oil production reached 815k tons as of FYE2013, exhibiting a rise of 19.85% from the FYE2012 figure. Imports, on the other hand, realized a value of 1,39k tons with a monetary value USD 1.60bn. In addition, the sector imported 2,01k and 1,72k tons of oilseeds and oilcakes, respectively.

The sector continues to be heavily dependent on imports for its raw material requirements with domestic production able to satisfy approximately 30% of overall needs. Increasing levels of raw vegetable oil imports and attempts by leading exporters such as Ukraine and Russia to establish their own refiner industries have favored the import of vegetable oils. Sunflower seed oils dominate exports with the leading markets including Iraq, Syria and Lebanon. It must be noted that the recent rise of political instability and territorial disputes might have a negative impact on the exports to this the Middle Eastern region.

The average per capita vegetable oil consumption in Turkey stands around 20-21kg/year, compared to the European Union (EU) and American averages of over 35kg/year respectively, providing major opportunities for catch-up growth. The share of vegetable oil sector across the total food products sector is approximately 5-6% with spending on vegetable oils constituting around 0.7-0.8% of average disposable household income. The total turnover generated by the sector amounts to approximately USD 4bn.

There are a total of 110 players operating in the vegetable oil extraction industry, 88 of which are active. Despite the large number of players, the sector exhibits an oligopolistic market structure with sizable players dominating the industry. Although there is a wide mixture of production techniques employed across the industry, the recently established plants operate at European standards, utilizing advanced infrastructure. The extraction capacity of the entire sector stands at 7.4mn tons of oilseeds at present. The average capacity utilization rates at extraction plants vary between 55 and 60%, whereas that for refinery plants are slightly lower at 50 to 55%. It must be noted that the primary driver of the increase in total output was the production of safflower oil and the increase in the imports of camelina seeds rather than a rise in domestic consumption.

In addition to the high level of import-dependence for raw material needs stated previously, there are a number of issues facing the sector. These include the lack of significant domestic demand for vegetable oil, the presence of unfair competition from companies operating on a small-scale, lack of professionally managed companies operating at internationally accepted quality standards, shortcomings of technical infrastructure, issues relating to training of appropriately qualified technical staff and the greater need for emphasis on exports.

The high level of dependence on imports is the foremost issue facing the sector. The increase in population, rise in the number of households and per capita income and greater urbanization are the major trends that will drive the demand for vegetable oil in the medium and long-term. The challenges faced by the sector require coordinated policies at the national level in order to prevent the emergence of potential shortfalls in production in the future.

Policies aiming to address the sector's problems should principally focus on reducing its dependency on imports. In addition, subsidies should be put in place to favor oil seed production and set taking into account differences between domestic and international prices. In addition, manufacturers

should be safeguarded against fluctuations in prices of oilseeds and greater plots of land must be cultivated for oil seed production particularly in the GAP region in the South-East. Furthermore, licensed storage facilities must be established along with the installment of a stock exchange at the national level to determine prices. It is expected that all these factors will lead to an increase in oil seed production and contribute to exports.

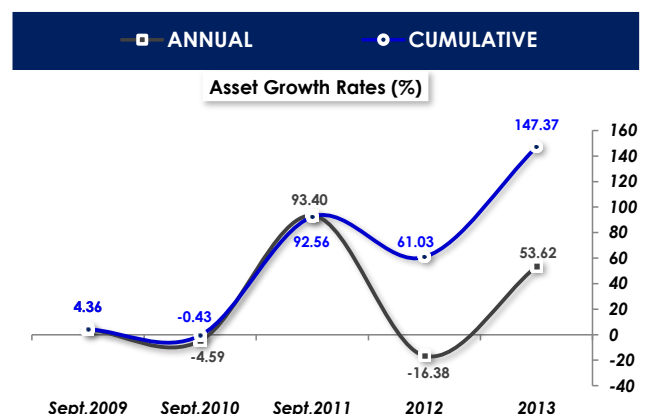
Sources: Agripro, Food and Agriculture Organization, Turkish Statistical Institute, Vegetable Oils and Fats Association of Turkey

## 6. Financial Analysis

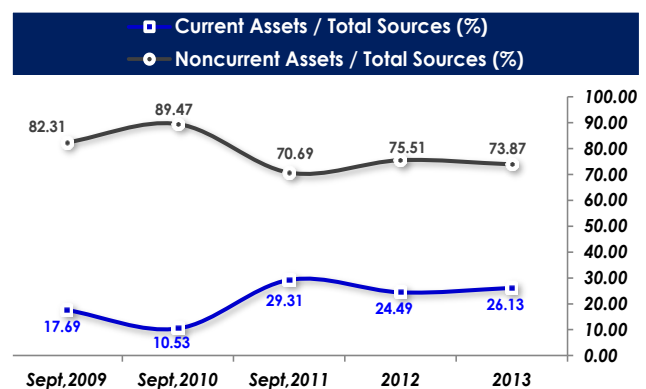
### a) Financial Indicators and Performance

#### i) Indices Relating to Size

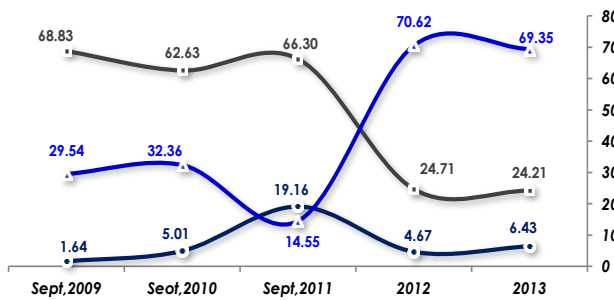
Following a contraction in FY2012, the Group's asset growth rate turned positive in FY2013 and realized a value of 53.62% FYE2013. The largest contribution was made by the 46.59% growth observed in tangible assets along with the 173.43% rise in the Company's inventory. The 5-year cumulative asset growth rate of the Company reached 147.37% as of FYE2013.



On the other hand, the ratios of current and non-current assets to total liabilities remained roughly the same. The high level of non-current assets reflects the industrial nature of the Company's operations in vegetable oil and seed processing.

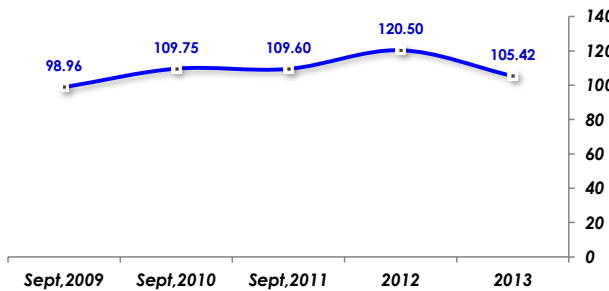


The level of equity has remained relatively unchanged with a share of 69.35% as of FYE2013. Despite the increase of 53.62% in the Company's asset size, the level of equity recorded a rise of 50.86%, mainly resulting from the TRY 16.17mn increase in the fixed asset revaluation fund.



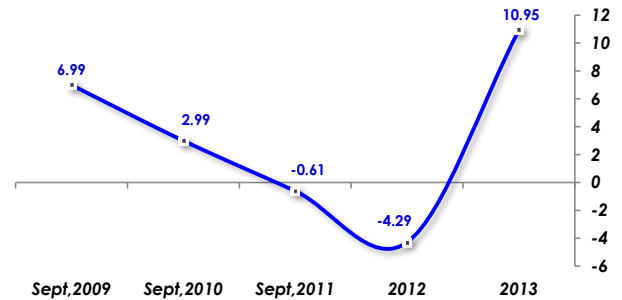
## ii) Indices Relating to Profitability

The level of "Cost of Sales to Total Sales" recorded a drop in FY2013 and realized a value of 105.42%, remaining above the internationally accepted reference range. This mainly stemmed from the 22.59% drop recorded in the cost of sales compared to the lower reduction in the level of sales at 11.52%. The contribution of exports to sales which stood at 24.40% at FYE2012 was almost negligible throughout FY2013. The high level of the mentioned ratio indicates that profitability from core operating activities maintained its relatively low level.



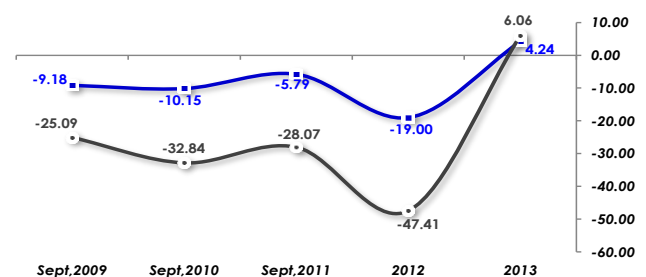
The Company's gross profit recorded an increase of TRY 8.57mn in FY2013, whilst the sales revenues recorded a fall of 10.31%, mainly deriving from the absence of export revenues in FY2013 and indicating progress in operational productivity.

## Gross Profit from Principal Activities / Sales Revenues (%)



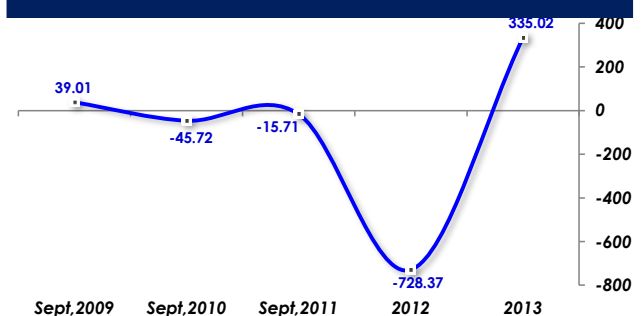
The Return on Average Assets (ROAA) and Return on Average Equity (ROAE), the two major indicators of profitability, reached positive levels as of FYE2013, following a negative trend in the previous years. This was caused by the TRY 12.1mn increase recorded in pre-tax profitability which largely resulted from the TRY 1.87mn (33.92%) reduction in general management and fall of TRY 1.10mn (67.79%) in marketing expenses in the last year. In addition, the fall in the level of cost of sales to total sales has been an important factor contributing to the Company's gross profitability. The positive profitability is expected to contribute to the Company's internal equity generation capacity.

## ROAA (%) ROAE (%)



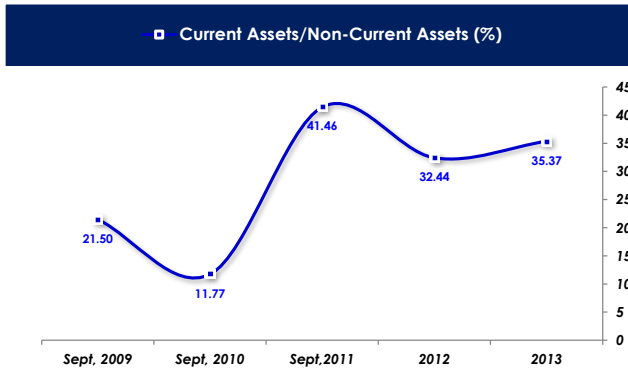
The interest coverage ratio turned positive as of FYE2013 following a major dip in FY2012, and realised a value of 335.02% which was above the international reference range. This was achieved by the much larger increase in net profitability compared to the level of financial expenses which almost remained constant.

## Interest Coverage Ratio 2 (%)

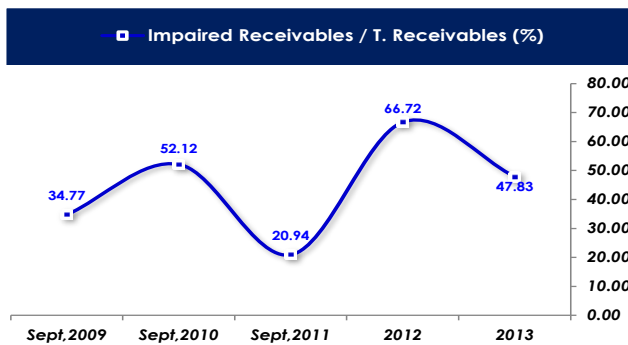


## b) Asset Quality

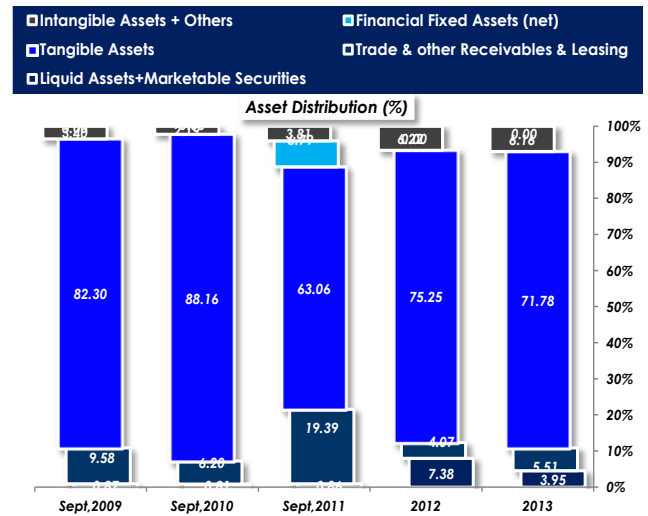
The proportion of current assets of the Company to its non-current assets maintained a similar trend throughout 2013 and recorded a slight increase, realizing a value of 35.37% as of FYE2013. This mainly resulted from the 173.43% rise recorded in the Company's inventory, contributing to the slight increase in the level of current assets.



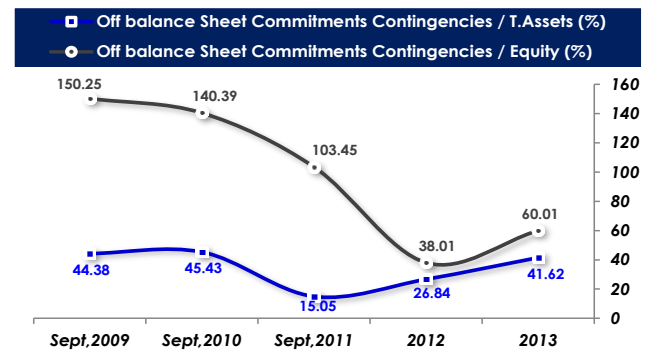
The level of impaired receivables to the Company's total receivables recorded a fall throughout FY2013 and realized a value of 47.83% which remains above the internationally accepted reference values. There has been a significant drop in the average collection time for trade receivables from 45 days in FY2012 to 15 days in FY2013. In addition, the Company adopted a policy of full provisioning for its impaired trade receivables which further contributes to its asset quality.



Tangible assets formed the largest part of the Company's assets by far with a share of 71.78% as of FYE2013. This was followed by inventory and trade receivables with shares of 12.60% and 5.51% respectively. The high share of tangible assets generates a wealth effect, further contributing to the Company's asset quality.

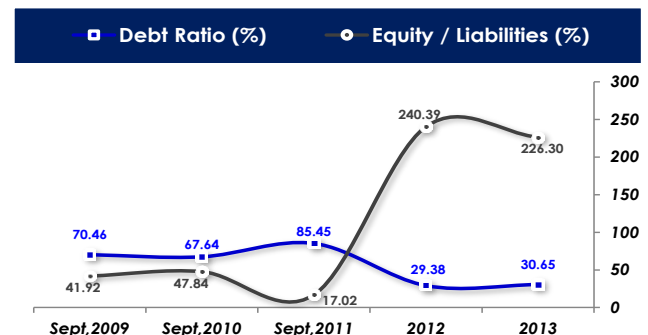


The Group's off balance sheet commitments and contingencies include securities, pledges and mortgages issued by the Company on behalf of its own legal entity. The aggregate level of all their off balance sheet commitments recorded an increase of 138.20% compared to rises of 53.62% in its asset size and 50.86% in its equity level. Mortgages had the highest share among off balance sheet commitments with 86.68% whilst the remaining consisted of securities with a 13.62% share.



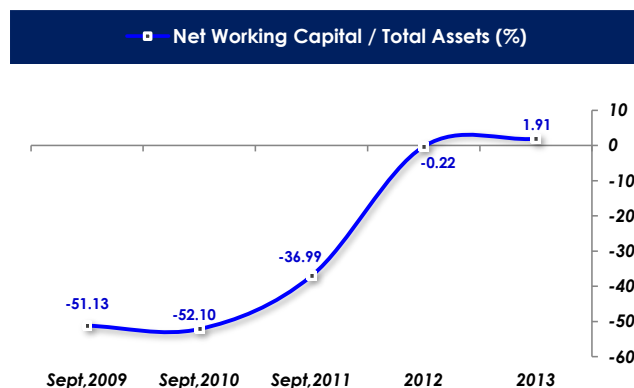
## c) Funding and Adequacy of Capital

The debt ratio of the Company maintained a similar trend throughout FY2013 and realized a value of 30.65% as of FYE2013 which was within acceptable limits. The share of short-term liabilities among total liabilities reached 79.01% as of FYE2013. Despite the higher share of short-term liabilities, the level of equity covers all of the Company's liabilities by a factor of 2.26.

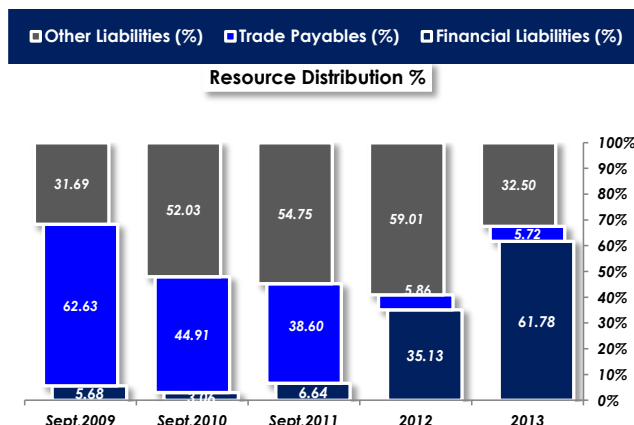




Although the short-term liabilities of the Company recorded a growth rate of 50.54%, the rise in its current assets was higher at 63.88%, contributing to the increase in its net working capital level. Net working capital continued to improve and reached positive values as of FYE2013 despite, being insufficient at 1.91%.



Financial liabilities formed by far the largest section of the Company's liabilities with a share of 61.78%. The share of trade payables recorded a major drop from 59.01% in FY2012 to 32.50% in FY2013. The share of short-term financial liabilities among short-term liabilities reached a value of 68.22%.



## 7. Risk Profile and Management

### a) Risk Management Organization & Its Function- General Information

The Company is exposed to various risks such as credit, foreign currency, liquidity and interest rate risks due to its operations. Risk management practices have been put in place to deal with the various issues. At present, there is a committee for the Early Identification of Risk consisting of two independent members whilst the ultimate responsibility for risk management rests with the Board of Directors. Overall, the Group aims to minimize the potential negative impact of instability in markets on the Group's financial performance.

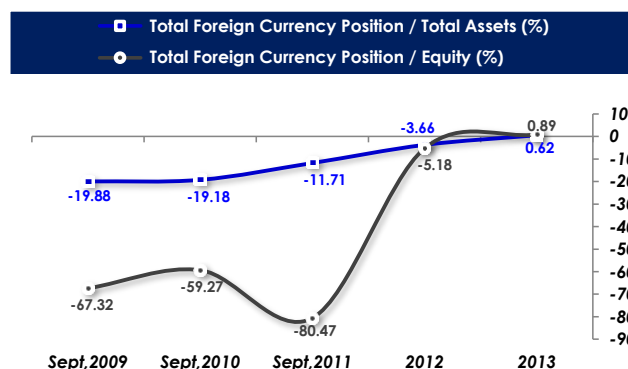
### b) Credit Risk

Credit risk refers to financial losses arising from the inability of related parties that are part of a transaction to meet their

obligations in a timely manner. As such, the Group has a policy of carrying out trade transactions with highly credible parties and tries to minimize credit risk by obtaining sufficient collateral.

### c) Market Risk

Foreign currency denominated balance sheet instruments including trade receivables and financial liabilities constitute the major source of market risk for the Company. The Company's FX position improved significantly throughout FY2013, going from a deficit of TRY 2.37mn to a surplus of TRY 0.437mn, indicating a reduction in risk levels. FX risks are managed via fixed term spot exchange transactions approved by the Board. The sensitivity analysis within the audited financial statements revealed that the Company had a variance range of (+/-) TRY 43,708 in case of an increase or decrease of 10% in the USD/EUR exchange rates with the assumption that all other variables, interest rates, in particular remained constant as of FYE2013.



On the other hand, fluctuations in interest rate risks do not represent a major threat for the Company's operations as it utilizes fixed interest rates with respect to its funding requirements. As such, the balance sheet is continuously monitored to control interest spending under different interest rates.

### d) Liquidity Risk

Liquidity risk refers to the possibility of the Company being unable to meet its net funding requirements. Fluctuations in market conditions and decrease in credit scores leading to reduction in funding resources give rise to liquidity related issues. The Company manages its obligations by extending the maturity of its trade payables and bank loans as well as primarily utilizing current inventory more effectively rather than the procurement of new inventory. In addition, as of May 2014, total credit lines worth TRY 16.33mn were extended to the Company by 10 financial institutions, of which TRY 10.59mn were cash credit lines. 79.19% of this line was drawn upon with an available credit line amounting to TRY 3.40mn.

### e) Operational, Legal, Regulatory and Other Risks

Being a registered firm under the Turkish Commercial Code, the Company has an obligation to fully comply with all aspects of Health & Safety Legislation. The Company

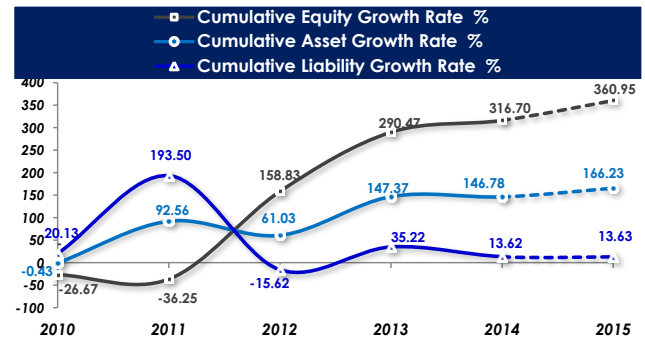
undertakes analysis of all seeds, oils and oilcakes at various stages of the production cycle in a lab-based setting that contains a qualified Research & Development team. A complete list of all the different types of tests along with a flow chart detailing the various quality control procedures are provided in the Company's website. In addition, the Company has received approval for an Environmental Impact Assessment regarding its application to increase production capacity in September 2013.

The provisions for the legal cases brought against the Company are provided in its annual report and amounted to TRY 651,246 which is almost negligible and is thought to have a relatively minor impact on its operations.

## 8. Budget and Bond Issuance

The assumptions undertaken during the projection of the budget figures are assumed to be in line with the general expectations in the market. The Company aims to achieve an asset size of TRY 70.76mn and an equity of TRY 52.50mn by FYE2015, indicating cumulative asset and equity growth rates of 7.63% and 10.83% respectively when compared to FYE2013. On the resources side, the debt ratio will maintain its downward trend through to 2015 and realize a value of 23.93% at FYE2015, mainly driven by the reduction in long-term liabilities. Profitability, on the other hand, is projected to maintain an upward trend mainly driven by the falling cost of sale/sale ratio.

growth rates of 146.78% and 166.23% for FY2014 and FY2015, respectively.



Balance Sheet TRY (000)	Actual		Budgeted	
	2013	March, 2014	2014	2015
<b>Current Asset</b>	<b>18,532</b>	<b>18,563</b>	<b>16,878</b>	<b>21,455</b>
Cash&Cash Equivalents	2,803	4,011	2,750	3,000
Trade Receivables	1,243,642	3,260	4,523	7,155
Inventory	8,938	8,262	8,305	10,000
<b>Tangible Assets</b>	<b>50,914</b>	<b>50,520</b>	<b>53,789</b>	<b>54,789</b>
<b>Total Assets</b>	<b>70,930</b>	<b>70,996</b>	<b>70,762</b>	<b>76,339</b>
<b>Short Term Liabilities (STL)</b>	<b>17,175</b>	<b>18,235</b>	<b>17,678</b>	<b>17,743</b>
ST Borrowings	9,909	12,144	5,000	5,000
STL of LT Borrowings	1,808	1,870	10,000	10,000
<b>Long Term Liabilities (LTL)</b>	<b>4,563</b>	<b>4,194</b>	<b>588</b>	<b>525</b>
LT Borrowings	1,712	1,229	110	0
Deferred Income	2,417	2,397	0	0
Provision for Personnel Exp.	434	568	477	525
<b>Equity</b>	<b>49,192</b>	<b>48,566</b>	<b>52,497</b>	<b>58,072</b>
Retained Earnings/Losses	-39,129	36,220	-36,220	-33,001
Fixed Asset Revaluation Fund	25,378	25,378	25,378	25,378
Net Profit/Loss	2,909	-558	3,219	5,575
<b>Total Liabilities</b>	<b>70,930</b>	<b>70,996</b>	<b>70,762</b>	<b>76,339</b>
Annual Asset Growth %	54.82	8.17	-0.24	7.88
Equity/Total Asset %	69.35	68.41	74.19	76.07
ROAA %*	4.24	-0.82	4.54	9.47
ROAE %*	6.30	-1.15	6.33	12.60

(\*) : YoY basis comparison

Integration of the above stated projections with the last five years' growth series results in projected cumulative asset



Altınyag Kombinaları 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
<b>I. CURRENT ASSETS</b>	8,698,920	18,532,180	14,920,203	11,308,226	13,745,600	16,182,973	9,594,440	3,005,906	26.13	24.49	29.31	63.88	-30.12	438.37
<b>A. Liquid Assets</b>	1,315,567	2,802,684	3,104,032	3,405,379	1,941,039	476,699	354,025	231,351	3.95	7.38	0.86	-17.70	614.37	106.05
<b>B. Marketable Securities</b>	0	0	0	0	39,439	78,878	39,439	0	0.00	0.00	0.14	0.00	-100.00	0.00
1.Bond	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2.Share Certificates	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Other	0	0	0	0	39,439	78,878	39,439	0	n.a	n.a	0.14	n.a	-100.00	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
<b>C. Trade Receivables &amp; Leasing</b>	1,661,205	3,539,031	2,600,181	1,661,330	3,873,551	6,085,772	3,456,651	827,529	4.99	3.60	11.02	113.02	-72.70	635.41
1.Customers & Notes Receivables	1,661,205	3,539,031	2,562,438	1,585,844	3,835,808	6,085,772	3,456,651	827,529	4.99	3.43	11.02	123.16	-73.94	635.41
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	1,681,519	3,582,308	3,600,134	3,617,959	3,226,422	2,834,884	2,380,385	1,925,886	5.05	7.84	5.13	-0.99	27.62	47.20
4.Provision for Doubtful Trade Receivables (-)	-1,681,519	-3,582,308	-3,562,391	-3,542,473	-3,188,679	-2,834,884	-2,380,385	-1,925,886	-5.05	-7.67	-5.13	1.12	24.96	47.20
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>D. Due From Related Parties (net)</b>	651,521	1,388,000	694,000	0	48,047	96,093	73,727	51,361	1.96	n.a	0.17	n.a	-100.00	87.09
<b>E. Other Receivables</b>	173,152	368,883	293,682	218,480	2,419,272	4,620,063	2,780,814	941,564	0.52	0.47	8.37	68.84	-95.27	390.68
1.Other Receivables	173,152	368,883	293,682	218,480	2,419,272	4,620,063	2,780,814	941,564	0.52	0.47	8.37	68.84	-95.27	390.68
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
<b>F. Live Assets (net)</b>	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
<b>G. Inventories (net)</b>	4,195,662	8,938,438	6,103,714	3,268,989	3,315,554	3,362,119	2,057,217	752,315	12.60	7.08	6.09	173.43	-2.77	346.90
<b>H. Contract Progress Income (net)</b>	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
<b>I. Deferred tax Assets</b>	569,324	1,212,887	907,588	602,288	301,144	0	0	0	1.71	1.30	n.a	101.38	n.a	n.a
<b>J. Other Current Assets</b>	132,490	282,257	1,217,009	2,151,760	1,807,555	1,463,349	832,568	201,786	0.40	4.66	2.65	-86.88	47.04	625.20
1.Other Current Assets	132,490	282,257	1,217,009	2,151,760	1,807,555	1,463,349	832,568	201,786	0.40	4.66	2.65	-86.88	47.04	625.20
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
<b>II. NON-CURRENT ASSETS</b>	24,595,225	52,397,667	43,630,787	34,863,906	36,947,389	39,030,871	32,287,157	25,543,442	73.87	75.51	70.69	50.29	-10.68	52.80
<b>A. Trade Receivables &amp; Leasing</b>	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>B. Due From Related Parties (net)</b>	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
<b>C. Other Receivables</b>	0	0	0	0	103	205	205	205	n.a	n.a	0.00	n.a	-100.00	0.00
1.Other Receivables	0	0	0	0	103	205	205	205	n.a	n.a	0.00	n.a	-100.00	0.00
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.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
<b>D. Financial Fixed Assets (net)</b>	0	0	0	0	1,875,000	3,750,000	1,875,000	0	n.a	n.a	6.79	n.a	-100.00	n.a
1. Long Term Securities (net)	0	0	0	0	1,875,000	3,750,000	1,875,000	0	n.a	n.a	6.79	n.a	-100.00	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
<b>E. Tangible Assets</b>	23,898,986	50,914,399	42,830,308	34,746,216	34,781,185	34,816,153	29,993,091	25,170,029	71.78	75.25	63.06	46.53	-0.20	38.32
<b>F. Other Fixed Assets</b>	696,239	1,483,268	800,479	117,690	291,102	464,513	418,861	373,208	2.09	0.25	0.84	1,160.32	-74.66	24.46
<b>TOTAL ASSETS</b>	33,294,145	70,929,847	58,550,990	46,172,132	50,692,988	55,213,844	41,881,596	28,549,348	100.00	100.00	100.00	53.62	-16.38	93.40




Altınyayğ Kombinaları 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	(Year End) 2009 TRY (Original)
<b>I. SHORT TERM LIABILITIES</b>	<b>8,061,948</b>	<b>17,175,173</b>	<b>14,292,270</b>	<b>11,409,367</b>	<b>24,007,679</b>	<b>36,605,991</b>	<b>27,243,729</b>	<b>17,881,467</b>	<b>24.21</b>	<b>24.71</b>	<b>66.30</b>	<b>50.54</b>	<b>-68.83</b>	<b>104.71</b>	<b>20,594,917</b>
A. Financial Liabilities	5,499,979	11,717,156	7,551,343	3,385,529	3,260,048	3,134,566	1,862,620	590,673	16.52	7.33	5.68	246.10	8.01	430.68	1,197,989
B. Trade Payables	583,760	1,243,642	1,019,173	794,704	9,504,467	18,214,229	13,443,323	8,672,417	1.75	1.72	32.99	56.49	-95.64	110.02	13,205,955
C. Due to Related Parties	652,986	1,391,121	1,841,467	2,291,812	7,419,976	12,548,139	8,164,051	3,779,962	1.96	4.96	22.73	-39.30	-81.74	231.96	2,987,530
D. Other Financial Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a	0
E. Advances Received	459,706	979,357	546,116	112,875	56,438	0	0	0	1.38	0.24	n.a	767.65	n.a	n.a	0
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	0
G. Deferred Tax Liabilities	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a	0
H. Provisions for Liabilities	305,692	651,246	584,623	518,000	357,000	196,000	302,269	408,538	0.92	1.12	0.35	257.2	164.29	-52.02	343,086
I Other Liabilities	559,825	1,192,651	2,749,549	4,306,447	3,409,752	2,513,057	3,471,467	4,429,877	1.68	9.33	4.55	-72.31	71.36	-43.27	2,860,357
<b>II. LONG TERM LIABILITIES</b>	<b>2,141,696</b>	<b>4,562,669</b>	<b>3,358,894</b>	<b>2,155,119</b>	<b>6,365,876</b>	<b>10,576,632</b>	<b>6,003,335</b>	<b>1,430,038</b>	<b>6.43</b>	<b>4.67</b>	<b>19.16</b>	<b>111.71</b>	<b>-79.62</b>	<b>639.60</b>	<b>490,340</b>
A. Financial Liabilities	803,446	1,711,662	1,543,787	1,375,911	687,956	0	0	0	2.41	2.98	n.a	24.40	n.a	n.a	0
B. Trade Payables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a	0
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	0
D. Other Financial Liabilities	0	0	5,270	10,540	5,270	0	0	0	n.a	0.02	n.a	-100.00	n.a	n.a	0
E. Advances Received	0	0	0	0	0	0	554,764	1,109,528	n.a	n.a	n.a	n.a	n.a	-100.00	0
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	0
G. Deferred Tax Liabilities	0	0	0	0	351,944	703,888	351,944	0	n.a	n.a	1.27	n.a	-100.00	n.a	264,047
H. Provisions for Liabilities	203,637	433,829	508,251	582,673	732,127	881,580	601,045	320,510	0.61	1.26	1.60	-25.55	-33.91	175.06	226,293
I Other Liabilities (net)	1,134,612	2,417,178	1,301,587	185,995	4,588,580	8,991,164	4,495,582	0	3.41	0.40	16.28	1,199.59	-97.93	n.a	0
<b>TOTAL LIABILITIES</b>	<b>10,203,643</b>	<b>21,737,842</b>	<b>17,651,164</b>	<b>13,564,486</b>	<b>30,373,555</b>	<b>47,182,623</b>	<b>33,247,064</b>	<b>19,311,505</b>	<b>30.65</b>	<b>29.38</b>	<b>85.45</b>	<b>60.26</b>	<b>-71.25</b>	<b>144.32</b>	<b>21,085,257</b>
<b>F. EQUITY</b>	<b>23,090,502</b>	<b>49,192,005</b>	<b>40,899,826</b>	<b>32,607,646</b>	<b>20,319,434</b>	<b>8,031,221</b>	<b>8,634,532</b>	<b>9,237,843</b>	<b>69.35</b>	<b>70.62</b>	<b>14.55</b>	<b>50.86</b>	<b>306.01</b>	<b>-13.06</b>	<b>8,838,134</b>
a) Prior year's equity	15,269,772	32,530,722	19,467,417	6,404,111	7,820,977	9,237,843	9,037,989	8,838,134	45.86	13.87	16.73	407.97	-30.68	4.52	12,598,137
b) Equity (Added from internal & external resources at this year)	6,400,424	13,635,463	24,532,737	35,430,011	17,454,456	-521,100	992,478	2,506,055	19.22	76.73	-0.94	-61.51	-6,899.08	-120.79	-800,121
c) Minority Interest	54,133	115,324	96,124	76,924	852,017	1,627,110	813,555	0	0.16	0.17	2.95	49.92	-95.27	n.a	0
h) Profit & Loss	1,366,173	2,910,496	-3,196,452	-9,303,400	-5,808,016	-2,312,632	-2,209,489	-2,106,346	4.10	-20.15	-4.19	-131.28	302.29	9.79	-2,959,882
<b>TOTAL LIABILITY</b>	<b>33,294,145</b>	<b>70,929,847</b>	<b>58,550,990</b>	<b>46,172,132</b>	<b>50,692,988</b>	<b>55,213,844</b>	<b>41,881,596</b>	<b>28,549,348</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>53.62</b>	<b>-16.38</b>	<b>93.40</b>	<b>29,923,391</b>
USD Rates 1=TRY		2.1304		1.7776		1.8889		1.5376							1.4873



Altınyag Kombinaları A.Ş. INCOME STATEMENT (000) TRY	2013	2012	Sept,2011	Sept,2010	Sept,2009
<b>I. Principal Activity Revenues</b>	<b>5,984,880</b>	<b>-2,584,791</b>	<b>-559,158</b>	<b>1,657,838</b>	<b>4,440,032</b>
<b>A. Sales Revenues (Net)</b>	<b>46,185,183</b>	<b>52,196,118</b>	<b>83,816,344</b>	<b>48,926,487</b>	<b>59,713,777</b>
1.Domestic Sales	46,654,573	37,570,122	70,848,170	36,057,627	27,968,449
2.Export Sales	179,294	14,713,030	12,968,305	12,889,664	31,844,391
3.Sales Deductions (-)	-648,684	-87,034	-131	-20,804	-99,063
<b>B. Cost Of Sales (-)</b>	<b>-48,689,320</b>	<b>-62,894,790</b>	<b>-91,863,060</b>	<b>-53,697,708</b>	<b>-59,091,961</b>
<b>C. Service Revenues (net)</b>	<b>8,489,017</b>	<b>8,113,881</b>	<b>7,487,558</b>	<b>6,429,059</b>	<b>3,818,216</b>
<b>D. Other Revenues From Principal Activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1.Interest	0	0	0	0	0
2.Dividend	0	0	0	0	0
3.Rent					
4.Other	0	0	0	0	0
<b>GROS PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>	<b>5,984,880</b>	<b>-2,584,791</b>	<b>-559,158</b>	<b>1,657,838</b>	<b>4,440,032</b>
Activities Expenses (-)	-4,170,458	-7,141,184	-3,386,581	-3,378,990	-4,084,228
<b>NET PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>	<b>1,814,422</b>	<b>-9,725,975</b>	<b>-3,945,739</b>	<b>-1,721,152</b>	<b>355,804</b>
Income & Profit From Other Activities	1,531,255	2,094,244	3,948,064	357,844	500,646
Expenses & Losses From Other Activities (-)	-927,123	-2,777,861	-1,023,805	-1,286,309	-508,419
Financing Income	1,300,386	1,899,493	596,281	1,126,807	1,815,521
Financing Expenses (-)	-1,238,392	-1,123,097	-1,998,666	-1,445,481	-4,853,266
<b>OPERATING PROFIT &amp; LOSS</b>	<b>2,480,548</b>	<b>-9,633,196</b>	<b>-2,423,865</b>	<b>-2,968,291</b>	<b>-2,689,714</b>
Net Monetary Position exc. And Other Profit & Loss (+/-)	0	0	0	0	0
<b>PRETAX PROFIT &amp; LOSS</b>	<b>2,480,548</b>	<b>-9,633,196</b>	<b>-2,423,865</b>	<b>-2,968,291</b>	<b>-2,689,714</b>
Taxes (-/+)	429,948	329,796	111,233	861,945	-270,168
<b>NET PROFIT FOR THE PERIOD</b>	<b>2,910,496</b>	<b>-9,303,400</b>	<b>-2,312,632</b>	<b>-2,106,346</b>	<b>-2,959,882</b>
<b>Total Income</b>	<b>58,154,525</b>	<b>64,390,770</b>	<b>95,848,378</b>	<b>56,861,001</b>	<b>65,947,223</b>
<b>Total Expense</b>	<b>-55,673,977</b>	<b>-74,023,966</b>	<b>-98,272,243</b>	<b>-59,829,292</b>	<b>-68,636,937</b>
<b>NET INCOMES OR EXPENSES FOR THE PERIOD</b>	<b>2,480,548</b>	<b>-9,633,196</b>	<b>-2,423,865</b>	<b>-2,968,291</b>	<b>-2,689,714</b>

Altınyag Kombinaları A.Ş. FINANCIAL RATIOS %	FYE 2013	FYE 2012	Sept, 2011
<b>I. PROFITABILITY</b>			
<b>Relationship Between Capital and Profit</b>			
ROAE - Pre-tax Profit / Equity (avg.)	6.06	-47.41	-28.07
ROAA - Pre-tax Profit / Total Assets (avg.)	4.24	-19.00	-5.79
Total Income / Equity (avg.)	142.19	316.89	1,110.06
Total Income / Total Asset (avg.)	99.32	127.02	228.86
Economic Rentability (( Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	6.35	-16.79	-1.02
Operating Profit / Total Assets (avg.)	3.10	-19.19	-9.42
Financial Expenses / Inventories Ratio (avg.)	20.29	33.87	97.15
Return on Avg. Long Term Sources	6.58	-34.86	-15.80
<b>Relationship Between Sales and Profit</b>			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	12.96	-4.95	-0.67
Operating Margin = Operating Incomes / Net Sales Income	3.93	-18.63	-4.71
Net Profit Margine = Net Profit / Net Sales Income	6.30	-17.82	-2.76
Cost of Sales / Net sales Income	105.42	120.50	109.60
Activities Expenses / Net Sales Income	9.03	13.68	4.04
Financing Expenses / Net Sales Income	2.68	2.15	2.38
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	8.05	-16.30	-0.51
<b>Relationship Between Financing Liabilities and Profit</b>			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	300.30	-757.73	-21.27
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	335.02	-728.37	-15.71
<b>Structure of Income and expenditure account</b>			
Financing Expenses / T. Asset (avg.)	2.12	2.22	4.77
Financial Liabilities / T. Assets	18.93	10.31	5.68
<b>II. LIQUIDITY</b>			
(Liquid Assets + Marketable Securities) / T. Assets	3.95	7.38	1.01
(Liquid Assets +Marketable Securities) / T. Liabilities	12.89	25.11	1.18
Net Working Capital / Total Assets	1.91	-0.22	-36.99
Liquid Assets / Equity	5.70	10.44	6.92
Current Ratio	107.90	99.11	44.21
Acid Test Ratio	52.07	49.69	18.41
Cash Ratio	16.32	29.85	1.52
Inventories / Current Asset	48.23	28.91	20.78
Inventories / Total Asset	12.60	7.08	6.09
Inventories Dependency Ratio	160.79	244.85	1,072.25
Short Term Receivables / Total Current Assets	28.58	16.62	66.75
Short Term Receivables / Total Assets	7.47	4.07	19.56
<b>III. CAPITAL and FUNDING</b>			
Equity / Total Assets	69.35	70.62	14.55
Equity / Liabilities	226.30	240.39	17.02
Net Working Capital/Total Resources	1.91	-0.22	-36.99
Equity generation/prior year's equity	41.92	553.24	-5.64
Internal equity generation/prior year's equity	8.95	-145.27	-25.03
Tangible Assets/Total Asset	71.78	75.25	63.06
Financial Fixed Assets/(Equity +Long Term Liabilities)	0.00	0.00	46.69
Minority Interest/Equity	0.23	0.24	20.26
<b>IV. EFFICIENCY</b>			
Net Profit Margine Growth	-135.36	545.99	-35.91
Net Sales Growth	-11.52	-37.73	71.31
Equity Growth	50.86	306.01	-13.06
Asset Growth	53.62	-16.38	93.40
Inventories Turnover	797.70	1,896.96	4,465.40
Days Inventories Utilization	45.76	19.24	8.17
Receivables Turnover	1,802.39	1,360.76	2,424.79
Days' Accounts Receivable	20.25	26.82	15.05
Efficiency Period	66.01	46.06	23.23
Payables Turnover	4,777.34	661.74	683.34
Days' Payments In Accounts Payables	7.64	55.16	53.41
Cash Turnover Cycle	58.37	-9.09	-30.19
Current Assets Turnover	309.55	379.73	873.59
Net Working Capital Turnover	7,355.11	-508.63	-474.90
Tangible Assets Turnover	107.83	150.07	279.45
Fix Asset Turnover	105.85	141.27	259.60
Equity Turnover	112.92	256.88	970.71
Asset Turnover	78.88	102.97	200.13
Export sales/Total sales	0.38	28.14	15.47
<b>V. ASSET QUALITY</b>			
Non-Performing Receivables / Total Receivables	47.83	66.72	20.94
Non-Performing Asset / Total Assets	84.38	82.33	75.94
Financial Fixed Assets / Non-Current Assets	0.00	0.00	9.61
<b>VI. SENSITIVITY OF FOREIGN CURRENCY</b>			
Total Foreign Currencies Position/Asset	0.62	3.66	11.71
Total Foreign Currencies Position/Equity	0.89	5.18	80.47
<b>VII. INDEBTEDNESS</b>			
Debt Ratio	30.65	29.38	85.45
Short Term Liabilities/Total Asset	24.21	24.71	66.30
Long Term Liabilities/Total Asset	6.43	4.67	19.16
Long Term Liabilities/(Equity+ Long term Liabilities)	8.49	6.20	56.84
Fixed Asset/Liabilities	241.04	257.02	82.72
Fixed Asset/(Long Term Liabilities +Equity)	97.48	100.29	209.75
Short Term Liabilities/ T. Liabilities	79.01	84.11	77.58
Short Term Financial Liabilities/Short Term Liabilities	68.22	29.67	8.56
Tangible Assets/Long Term Liabilities	1,115.89	1,612.26	329.18
Financial Liabilities/Total Liabilities	61.78	35.10	6.64
Off Balance Liabilities/(Assets +Off Balance Liabilities)	29.39	21.16	13.08
Off Balance Liabilities/(Equity +Off Balance Liabilities)	37.50	27.54	50.85

<b>The Historical Development of the Company's Credit Ratings</b>					
		July 12, 2013		July 22, 2014	
		Long Term	Short Term	Long Term	Short Term
International	Foreign Currency	BB+	B	BBB-	A-3
	Local Currency	BB+	B	BBB-	A-3
	Outlook	Stable	Stable	Stable	Stable
National	Local Rating	BBB- (Trk)	A-3 (Trk)	BBB- (Trk)	A-3 (Trk)
	Outlook	Stable	Stable	Positive	Stable
Sponsor Support		3	-	3	-
Stand Alone		BC	-	BC	-
Sovereign*	Foreign Currency	BBB-	-	BBB-	-
	Local Currency	BBB-	-	BBB-	-
	Outlook	Stable	-	Stable	-
(*) : Affirmed by JCR on May 23, 2013				(*) : Affirmed by JCR on July 11, 2014	