Corporate Credit Rating

Annual Review

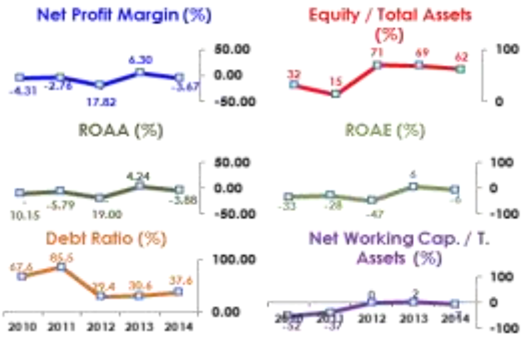
Non-Financial & Industry

(Vegetable Oil Production Sector)

		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	Stable	Stable
Sponsor Support		3	-
Stand-Alone		BC	-
Sovereign*	Foreign Currency	BBB-	-
	Local Currency	BBB-	-
	Outlook	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on August 28, 2015

Senior Analyst: Sevket **GÜLEÇ**/+90 212 352 56 74
sevket.gulec@jcrer.com.tr
Assistant Analyst: Dinçer **SEMERCILER**/+90 212 352 56 74
dincer.semerciler@jcrer.com.tr



ALTINYAĞ KOMBİNALARI A.Ş.							
Financial Data	**Sept,2015**	**2014****	**2014***	**2013***	**2012***	**2011***	**2010***
Total Assets (000 USD)	47,097	56,119	32,635	33,294	25,974	29,231	18,567
Total Assets (000 TRY)	142,474	130,580	75,678	70,930	46,172	55,214	28,549
Equity (000 TRY)	62,175	73,930	47,221	49,192	32,608	8,031	9,238
Net Profit (000 TRY)	-5,910	-12,286	-1,885	2,910	-9,303	-2,313	-2,106
Sales (000 TRY)	57,818	N/A	51,417	46,185	52,196	83,816	48,926
Net Profit Margin (%)	-10.22	N/A	-3.67	6.30	-17.82	-2.76	-4.31
ROAA (%)	N/A	N/A	-3.88	4.24	-19.00	-5.79	-10.15
ROAE (%)	N/A	N/A	-5.89	6.06	-47.41	-28.07	-32.84
Equity / Total Assets (%)	43.64	56.62	62.40	69.35	70.62	14.55	32.36
Net Working Capital / T. Assets (%)	-30.64	-16.08	-6.63	1.91	-0.22	-36.99	-52.10
Debt Ratio (%)	56.36	43.38	37.60	30.65	29.38	85.45	67.64
Asset Growth Rate (%)	110.91	84.10	6.69	53.62	-16.38	93.40	-4.59

*End of year

**Revised in May, 2015

Company Overview

Founded in 1962, **Altınyag Kombinaları A.Ş.** (referred to as the Company or Altınyag) operates in the fields of raw, semi-refined and refined oil production from a wide range of oilseeds, oilcakes required for feed manufacturing along with the production of biodiesel. The Company, the production plants of which are located in the Ataturk Organized Industrial Zone in Izmir, Turkey was taken over by the Istanbul based **Artı Yatırım Holding A.Ş.** in 2012. In line with its growth strategies, the Company undertook the acquisition of shares belonging to **Karsusan Karadeniz Su Ürünleri Sanayii A.Ş.** and **Etiler Gıda ve Ticari Yatırımlar Sanayi ve Ticaret A.Ş.** from the 4Q2014 onwards, and as such had 4 subsidiaries as of September, 2015.

It must be noted that for the periods prior to FY2012, the financial tables were constructed in line with special accounting standards for the period from 1 September to 31 October with the adoption of general accounting standards from FY2012 onwards. Mr. Mehmed Nureddin **CEVIK** is the Chairman of the company the shares of which has been listed on Borsa Istanbul (BIST) since May, 2000 with a floatation rate of 65.73%. The number of average personnel employed across Company operations reached 120 as of September, 2015. (FYE2014: 122)

Strengths

- Maintenance of operational volume growth as reflected by the expansion in sales revenues and assets
- Growth opportunities in the medium and long-term with respect to Turkish vegetable and raw oil consumption
- Robust level of equity providing a suitable base for further expansion despite the decreasing trend stemming from incurred losses
- Future expansion strategies projected to offer greater profitability in line with the investments in capacity increases and recently realized acquisitions
- Established operational track record and know-how in the vegetable oil manufacturing industry
- The level of Compliance with Corporate Governance Practices

Constraints

- High cost of sale to total sales level exerting pressure on the Company's principle profitability indicators
- Significant share of short-term foreign currency denominated financial liabilities increasing risk levels
- Maintenance of high import dependence for raw material requirements across the sector increasing susceptibility to market volatility with respect to prices and supply security
- Short-term dominated liability composition exerting pressure on net working capital levels
- High level of impaired receivables exerting pressure on asset quality
- Persistent domestic economic instability along with global market volatility with the potential to negatively impact the cost base

Publication Date: November 17, 2015

"Global Knowledge supported by Local Experience"

1. Rating Rationale

The 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 Turkish Financial Reporting Standards, **(ii)** JCR Eurasia Rating's own studies and records, **(iii)** information and clarifications provided by the Company directly and **(iv)** non-financial figures.

In the assignment and the risk assessment of the long term international local currency and foreign currency notes as well as the national ones of Altınyag Kombinaları A.Ş., profitability performance, funding structure and maturity, capitalization structure, liquidity level, asset quality, risk management practices, past growth trends and future expansion potential of the vegetable oil market on a national and global scale, relationships with other companies under Artı Yatırım Holding A.Ş., the degree of compliance with Corporate Governance Practices, the level of potential support by the main shareholders, future strategies and operational targets, along with economic and political developments in Turkey and global markets have been taken into account.

It must be noted that, beginning from the 3Q2014, the Company carried out the acquisition of shares belonging to **Karsusan Karadeniz Su Ürünleri Sanayii A.Ş.** and **Etiler Gıda ve Ticari Yatırımlar Sanayi ve Ticaret A.Ş.** and started to integrate them into the consolidated financial statements in line with their respective participation rates of 20.00% and 11.33% as of September, 2015. (6.17% and 4.11% respectively at FYE2014) The changes on the financial results stemming from the inclusion of the mentioned subsidiaries in the consolidated financial statements has been provided for 2014 year-end results in the financial tables for FY2015, yet no revisions have currently been made for the years prior to 2014. As such, due to the lack of an appropriate data set that would enable series and trend analysis, the rating assessments undertaken by JCR Eurasia Rating have been based on the series formed in accordance with the previous consolidation principles including FY2014. However, the revised income statements for FY2014 and FY2013 in accordance with the new consolidation principles has not been supplied to JCR Eurasia Rating for review.

The Effect of Adjustment in September, 2015				
TRY	Previous FYE2014	Restated FYE2014	Differences	(+/-) %
I. Current Assets	21,506.993	27,601.764	6,094.771	28.34
II. Non-current Assets	54,170.630	102,978.884	48,808.254	90.10
Total Assets	75,677.623	130,580.648	54,903.025	72.55
I. Short Term Liabilities	26,527.149	48,594.482	22,067.333	83.19
II. Long Term Liabilities	1,929.298	8,056.295	6,126.997	317.58
Equity	47,221.176	73,929.871	26,708.695	56.56
Total Resources	75,677.623	130,580.648	54,903.025	72.55
P/L for The Period	-1,884.452	-12,286.463	-10,402.191	-552.00%

The fundamental rating drivers are,

Expansion of Operational Volume Sustained Throughout the Completed Financial Year
The Company maintained the upward trend with respect to the growth of its operating volume and increased its total sales revenues by 7.87% whilst expanding its asset size by 6.69% in FY2014. The amount of oilseeds processed by the company reached 61,000 tons, indicating an increase of 17.01%. From September, 2014 onwards, the Company continued its asset expansion through the acquisition of shares belonging to Karsusan Karadeniz Su Ürünleri and Etiler Gıda ve Ticari Yatırımlar A.Ş.

Future Growth Potential of the Market with Respect to Vegetable Oil Consumption
Turkish oilseed production exhibited a stable growth trend over the last 5 years and reached 2.74mn tons at FYE2014. In addition, the per capita edible oil consumption of Turkey currently stands at 17-17.2lt which remains below the EU and US averages of 30 and 34lt per capita. It is anticipated that in line with the population growth, rising levels of urbanization and household income, the per capita consumption of vegetable oil will converge with the average figures observed in developed economies in the medium and long-term, indicating significant expansion opportunities in the market. Furthermore, if the issues relating to import dependency with respect to raw material requirements are resolved, the sector carries the potential to substantially increase its output.

Significant Level of Equity in the Funding of Company Operations
Following the take-over of the Company by Artı Yatırım Holding in 2012, there was an equity injection which amounted to TRY 32mn which strengthened the capital base and raised the total equity to assets ratio. Despite exhibiting a declining trend over the last 3 years, the share of equity to total assets maintained a value above 40%, indicating a relatively high level. The level of equity is a factor that safeguards the Company against potential deterioration in market circumstances whilst enabling growth opportunities in the medium and long-term via the utilization of external leverage.

Strategies Relating to Future Expansion through Capacity Expansion and Acquisitions
In line with incentives provided by the state, the Company is currently undertaking the construction of a new extraction, crushing units, storage silos and water cooling towers that will increase the daily oilseed processing capacity to 700 tons with a rise in daily raw oil refining capacity to 450 tons. The capacity increase together with the completion of ongoing renovation works to existing machinery & equipment is anticipated to lead to productivity increases and nearly double sales revenues from FY2016 onwards. Furthermore, the Company is planning to shift production to products offering greater profit margins including fatty acids, fish oil and fish flour through the acquisition of Karsusan Karadeniz Su Ürünleri

A.Ş. and significantly expand the branch network of Etiler Gıda ve Ticari Yatırımlar A.Ş.

Established Know-How and Operational Track Record in the Vegetable Oil Production Industry

Founded in 1962, Altınyag is one of the oldest players in the vegetable oil manufacturing industry across Turkey and utilizes the latest technologies with respect to production techniques with a high level of emphasis on quality standards. The Company employs qualified R&D staff and carries out continual analysis of all oilseeds, oilcakes, oils and water. All steps of the quality control procedures have been listed in detail on the Company's website.

Level of Compliance with Corporate Governance Practices

As one of the listed companies in the vegetable oil manufacturing industry, Altınyag exhibits a decent degree of compliance with Corporate Governance Practices regarding the field of transparency on its website and established the necessary committees under the Board all of which are led by independent members. There is a functional investor relations department the director of which holds the appropriate license from the CMB and occupies a position on the Corporate Governance Committee. In addition, it informs investors regularly about important developments concerning the Company on the Public Disclosure Platform. The placement of cameras across different locations in the Company's production facilities and live web streaming is a factor that further increases transparency. However, the presence of Group A privileged shares held by the qualified shareholder family reduces the extent of compliance with Corporate Governance Practices.

Maintenance of a High Cost of Sale to Total Sales Level

Having undergone a reduction in FY2013, the Company's cost of sale to total sales level recorded a rise and realized a value of 95.21% at FYE2014. (FYE2013: 89.05%) The high level of raw material costs which accounted for over 50% of cost of goods sold along with general production costs were the major factors that constituted the principal items in the Company's cost base. When other sales are excluded from the sales figures, the cost of sales to total sales ratio consistently attained a level over 100% in the last 5 years, indicating low level of profitability from the Company's core operating activities. When the increase in the level of cost of sales was coupled with the rises in general administrative expenses (14.79%), along with investment and financing expenses (61.14%), the profitability indicators of ROAA, ROAE and net profit margin dipped to negative levels, restricting the Company's internal equity generation capacity.

High Share of Foreign Currency Denominated Liabilities Increasing Risk Levels

As of September, 2015, USD and EUR denominated bank loans constituted 78.79% and 11.79% of total financial liabilities which amounted to TRY 27.08mn at September, 2015. (FYE2014: 16.25mn) In addition, USD and EUR denominated bank loans comprised 85.96% and 3.72% of short-term bank loans respectively. The high share of short-term foreign currency denominated loans is a factor that increases risk levels given the ongoing uncertainty regarding rate rises by the Federal Reserve (FED) in the upcoming period. It must be noted that invoices are issued in USD for the Company's large customers. In addition, the Company has plans to more effectively use hedging techniques in order to minimize potential FX related losses under the direction of a recently appointed Senior Vice-President in charge of Risk and Trade.

Import Dependency on across the Sector with Respect to Raw Material Requirements and the Resulting Susceptibility to Market Fluctuations

In the 2010-14 period, annual oilseed production of Turkey hovered around the 2.3-2.7mn tons range and did not exhibit a stable upward pattern and is expected to reach a minimum level of 2.5mn tons in FY2015. Despite the supply of 3mn tons of vegetable oil into the market, only 25% was met through domestic production with a dependency rate of 75% on imported oilseeds and vegetable oil. Despite having a favorable climate and land space, insufficient domestic production is a factor that increases susceptibility to fluctuations of prices in the global market. As such, oil seeds need to be treated as a strategic product category and domestic production needs to be increased substantially in order to combat a potential shortfall in the medium and long-term in line with rising demand which could necessitate packaged vegetable oil imports.

Maintenance of a High Impaired Receivables Level Exerting Pressure on the Company's Asset Quality

The non-performing receivables ratio of the Company, despite exhibiting a drop in FY2014, maintained a relatively high level above 30%. (when the receivables from related parties are excluded) As of September, 2015, the aggregate level of non-performing receivables amounted to TRY 7.54mn, corresponding to 5.29% of the total asset size. A significant part of the NPL portfolio consists of customers that fell into unexpected financial difficulty. The Company doesn't have collateral for its receivables and has a policy of full provisioning for its impaired receivables which has been based on past experience regarding collection rates.

Short-term Dominated Financial Liability Composition Exerting Pressure on the Net Working Capital Levels and Liquidity Management

Despite having a significant share of equity in the funding of operations along with favorable levels of leverage, the Company's financial liabilities remain entirely short-term. Short-term liabilities constituted 93.22% of total liabilities at FYE2014 indicating an increase in comparison to the previous year (79.01% at FYE2013) whilst short-term financial liabilities constituted 59.37% of the Company's short-term liabilities. In order to alleviate the needs of net working capital, the Company should extend the maturity of its funding structure.

Ongoing Market Volatility at the Domestic and Global Level with the Potential to Impact Costs

The ongoing slow-down in the wider economy over the last three years reflected by weak GDP growth, high inflation and current account deficit, regional unrest and heightened tension with contagion potential into Turkey and upcoming interest rate rises by the US Federal Reserve with the potential to significantly impact fund flows into emerging economies constitute the principle factors that underlie the basis of ongoing market volatility. The ongoing depreciation of the Turkish Lira since the beginning of FY2015 carries the potential to deteriorate further which could raise costs further for companies in the vegetable oil industry with a high level of import dependency with respect to raw material needs.

With respect to the above-mentioned factors, JCR Eurasia Rating has affirmed the Long Term International Foreign and Local Currency Ratings as **'BBB-'** along with **'BBB-(Trk)'** on the Long Term National Rating, which denotes an investment level grade.

2. Outlook

JCR Eurasia Rating has revised the outlook on the Long Term National Rating perspectives of Altınyag Kombinaları A.Ş. to **"Stable"** due to the robust equity level, long operational track record, capacity increases and renovation works that are projected to be completed in 4Q2015 and their subsequent contribution to cash flow generation potential from FY2016 onwards, high level of emphasis on quality standards, promising growth potential of Turkish raw oil consumption for industrial and technical use in line with the general growth trends of the economy and strategies relating to the penetration of niche markets including fish oils and fatty acids offering greater levels of profitability through the acquisitions that have been carried out since the 4Q2014 and the attained degree of compliance with Corporate Governance Practices.

On the other hand, the high level of operating expenses inherent in the sector and the subsequent downward pressure exerted on gross profitability, the negative levels of net working capital, domination of short-term financial liabilities in the funding structure, the high level of dependence on imports for raw material requirements and the abundance of adulteration across the sector, the depreciation of the Turkish Lira on the currency markets due to persistent global economic uncertainty and market volatility represent the major factors that exert downward pressure on the Company's outlook in the long-term.

In addition, JCR Eurasia Rating has assigned **'Stable'** outlooks on the International Long and Short Term Rating perspectives of Altınyag Kombinaları A.Ş., respectively, in line with the sovereign rating outlooks of the Republic of Turkey.

The major changes that could bring about any positive future developments in the Company's ratings include increases in current levels of profitability that would strengthen the internal equity generation capacity, maintenance of the expansion in operational volume in line with the completion of ongoing investments, changes in liability composition in favor of long-term funding, reduction of foreign currency denominated financial liabilities, greater support at the system level for players in the value chain of the vegetable oil market in order to reduce import dependency, improvement in the level of global market volatility.

3. Sponsor Support and Stand Alone Assessment

The Sponsor Support ratings and associated risk assessments reflect the financial and non-financial positions of the controlling shareholder of Altınyag Kombinaları A.Ş., the **Çevik Family**. While it's not within the capabilities of JCR Eurasia Rating to assess the financial strength of the qualified shareholder family, its assumed that they remain committed to the Company's mission and continuation of its operational activity, given its established track record in vegetable oil production industry and the investment and expansion in the Company following the take-over by Artı Yatırım Holding A.Ş. in FY2012. As such, JCR Eurasia Rating has affirmed the Group's Sponsor Support grade as **(3)**, denoting an adequate level of external support.

On the other hand, the Stand Alone grade has been constituted taking into consideration the Company's position in the vegetable oil industry, know-how and emphasis on quality standards, significant share of equity in the funding of Company operations, sound customer portfolio, growing diversification of business fields with the addition of new subsidiaries, presence of a skilled management team and level of compliance with Corporate Governance Practices. As such, JCR Eurasia Rating has affirmed the Company's Stand Alone grade as **(BC)** which means the Group has the adequate economic capabilities to manage the incurred risks on its balance sheet regardless of the support from its shareholders.

4. Company Profile

a. History and Activities

The roots of **Altınyag Kombinaları A.Ş.** which date back to 1962 and is one of the oldest Turkish companies in the fields of raw oil production, semi-refined and refined oil from sunflower seeds, soya, canola, camelin and corn seeds along with oilcakes. The Company is based in Izmir and its production plant is located in the Ataturk Organized Industrial Zone with a total land area of 46,000 m^2 31,000 m^2 of closed space and a daily processing capacity of 350 tons.

The Company which has been traded on Borsa Istanbul (BIST) since 2000 under the trade name of ALYAG was acquired by the Istanbul based Artı Yatırım Holding A.Ş. in FY2012. The Company strengthened its manufacturing and finance infrastructure following investments of TRY 53mn.

The Company has terminated the production of packaged oils for the end-consumer and instead began focusing on raw oil manufacturing offering higher profitability and reduced competition. In addition, it began the production of semi-refined vegetable oils for environment-friendly biodiesel generation. As a result, the Company turned into one of the major providers of raw materials for its previous competitors in the cooking oil industry in addition to broadening its product range for the energy, chemicals and dye sector.

The Company undertakes continuous analysis of the quality of all its seeds and products on offer within its special laboratory. This laboratory is the first of its kind across the sector in the field of oil processing. Following the operationalization of new production lines in 2H2015, the Company is expected to record an increase in its processing capacity by up to 100%.

b. Organization and Employees

The detailed organizational chart of the Company has been placed on its website. The Company's executive team consists of its Chairman, Board members, General Manager, Senior Vice-President. Mr. Nureddin **CEVIK** is the Chairman of the Company. The manufacturing & projects, human resources, accounting, finance, quality control, procurement, information technology and investor relations managers along with the director of investments report to the Company CEO. The trade department and its managers report to the Senior Vice President in charge of risk and trade. On the other hand, the Internal Control and Official Relations Coordinator is free of executive control, reporting directly to the Board of Directors.

c. Shareholders, Subsidiaries and Affiliates

The Company's shareholder structure over the last 3 years has been provided in the table below. The Company is listed on Borsa Istanbul (BIST) with a float rate of 65.72% as of September, 2015. In the first 3 quarters of 2015, there was a transfer of shares from Artı Yatırım Holding A.Ş. to Mr. Şerif Hüseyin Yaltırık and Mr. Masum Çevik. The Çevik Family maintains its position as the qualified shareholder. The Company has a paid-in capital of TRY 60mn with an upper limit of registered capital amounting to TRY 150mn.

Group A shares are privileged shares principally held by Artı Yatırım Holding A.Ş., Mr. Enver Çevik and Mr. Hüseyin Yaltırık. These shares enjoy the privileges of the election of all Board members, voting rights in the Company AGMs and profit distribution. Group B shares represent the listed shares of the Company and do not carry such privileges.

Altınyağ Kombinaları A.Ş. Shareholder Structure (%)	Sept,2015	FYE2014	FYE2013	FYE2012
Enver ÇEVİK (Group B Publicly Listed Shares)	29.93	29.93	29.93	29.94
Artı Yatırım Holding (Group A Privileged Shares)	18.38	27.36	27.36	20.73
Enver ÇEVİK (Group A Privileged Shares)	6.76	6.76	6.76	6.76
Şerif Hüseyin YALTIRIK (Group A Privileged Shares)	2.36	0.00	0.00	0.00
Other Group A Privileged Shares	0.16	0.16	0.16	1.45
Other Group B Publicly Listed Shares	35.79	35.79	35.79	32.30
Masum ÇEVİK (Group A Privileged Shares)	6.62	0.00	0.00	6.63
Artı Yatırım Holding (Group B Privileged Shares)	0.00	0.00	0.00	2.19
TOTAL	100.00	100.00	100.00	100
Paid- Capital/TRY (000)	60,000	60,000	60,000	60,000

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

Established in 2006 under the name of "Taksim Yatırım Ortaklıgı", the privileged shares belonging to the Company were acquired by Mr. Mehmet Nureddin ÇEVIK since the 4Q2012, after which it adopted its current name of Artı Yatırım Holding. The Company plans to add value to all of its subsidiaries held under the investment portfolio and operates principally in the fields of energy, real estate and finance. As well as undertaking investments directly in its targeted sector, the Company also carries out investments via its listed subsidiary of Altınyag Kombinaları A.Ş. At present, the Company is listed on Borsa Istanbul with a floatation rate of 79.48% as of September, 2015. As of FYE2014, the Company had an equity and asset size of TRY 80.54mn and TRY 158.59mn respectively along with sales revenues of TRY 58.68mn. Mr. Mehmed Nureddin CEVIK is the Chairman of the Company which employed 125 personnel as of September, 2015. (FYE2014: 129)

Artı Yatırım Holding A.Ş. Shareholder Structure September, 2015	Paid Capital (TRY)	Share (%)
Listed Shares	7,497,721	79.48
Mehmet Nureddin ÇEVİK	1,152,279	11.52
Biz AG	900,000	9.00
TOTAL	10,000,000	100.00

In addition to Altınyag Kombinaları A.Ş., Artı Yatırım Holding has three other subsidiaries namely including Endeks Gayrimenkul ve Madencilik Enerji Sanayi ve Ticaret A.Ş., AYH Gayrimenkul Yatırımları A.Ş. , Karsusan Karadeniz Su Ürünleri Sanayi A.Ş. and Etiler Gıda ve Ticari Yatırımlar Sanayi ve Ticaret A.Ş.

As of September, 2015, the subsidiaries belonging to Altınyag Kombinaları A.Ş., their paid-in-capital and effective ownership rate have been provided in the table below.

Subsidiary Name	Paid-in Capital TRY (000)	Participation Rate (%)
Altınyağ Biodizel Petrol Ürünleri Enerji Üretim A.Ş.	20,300	100.00
Gürtaş Tarım Enerji Yatırımları Sanayi ve Ticaret A.Ş.	15,000	99.54
Karsusan Karadeniz Su Ürünleri Sanayi A.Ş.	4,900	20.00
Etiler Gıda ve Ticari Yatırımlar Sanayi ve Ticaret A.Ş.	11,625	11.33

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

The Company was established within Altınyag Kombinaları in FY2013 and carries the mission of biodiesel fuel generation from the semi-refined vegetable oil produced by Altınyag. Following the necessary licensing procedures from the Energy Markets Regulatory Authority (EMRA), the Company plans to establish a high-tech plant in the Ataturk Organized Industrial Zone. The major advantages of biodiesel include its contribution to price falls in the market by increasing competition, prolonging the life of motor vehicles, ensuring higher levels of safety through the possession of a higher fire point along with the reduction on import dependency by domestic production. Altınyag Kombinaları has the full ownership of Altınyag Biodizel. Mr. Enver ÇEVIK is currently the Chairman of the Company.

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

The Company was established in 1980 within Altınyag Kombinaları A.Ş. The Company had a paid-in capital of TRY 15mn along with an open production space of 11,700 m² and a closed production space of 6,391 m² in the Ataturk Organized Industrial Zone in Cigli, Izmir. The Company which used to primarily operate in the animal feed and energy sectors currently remains inactive.

✓ **Karsusan Karadeniz Su Ürünleri Sanayi A.Ş.**

The Company maintains operations in the fields of fish flour and fish oil production since 1976. Altınyag Kombinaları began the acquisition of shares belonging to the Company since September, 2014. The Company is preparing to undergo a period of re-structuring and organic growth via increased level of investments along with increased emphasis on corporate governance standards. Company shares have been traded on BIST in the Emerging Companies Market since July, 2012 with a free float rate of 64.81% as of September, 2015. As of FYE2014, the asset size and equity of the Company were TRY 55.11mn and TRY 26.96mn respectively. Sales revenues of the Company reached TRY 4.32m in the same period whilst the total workforce employed across Company operations was 14 in September, 2015.

✓ **Etiler Gıda ve Ticari Yatırımlar Sanayi ve Ticaret A.Ş.**

The Company is one of the pioneers of kiosks in Turkey and was established in 2010 and acquired the "Etiler Marmaris" brand in the same year. The Company underwent an IPO in 2012. In FY2012, shares equating to 56.67% of its paid-capital were acquired by Karsusan Karadeniz Su Ürünleri Sanayi A.Ş., a current subsidiary of Altınyag Kombinaları A.Ş. with a rate of 23.21%. The Company carries out its investments via 51 branches located in 9 different cities across the country.

d. Corporate Governance

The shares of Altınyag have been traded on Borsa Istanbul (BIST) since 2000 with a flee float rate of 65.73% as of September, 2015. Therefore, the Company is under an obligation to exhibit a high level of compliance with the Corporate Governance Practices of the CMB.

As of the reporting date, the Company's Board contains 7 members, two of which are independent. Mr. Nureddin CEVIK, previously the Vice-Chairman became Chairman of the Company while a new CEO was appointed from the Company's senior management team. The Board members were appointed for a 2-year period in 2014.

There are 3 committees under the Board namely including the Audit, Corporate Governance and Early Detection of Risk Committees. Each committee is headed by an independent member. There is an investor relations director holding the appropriate advanced level license from the CMB who occupies a seat on the Corporate Governance Committee. The working principles of committees have been published on the website.

The website displays a high degree of transparency and efficiency providing information about the Company's history, vision and mission statements, product and service range, organizational chart, shareholder structure, quality policy, biographies of Board members and senior executives, articles of association, audit and annual reports, AGM details, information on subsidiaries and affiliates, results of ratings and human resources policies.

It must be noted that the presence of privileged A group shares held by Artı Yatırım Holding, the Çevik Family and Mr. Huseyin Yaltırık enjoy privileges with respect to voting rights, dividend distribution and election of Board members, which reduce the level of Compliance with respect to Corporate Governance Practices.

In the field of corporate social responsibility, the personnel carried out blood donations to those in need along with the placement of cameras across different parts of the production plants along with the celebration of personnel birthdays and sharing theater tickets. The ethical principles of the Company have been published in detail under different headings.

e. The Company Strategies

In line with the investment certificate, the Company is planning to complete extraction units, neutralization units, separator, crushing units, storage facilities, steel silos and largely benefits from incentives such as exemption from customs duty, taxes, VAT and employer's national insurance contributions. As a result, the daily oil seed processing capacity is expected to double from 350 tons to 700 tons while raw oil refinement storage capacity will increase from 180 tons to 350 tons. The oilseed storage capacity will record an additional rise of 20,000 tons as a result of the increases in oilseed crushing and raffination capacity. As such, the Company aims to strengthen its position itself in the fields of production/sales of raw oil and refined oil through the procurement of its oilseeds in addition to contract manufacturing.

Altınyag obtained the necessary approval from the CMB regarding changes in its articles of association enabling the production of fish and animal oils. The Company plans to diversify its growth and investments via the acquisition of 20% shares belonging to Karsusan Karadeniz Su Urünleri Sanayi A.Ş. which is a leader in the field of fish flour and oil production. In addition, Etiler Gıda ve Ticari Yatırımlar Sanayi ve Ticaret A.Ş. which joined the Company as a subsidiary of Karsusan which is expected to enlarge its branch network and maintain its growth.

5. Sector Overview and Operating Environment

Vegetable Oilseeds and Oil Sector

The global production of vegetable oils reached 171.26mn metric tons in FY2014, indicating an increase of 44.65% in comparison to the 2005/06 period. On the other hand, global consumption of vegetable oils reached 173.27mn metric tons. Among the different types of vegetable oils, palm oil had the greatest level of consumption followed by soybean oil, canola oil and sunflower seed oil respectively. Palm and soy oil account for two thirds of food oil consumption. Although primarily utilized for cooking, vegetable oil is used for biofuel production and industrial purposes. The global vegetable oil market is expected to grow at a CAGR of 4.48% in terms of revenue and 4.05% in terms of volume in the 2014-2019 period.

The major drivers of the vegetable oil sector include the ever growing food sector, growing levels of consumption in the Asian sub-continent and biofuel policies coupled with biodiesel feedstock requirements. The price hikes associated with biofuel production and working capital shortage can be seen as a restraint for the vegetable oil market. Asia-Pacific is the leading region of consumption followed by Europe.

The prices of vegetable oils have been falling over the last 4 years, having peaked in FY2011 with the price of palm oil having reached a five year low in September, 2014. The United States is currently the largest producer of oilseeds with a share of 22%, followed by Brazil (18%), China and Argentina with shares of 11% respectively. The break-down of production on a country basis is provided in the table below. Cargill, Bunge Group, Zennoh, Wilmar, Alimenta SA and Ascot Commodities are the largest processors of agricultural seeds worldwide.

The global production of vegetable oils amounted to 176mn tons as of FYE2014, indicating an increase of 2.84% in comparison to the previous year. Among the different types of vegetable oil, palm oil was the most common with a share of 35.80%, followed by soy oil with a 26.70% share along with colza and sunflower oils with shares of 15.34% and 8.52% respectively.

According to data compiled by the Turkish Statistical Institute, Turkish oilseed production reached 2.74mn tons at FYE2014, indicating an increase of 2.39% in comparison to the previous year. When the breakdown of oilseed production is examined in greater detail, sunflower and cotton seeds enjoy the largest shares with 43.78% each followed by soybean, oilseed and safflower seeds with shares of 5.58%, 4.09% and 2.77% respectively.

Turkish raw vegetable oil production reached a value of 755k tons at FYE2014, indicating a reduction of 7.95% in comparison to the previous year. On the other hand, raw vegetable oil production recorded an increase of 72.37% over the last 10 years. It must be noted that Turkey continues to highly depend on imports in order to meet its raw vegetable oil supply. Imports of raw vegetable oil reached 3.1mn tons. The inadequacy of oil seed production largely stems from the inability to compete with global market prices due to the high input costs of oilseeds, low levels of return per plantation space in comparison to other products, lower prices of global oilseeds and raw vegetable oil in comparison to Turkey along with ineffective policies on a national level with regards to increasing raw vegetable oil production.

The total value of agricultural imports amounted to USD 12bn in FY2014, whilst the imports of oilseeds and their derivatives amounted to USD 4.3bn, comprising a significant portion of total food imports. The monetary value of total vegetable oil exports reached USD 1.03bn. It must be noted that the trade deficit across the oilseeds sector amounted to USD 2.5bn while there was no significant deficit observed across other agricultural products.

The vegetable oil sector enjoys a share of approximately 5-6% across the total food industry. 1.3% of monthly household food & drink consumption is comprised of spending on solid and liquid oils with vegetable oil spending constituting 0.7-0.8% total household budgets on food and drink. The per capita consumption of vegetable oils is 20-21kg which remains well below the EU and US averages 35-40kg and 34kg per capita, offering significant catch-up growth opportunities in the medium and long term in line with the rise in the number of households, urbanization and income levels.

The annual oilseed processing capacity of Turkey stands at 7.4mn tons, with 110 players in the sector, 88 of which are currently active. The capacity utilization rate of players in the processing sector reached 60% in FY2014. On the other hand, the annual refinery capacity reached 4mn tons, with the capacity utilization rate of 100 plants standing at 75%. Despite the numerous firms operating in the sector, the largest players based on annual turnover include Kucukbay, Doga Gıda, Yonca Gıda and Bunge Gıda.

It must be noted that oilseeds represent a strategic product category and as such needs to be supported by state authorities. The policies need to ensure a stable earning margin for domestic producers so that they could plant oilseeds in a greater space. There needs to be greater combat with the issue of adulteration in the field of both domestic production and exports with more extensive controls in place by the Ministry of Agriculture and heavier penalties where necessary.

The Vegetable Oil Producers Association, established in 1975 and brings together the industry's leading players suggested that state support remains crucial in two stages, the first of which includes the cultivation stage with the determination of premiums for alternative products taking place in accordance with the changes in parity. Furthermore, at the time of harvest with the differences in prices met by the state and as such prevent the sector's unjust treatment.

In order to reduce the dependency on imports and safeguard supply-side security, sunflower seed plantation needs to be at least doubled from its present area of 550k hectares along with the production of 2mn tons of sunflower seeds. It must be borne in mind that if the issues facing the sector aren't addressed in a coordinated manner, there could be conflicts with regards to the supply of oilseeds and raw vegetable oil which would result in a necessity to import refined and packaged vegetable oils.

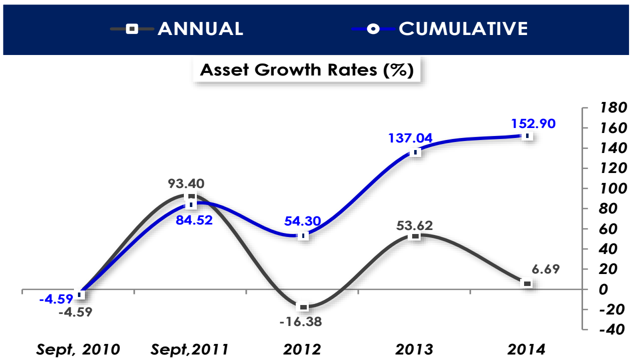
Sources: Agripro, Food and Agriculture Organization, Turkish Statistical Institute, Vegetable Oils and Fats Association of Turkey

6. Financial Analysis

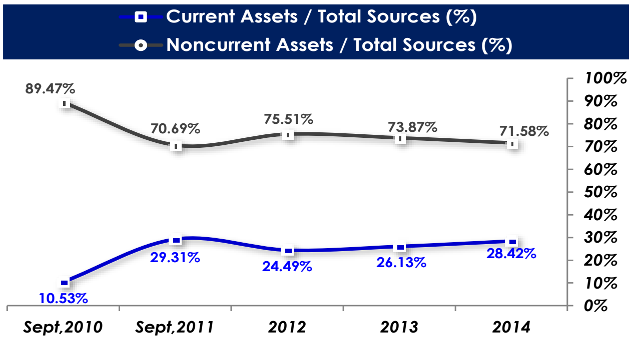
a) Financial Indicators and Performance

i) Indices Relating to Size

Having peaked in FY2013, the Company's asset growth rate underwent a decline in FY2014 and attained a value of 6.69% at FYE2014. The current assets underwent an expansion of 16.05% while the non-current assets increased by 3.38% in the same period. The growth in current assets was primarily driven by the increase in trade receivables and financial investments which refer to the shares traded on Borsa Istanbul. (BIST)

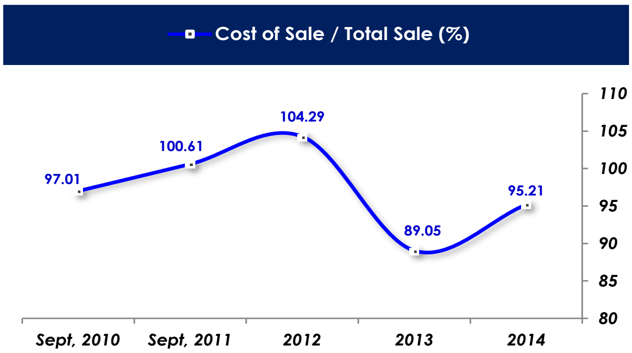


On the other hand, the ratio of current and non-current assets to total liabilities remained largely unchanged in comparison to the previous year. The high level of non-current assets largely stems from the large level of tangible assets which amounted to TRY 50.92mn at FYE2014.

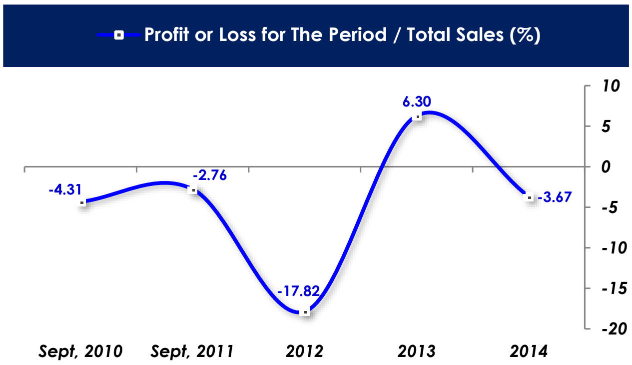


ii) Indices Relating to Profitability

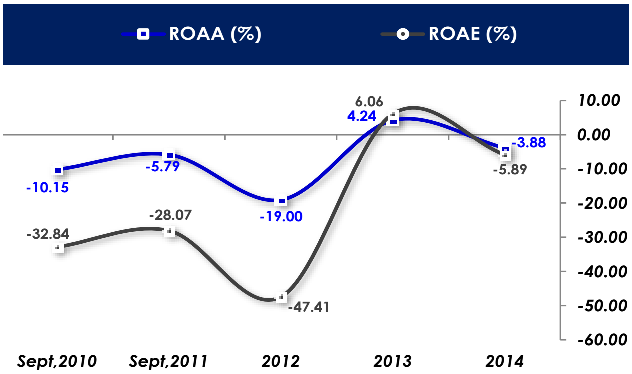
The level of "Cost of Sales to Total Sales" recorded an increase throughout FY2014 and realized a value of 109.21% at FYE2014. The increase in the cost of sales to total sales ratio stemmed from the larger increase in cost of sales (15.33%) compared to the increase in sales revenues (11.33%). Domestic sales revenues recorded an increase of 11.09% whilst overseas sales revenues underwent an increase of 584.48% and amounted to TRY 1.23mn at FYE2014. The mentioned ratio remained above the international reference range, indicating low profitability from core operating activities.



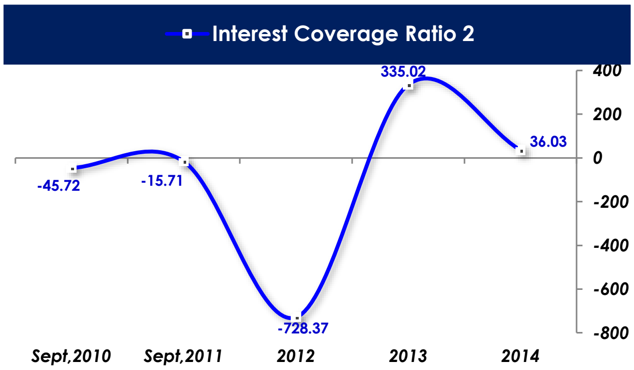
The net profit margin of the Company fell into the negative territory and realized a value of -3.67% at FYE2014 down from 6.30% at FYE2013, weakening the Company's internal equity generation capacity. In addition to the increase in the cost of sales level, the 9.18% rise recorded in the general administrative and marketing expenses along with the 61.14% increase in financial expenses are the major factors that led to the net loss of TRY 1.89mn FYE2014.



The major profitability indicators of the Return on Average Equity (ROAE) and Return on Average Assets (ROAA) reached their peak in FY2013 and fell into the negative territory in FY2014. The rise in the ratio of cost of sales/total sales, the increases recorded in the general administrative and marketing expenses along with finance expenses led to a 214.54% fall in pre-tax profitability and amounted to a loss of TRY 2.84mn at FYE2014. On the other hand, the limited increase (6.69%) in asset size coupled with the 4.01% reduction in equity, prevented further falls in the ratios. It must be noted that the lowest values with respect to ROAA and ROAE were attained in FY2012.

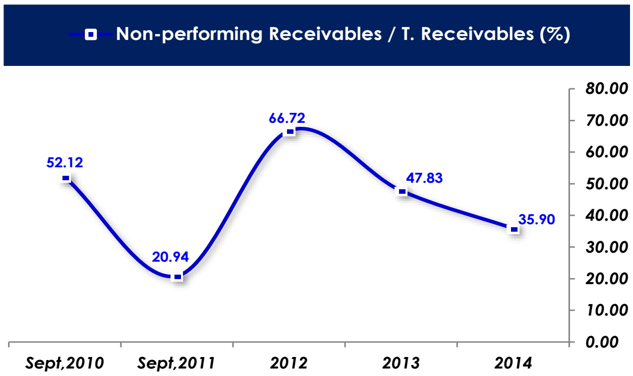


Having peaked in FY2013, the interest coverage ratio of the Company underwent a fall throughout FY2014. This largely stemmed from the 164.77% fall in net profit in comparison to FY2013 compared to the 137.99% rise in financing expenses throughout FY2014. The fall in interest coverage ratio indicates a reduced capability to service the Company's financial debt obligations.

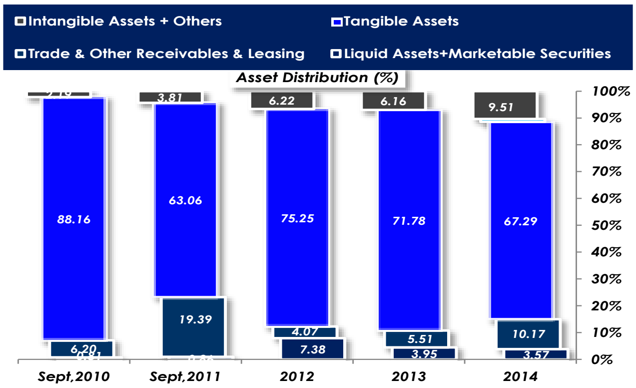


b) Asset Quality

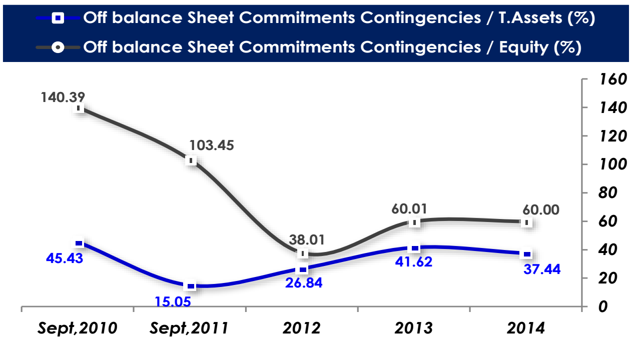
The ratio of impaired receivables to total receivables maintained its downward trend throughout FY2014 and realized a value of 35.90% at FYE2014. Although the impaired receivables recorded an increase of 20.30%, the increase in total receivables was much greater with a rate of 60.29%, resulting in a reduction in the mentioned ratio. It must be noted the impaired receivables represent 5.69% of the Company's total asset size which does not represent a significant risk factor. There was an increase in the average collection time for trade receivables from 15 days in FY2013 to 24 days in FY2014. There is no collateral for the Group's trade receivables as of FYE2014. Furthermore, the Company has a full provisioning policy in place for its impaired receivables which contributes to its asset quality.



As an industrial Company involved in vegetable oil manufacturing, tangible assets continued to enjoy the largest share among its asset composition despite a drop in their share to 67.29% at FYE2014. This was followed by trade receivables and inventory with shares of 10.17% and 9.46% respectively. The relatively high share of tangible assets creates a wealth effect, contributing to its asset quality.

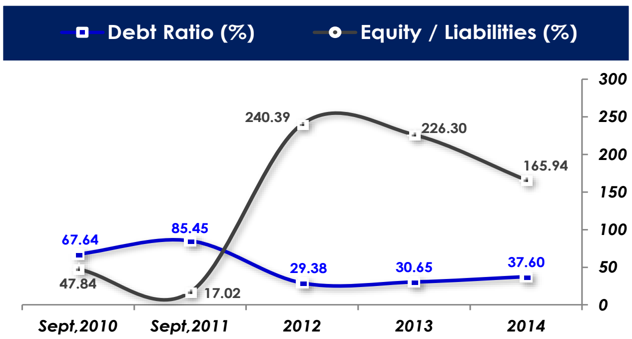


The Company's off balance sheet commitments and contingencies largely include collaterals and mortgages issued by the Company on behalf of its own legal entity. Although the off balance sheet commitments recorded a fall of 4.02% in FY2014, its ratio in relation to equity remained the same as equity underwent a reduction of 4.02% whilst in relation to the asset size, it underwent a drop as the Company's asset size expanded by 6.69% throughout FY2014.

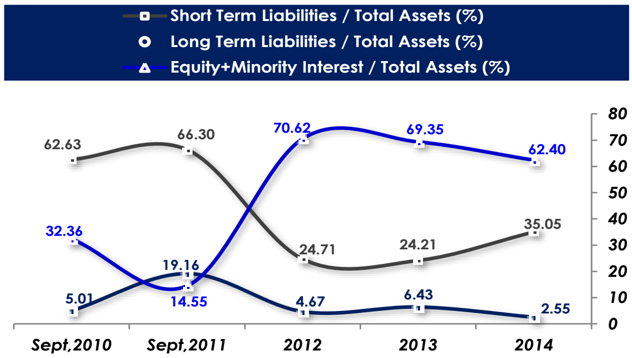


c) Funding and Adequacy of Capital

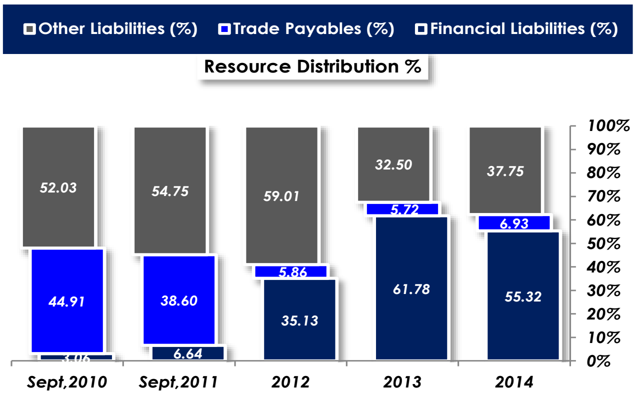
The debt ratio of the Company maintained an upward trend over FY2014 and realized a value of 37.60% at FYE2014. The total liabilities of the Company recorded an increase of 30.91% in the mentioned period. Long term liabilities recorded a reduction of 57.72% whilst short-term liabilities underwent an increase of 54.45%. Despite the high share of short-term liabilities, the level of equity covers all of the Company's liabilities by a factor of 1.66, indicating a reduction from the 2.26 figure attained at FYE2013.



Despite exhibiting a drop in the last year, the level of equity maintained a relatively high share which was above 60% at FYE2014. On the other hand, there was an increase in the share of short-term liabilities raising pressure on the net working capital levels with the net working capital to assets ratio realizing a value of -6.63% at FYE2014. The increase in short-term liabilities was primarily driven by the 44.27% rise in short-term financial liabilities along with advances received over FY2014. The reduction in the share of equity was primarily a result of the loss made during FY2014 which amounted to TRY 1.88mn.



Financial liabilities maintained their significant level among the Company's total liabilities with a share of 55.28% at FYE2014. Total financial liabilities amounted to TRY 15.75mn at FYE2014, indicating an increase of 17.28% from the figure attained at FYE2013. All bank loans were short-term at FYE2014 in comparison to 87.25% at FYE2014. There was a significant increase in the share of foreign currency denominated financial liabilities among total bank liabilities from 4.21% at FYE2013 to 54.08% at FYE2014. This increase was driven particularly by a TRY 8.04mn loan denominated in USD.



7. Risk Profile and Management

a) Risk Management Organization & Its Function- General Information

Credit, foreign currency, liquidity, interest rate and operational risks constitute the major risks the Company is exposed to resulting from its operations in the vegetable oil production industry. The internal control function is carried out by the Audit Committee while the Committee for the Early Detection of Risk regularly undertakes review of the risk management systems. The Audit and Early Identification of Risk committees each comprise of two independent members and report their findings regularly to the Board. It must be noted that the Internal Audit, Control and Compliance Department is free of executive control and reports directly to the Board. The centerpiece of risk management activity focuses on minimizing the potential negative impact of market instability on the Company's financial performance.

b) Credit Risk

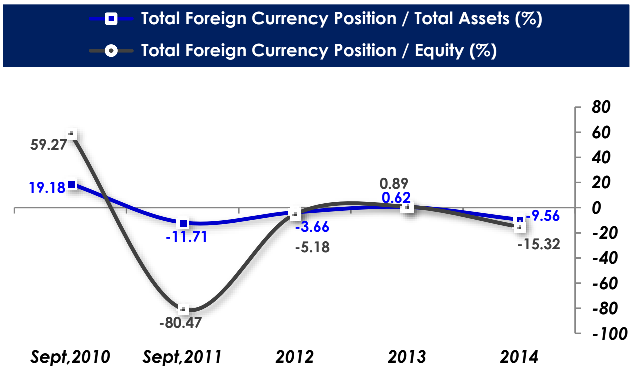
The inability of the parties involved in a transaction to meet their obligations in a timely manner forms the basis of credit risk. The Company tries to minimize credit risk by working with highly credible parties, adopt a policy of full provisioning for impaired receivables and obtaining sufficient collateral.

As stated in the audit report, trade receivables, other receivables and cash deposits constitute the principal items exposed to credit risk. In aggregate terms, the value of the items exposed to credit risk amounted to TRY 11.72mn at FYE2014, indicating an increase of 44.93% in real terms. However, in relation to asset size, the Company's credit risk exposure increased from 11.40% at FYE2013 to 15.48% at FYE2014.

With regards to customer concentration risk, the top 10 customers constituted 62% of total sales revenues in FY2014 (FY2013: 55%), indicating a minor increase in customer risk concentration. On the other hand, the first 20 customers formed 81% of total sales revenues in FY2014 which was roughly in line with the same level observed in FY2013 (83%) As the Company halted the production of edible vegetable oil in 2012, the current customer portfolio largely consists of firms that utilize vegetable oils for industrial, chemical and technical purposes.

c) Market Risk

The foreign currency risk of the Company primarily stems from the short-term trade payables, financial liabilities and non-monetary financial assets. There was an increase in the Company's foreign currency position throughout FY2014, resulting particularly from the increase in short-term trade payables for raw material imports and financial liabilities denominated in USD. The sensitivity analysis carried out in the audited financial statements revealed that there was a variance range of (+/-) TRY 723k 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 FYE2014. The rise in foreign currency position to total assets leads to increased risk levels taking into consideration the ongoing devaluation of the lira on the currency market in tandem with persistent economic and political instability.

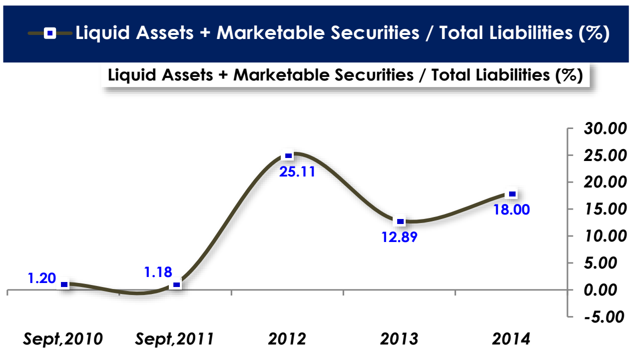


On the other hand, as stated in the audit report the utilization of leverage in fixed interest rates safeguards the Company against fluctuations in interest rates. It must be noted that the average effective interest rate on foreign currency denominated loans were lower with rates of 4.04% and 7.8% for USD and EUR loans respectively in comparison to an average rate of 13.33% on local currency loans.

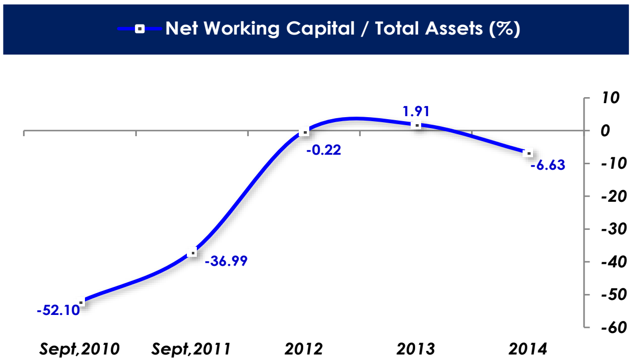
d) Liquidity Risk

Liquidity risk stems from the incapability of the Company to meet its net funding requirements. Deterioration in market circumstances and reduction in credit scores leading to shortfalls in funding are the major reasons that give rise to liquidity risks. The Company manages credit risk by extending the maturity of bank loans and trade payables and concentrate on the utilization of current raw material stock instead of the procurement of new raw materials.

As illustrated in the graph below, the share of liquid assets and marketable securities in relation to total liabilities recorded an increase throughout FY2014. This was particularly driven by the rise in financial investments (shares held by the Company) that amounted to TRY 2.42mn as of FYE2014. It must be noted that the share of liquid assets to total liabilities consistently remained above the threshold value of 5% over the last 5 years.



The "net working capital to total assets" ratio, which is a major indicator of liquidity, dipped into the negative territory in FY2014, as the growth in current assets (16.05%) was much lower than the growth in short-term liabilities (54.45%) exerting pressure on the net working capital levels. In the 1H2015, the net working capital position deteriorated further due to the reduction in current assets (31.39%) and increase in short-term liabilities. (9.84%)



e) Operational, Legal, Regulatory and Other Risks

As a registered firm operating under the Turkish Commercial Code, the Company has an obligation to fully comply with Health and Safety Regulations. The Company website outlined the general principles of its quality policy and provides a detailed list of the types of analyses carried out at its laboratories based on different product categories including oilseeds, oils, oil cakes and water under the supervision of three specialist R&D staff. It must be noted that the Company is unique across the sector for having established its own quality laboratory. In addition, detailed process maps of the quality procedures have been placed on the website, exhibiting a high degree of transparency.

In addition to the sound quality control procedures, the Company displayed details of its sustainability policy and utilizes environment-friendly inputs, recyclable packaging and effective waste management procedures. The utilization of steam generators results in significant cost-savings with respect to energy consumption. The official Environmental Impact Assessment Certificate relating to the Capacity Increase is displayed on the Company website.

As outlined in the annual report the provisions relating to the legal cases brought against the Company reached 436k at FYE2014, a reduction from the 651k recorded at FYE2013. The Company supplied a detailed break-down of the cases brought against the Company. The legal cases against the Company are not of a nature that could have an impact on its fiscal structure and operational activities.

8. Budget and Bond Issuance

The budgeted statements indicate that the Company will continue the expansion of its operational volume in the 2015-16 period. The Company aims to increase its asset size to TRY 98.76mn and equity to TRY 51.41mn by FYE2016. On the other hand, the debt ratio which peaked at FYE2014 is projected to gradually decrease in FY2015 with the maintenance of a high share of equity in the funding of Company operations.

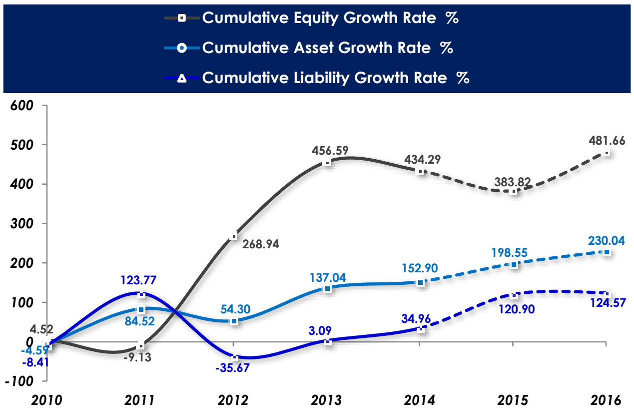
Balance Sheet TRY (000)	Actual		Budgeted	
	2014	June, 2015	2015	2016
Current Assets	**21,507**	**18,938**	**8,030**	**16,772**
Cash&Cash Equivalents	2,700	2,824	80	1,472
Trade Receivables	7,129	2,995	3,800	6,500
Inventory	7,160	3,146	3,000	6,000
Non-Current Assets	**54,171**	**107,299**	**81,308**	**82,038**
Tangible Assets	50,925	66,059	47,000	50,000
Total Assets	**75,678**	**126,237**	**89,338**	**98,760**
Short Term Liabilities (STL)	**26,527**	**53,379**	**37,825**	**35,600**
ST Borrowings	15,750	10,211	6,500	9,000
STL of LT Borrowings	1,808	6,479	6,000	4,000
Trade Payables	1,972	11,932	9,000	9,000
Long Term Liabilities (LTL)	**1,929**	**12,173**	**8,752**	**11,752**
LT Borrowings	-	3,986	5,000	6,000
Deferred Income	1,166	6,091	1,252	1,252
Provision for Personnel Exp.	750	885	1,000	1,500
Equity	**47,221**	**60,686**	**42,760**	**51,408**
Retained Earnings/Losses	-34,849	-45,247	-32,792	-33,092
Fixed Asset Revaluation Fund	24,008	29,549	19,566	20,000
Net Profit/Loss	-1,885	-5,807	-3,800	4,500
Total Liabilities	**75,678**	**126,237**	**89,338**	**98,760**
Annual Asset Growth %	6.69	-	18.05	10.55
Equity/Total Asset %	62.4	48.07	47.86	52.05
ROAA %*	-3.88	-	-4.61	4.78
ROAE %*	-5.89	-	-8.45	9.56

The capacity increases that were undertaken throughout FY2015 were funded via a mixture of foreign-currency denominated and local currency loans, and the ongoing effects of the depreciation of the Turkish Lira and its subsequent effects on financing expenses were integrated into the budget projections. The revenue forecasts for FY2016 was based on the assumption that the ongoing modernization works and capacity increases that are aimed to be completed in 2015 is expected to approximately double sales revenues. On the other hand, the high level of dependence on imported raw materials and the ongoing depreciation of the Turkish Lira carry the potential to significantly impact sales prices in the domestic market reflecting positively on sales revenues independent of investment in capacity.

The fall in the level of cost of sales to total sales will impact positively on the gross profit margin whilst the fall in financing expenses as a proportion of sales will reflect positively in the Company's net profit margin from FY2015 onwards with projected rates of 1.22% and 1.34% for FYE2015 and FYE2016 respectively.

Income Statement TRY (000)	Actual		Budgeted	
	FYE2014	June,2015	FYE2015	FYE2016
Sales Revenues	**58,978**	**34,890**	**90,000**	**180,000**
Cost of Sales	56,155	33,317	86,000	170,000
Profit and Loss from Principal Activities	**-962**	**-3,576**	**1,200**	**8,500**
Financing Expenses	1,995	3,169	5,000	4,000
Net Profit	**-1,885**	**-5,807**	**-3,800**	**4,500**
Annual Sales Growth Rate %	7.87	16.50	2.29	4.00
Cost of Sales/Total Sales %	95.21	87.54	87.56	87.56
Net Profit Margin %	-	0.28	1.22	1.34

Integration of the above stated projections with the last five years' growth series results in projected cumulative asset growth rates of 198.55% and 230.04% along with equity growth rates of 383.82% and 481.66% for FY2015 and FY2016 respectively.



ALTINYAĞ KOMBİNALARI A.Ş. BALANCE SHEET - ASSET TRY	(Year end) 2014 USD (Converted)	(Year end) 2014 TRY (Original)	(Year end) 2014 TRY (Average)	(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)	As % of 2014 Assets (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	2014 Growth Rate	2013 Growth Rate	2012 Growth Rate
I. CURRENT ASSETS	**9,274,653**	**21,506,993**	**20,019,587**	**18,532,180**	**14,920,203**	**11,308,226**	**13,745,600**	**16,182,973**	**28.42**	**26.13**	**24.49**	**16.05**	**63.88**	**-30.12**
A. Liquid Assets	**1,164,499**	**2,700,357**	2,751,521	**2,802,684**	**3,104,032**	**3,405,379**	**1,941,039**	**476,699**	**3.57**	**3.95**	**7.38**	**-3.65**	**-17.70**	**614.37**
B. Marketable Securities	**1,044,903**	**2,423,025**	1,211,513	**0**	**0**	**0**	**39,439**	**78,878**	**3.20**	**0.00**	**0.00**	**0.00**	**0.00**	**-100.00**
1.Bond	1,044,903	2,423,025	1,211,513	0	0	0	0	0	3.20	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	39,439	78,878	n.a	n.a	n.a	n.a	n.a	-100.00
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	**3,066,570**	**7,111,070**	**5,325,051**	**3,539,031**	**2,600,181**	**1,661,330**	**3,873,551**	**6,085,772**	**9.40**	**4.99**	**3.60**	**100.93**	**113.02**	**-72.70**
1.Customers & Notes Receivables	3,066,570	7,111,070	5,325,051	3,539,031	2,562,438	1,585,844	3,835,808	6,085,772	9.40	4.99	3.43	100.93	123.16	-73.94
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	1,858,462	4,309,588	3,945,948	3,582,308	3,600,134	3,617,959	3,226,422	2,834,884	5.69	5.05	7.84	20.30	-0.99	27.62
4.Provision for Doubtful Trade Receivables (-)	-1,858,462	-4,309,588	-3,945,948	-3,582,308	-3,562,391	-3,542,473	-3,188,679	-2,834,884	-5.69	-5.05	-7.67	20.30	1.12	24.96
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)	**149,165**	**345,899**	**866,950**	**1,388,000**	**694,000**	**0**	**48,047**	**96,093**	**0.46**	**1.96**	**n.a**	**-75.08**	**n.a**	**-100.00**
E. Other Receivables	**252,458**	**585,424**	**477,154**	**368,883**	**293,682**	**218,480**	**2,419,272**	**4,620,063**	**0.77**	**0.52**	**0.47**	**58.70**	**68.84**	**-95.27**
1.Other Receivables	252,458	585,424	477,154	368,883	293,682	218,480	2,419,272	4,620,063	0.77	0.52	0.47	58.70	68.84	-95.27
2.Other Doubtful Receivables	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3.Rediscounts on Other Notes Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4.Provision for Other Doubtful Receivables (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Live Assets (net)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
G. Inventories (net)	**3,087,761**	**7,160,210**	**8,049,324**	**8,938,438**	**6,103,714**	**3,268,989**	**3,315,554**	**3,362,119**	**9.46**	**12.60**	**7.08**	**-19.89**	**173.43**	**-2.77**
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	**393,635**	**912,800**	**1,062,844**	**1,212,887**	**907,588**	**602,288**	**301,144**	**0**	**1.21**	**1.71**	**1.30**	**-24.74**	**101.38**	**n.a**
J. Other Current Assets	**115,662**	**268,208**	**275,233**	**282,257**	**1,217,009**	**2,151,760**	**1,807,555**	**1,463,349**	**0.35**	**0.40**	**4.66**	**-4.98**	**-86.88**	**47.04**
1.Other Current Assets	115,662	268,208	275,233	282,257	1,217,009	2,151,760	1,807,555	1,463,349	0.35	0.40	4.66	-4.98	-86.88	47.04
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	**23,360,486**	**54,170,630**	**53,284,149**	**52,397,667**	**43,630,787**	**34,863,906**	**36,947,389**	**39,030,871**	**71.58**	**73.87**	**75.51**	**3.38**	**50.29**	**-10.68**
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)	**559,584**	**1,297,620**	**648,810**	**0**	**0**	**0**	**0**	**0**	**1.71**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
C. Other Receivables	**0**	**0**	**0**	**0**	**0**	**0**	**103**	**205**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**-100.00**
1. Other Receivables	0	0	0	0	0	0	103	205	n.a	n.a	n.a	n.a	n.a	-100.00
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
D. Financial Fixed Assets (net)	**0**	**0**	**0**	**0**	**0**	**0**	**1,875,000**	**3,750,000**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**-100.00**
1. Long Term Securities (net)	0	0	0	0	0	0	1,875,000	3,750,000	n.a	n.a	n.a	n.a	n.a	-100.00
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	**21,960,636**	**50,924,519**	**50,919,459**	**50,914,399**	**42,830,308**	**34,746,216**	**34,781,185**	**34,816,153**	**67.29**	**71.78**	**75.25**	**0.02**	**46.53**	**-0.20**
F. Other Fixed Assets	**840,265**	**1,948,491**	**1,715,880**	**1,483,268**	**800,479**	**117,690**	**291,102**	**464,513**	**2.57**	**2.09**	**0.25**	**31.36**	**1,160.32**	**-74.66**
TOTAL ASSETS	32,635,139	75,677,623	73,303,735	70,929,847	58,550,990	46,172,132	50,692,988	55,213,844	100.00	100.00	100.00	6.69	53.62	-16.38

ALTINYAĞ KOMBİNALARI A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	(Year end) 2014 USD (Converted)	(Year end) 2014 TRY (Original)	(Year end) 2014 TRY (Average)	(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)	As % of 2014 Assets (Original)	As % of 2013 Assets (Original)	As % of 2012 Assets (Original)	2014 Growth Rate	2013 Growth Rate	2012 Growth Rate
I. SHORT TERM LIABILITIES	**11,439,540**	**26,527,149**	**21,851,161**	**17,175,173**	**14,292,270**	**11,409,367**	**24,007,679**	**36,605,991**	**35.05**	**24.21**	**24.71**	**54.45**	**50.54**	**-68.83**
A. Financial Liabilities	6,783,744	15,730,825	13,723,991	11,717,156	7,551,343	3,385,529	3,260,048	3,134,566	20.79	16.52	7.33	34.25	246.10	8.01
B. Trade Payables	850,276	1,971,706	1,607,674	1,243,642	1,019,173	794,704	9,504,467	18,214,229	2.61	1.75	1.72	58.54	56.49	-95.64
C. Due to Related Parties	556,231	1,289,844	1,340,483	1,391,121	1,841,467	2,291,812	7,419,976	12,548,139	1.70	1.96	4.96	-7.28	-39.30	-81.74
D. Other Financial Liabilities	8,225	19,073	9,537	0	0	0	0	0	0.03	n.a	n.a	n.a	n.a	n.a
E. Advances Received	2,893,720	6,710,248	3,844,803	979,357	546,116	112,875	56,438	0	8.87	1.38	0.24	585.17	767.65	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	188,217	436,456	543,851	651,246	584,623	518,000	357,000	196,000	0.58	0.92	1.12	-32.98	25.72	164.29
I Other Liabilities	159,126	368,997	780,824	1,192,651	2,749,549	4,306,447	3,409,752	2,513,057	0.49	1.68	9.33	-69.06	-72.31	71.36
II. LONG TERM LIABILITIES	**831,988**	**1,929,298**	**3,245,984**	**4,562,669**	**3,358,894**	**2,155,119**	**6,365,876**	**10,576,632**	**2.55**	**6.43**	**4.67**	**-57.72**	**111.71**	**-79.62**
A. Financial Liabilities	0	0	855,831	1,711,662	1,543,787	1,375,911	687,956	0	n.a	2.41	2.98	-100.00	24.40	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	5,886	13,650	6,825	0	0	0	0	0	0.02	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0	0	0	0	5,270	10,540	5,270	0	n.a	n.a	0.02	n.a	-100.00	n.a
E. Advances Received	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
F. Contract Progress Ongoing Construction Contracts (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0	0	0	0	0	0	351,944	703,888	n.a	n.a	n.a	n.a	n.a	-100.00
H. Provisions for Liabilities	323,434	750,012	591,921	433,829	508,251	582,673	732,127	881,580	0.99	0.61	1.26	72.88	-25.55	-33.91
I. Other Liabilities (net)	502,668	1,165,636	1,791,407	2,417,178	1,301,587	185,995	4,588,580	8,991,164	1.54	3.41	0.40	-51.78	1,199.59	-97.93
TOTAL LIABLITIES	**12,271,528**	**28,456,447**	**25,097,145**	**21,737,842**	**17,651,164**	**13,564,486**	**30,373,555**	**47,182,623**	**37.60**	**30.65**	**29.38**	**30.91**	**60.26**	**-71.25**
F- EQUITY	**20,363,610**	**47,221,176**	**48,206,591**	**49,192,005**	**40,899,826**	**32,607,646**	**20,319,434**	**8,031,221**	**62.40**	**69.35**	**70.62**	**-4.01**	**50.86**	**306.01**
a) Prior year's equity	21,163,776	49,076,681	40,803,702	32,530,722	19,467,417	6,404,111	7,820,977	9,237,843	64.85	45.86	13.87	50.86	407.97	-30.68
b) Equity (Added from Internal & External Resources in the Current Year)	-37,637	-87,277	6,774,093	13,635,463	24,532,737	35,430,011	17,454,456	-521,100	-0.12	19.22	76.73	-100.64	-61.51	-6,899.08
c) Minority Interest	50,474	117,043	116,184	115,324	96,124	76,924	852,017	1,627,110	0.15	0.16	0.17	1.49	49.92	-95.27
h) Profit & Loss	-813,002	-1,885,271	512,613	2,910,496	-3,196,452	-9,303,400	-5,808,016	-2,312,632	-2.49	4.10	-20.15	-164.77	-131.28	302.29
TOTAL LIABILITY	**32,635,139**	**75,677,623**	**73,303,735**	**70,929,847**	**58,550,990**	**46,172,132**	**50,692,988**	**55,213,844**	**100.00**	**100.00**	**100.00**	**6.69**	**53.62**	**-16.38**
USD Rates 1=TRY		**2.3189**		**2.1304**		**1.7776**		**1.8889**						

ALTINYAĞ KOMBİNALARI A.Ş. INCOME STATEMENT TRY	2014	2013	2012	Sept, 2011	Sept, 2010
I. Principal Activity Revenues	**2,822,912**	**5,984,880**	**-2,584,791**	**-559,158**	**1,657,838**
A. Sales Revenues (Net)	**58,977,876**	**54,674,200**	**60,309,999**	**91,303,902**	**55,355,546**
1.Domestic Sales	59,389,371	55,143,590	45,684,003	78,335,728	42,486,686
2.Export Sales	1,227,229	179,294	14,713,030	12,968,305	12,889,664
3.Sales Deductions (-)	-1,638,724	-648,684	-87,034	-131	-20,804
B. Cost Of Sales (-)	**-56,154,964**	**-48,689,320**	**-62,894,790**	**-91,863,060**	**-53,697,708**
C. Service Revenues (net)	**0**	**0**	**0**	**0**	**0**
D. Other Revenues From Principal Activities	**0**	**0**	**0**	**0**	**0**
1.Interest	0	0	0	0	0
2.Dividend	0	0	0	0	0
3.Rent					
4.Other	0	0	0	0	0
GROS PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**2,822,912**	**5,984,880**	**-2,584,791**	**-559,158**	**1,657,838**
Activities Expenses (-)	-4,553,393	-4,170,458	-7,141,184	-3,386,581	-3,378,990
NET PROFIT & LOSS FROM PRINCIPAL ACTIVITIES	**-1,730,481**	**1,814,422**	**-9,725,975**	**-3,945,739**	**-1,721,152**
Income & Profit From Other Activities	5,089,926	1,531,255	2,094,244	3,948,064	357,844
Expenses & Losses From Other Activities (-)	-4,321,851	-927,123	-2,777,861	-1,023,805	-1,286,309
Financing Income	1,068,113	1,300,386	1,899,493	596,281	1,126,807
Financing Expenses (-)	-2,947,018	-1,238,392	-1,123,097	-1,998,666	-1,445,481
OPERATING PROFIT & LOSS	**-2,841,311**	**2,480,548**	**-9,633,196**	**-2,423,865**	**-2,968,291**
Net Monetary Position exc. And Other Profit & Loss (+/-)	0	0	0	0	0
PRETAX PROFIT & LOSS	**-2,841,311**	**2,480,548**	**-9,633,196**	**-2,423,865**	**-2,968,291**
Taxes (-/+)	956,040	429,948	329,796	111,233	861,945
NET PROFIT FOR THE PERIOD	**-1,885,271**	**2,910,496**	**-9,303,400**	**-2,312,632**	**-2,106,346**
Total Income	**66,774,639**	**58,154,525**	**64,390,770**	**95,848,378**	**56,861,001**
Total Expense	**-69,615,950**	**-55,673,977**	**-74,023,966**	**-98,272,243**	**-59,829,292**
NET INCOMES OR EXPENSES FOR THE PERIOD	**-2,841,311**	**2,480,548**	**-9,633,196**	**-2,423,865**	**-2,968,291**

ALTINYAĞ KOMBİNALARI A.Ş. FINANCIAL RATIOS %	FYE 2014	FYE 2013	FYE 2012
I. PROFITABILITY			
Relationship Between Capital and Profit			
ROAE - Pre-tax Profit / Equity (avg.)	-5.89	6.06	-47.41
ROAA - Pre-tax Profit / Total Assets (avg.)	-3.88	4.24	-19.00
Total Income / Equity (avg.)	138.52	142.19	316.89
Total Income / Total Asset (avg.)	91.09	99.32	127.02
Economic Rentability ((Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	0.14	6.35	-16.79
Operating Profit / Total Assets (avg.)	-2.36	3.10	-19.19
Financial Expenses / Inventories Ratio (avg.)	36.61	20.29	33.87
Return on Avg. Long Term Sources	-3.66	6.58	-34.86
Relationship Between Sales and Profit			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	4.79	10.95	-4.29
Operating Matgin = Operating Incomes / Net Sales Income	-2.93	3.32	-16.13
Net Profit Margine = Net Profit / Net Sales Income	-3.20	5.32	-15.43
Cost of Sales / Net sales Income	95.21	89.05	104.29
Activities Expenses / Net Sales Income	7.72	7.63	11.84
Financing Expenses / Net Sales Income	5.00	2.27	1.86
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	0.18	6.80	-14.11
Relationship Between Financing Liabilities and Profit			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	3.59	300.30	-757.73
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	36.03	335.02	-728.37
Structure of Income and expenditure account			
Financing Expenses / T. Assset (avg.)	4.02	2.12	2.22
Financial Liabilities / T. Assets	20.79	18.93	10.31
II. LIQUIDITY			
(Liquid Assets + Marketable Securities) / T. Assets	6.77	3.95	7.38
(Liquid Assets +Marketable Securities) / T. Liabilities	18.00	12.89	25.11
Net Working Capital / Total Assets	-6.63	1.91	-0.22
Liquid Assets / Equity	10.85	5.70	10.44
Current Ratio	81.08	107.90	99.11
Acid Test Ratio	50.87	52.07	49.69
Cash Ratio	19.31	16.32	29.85
Inventories / Current Asset	33.29	48.23	28.91
Inventories / Total Asset	9.46	12.60	7.08
Inventories Dependency Ratio	298.93	160.79	244.85
Short Term Receivables / Total Current Assets	37.39	28.58	16.62
Short Term Receivables / Total Assets	10.63	7.47	4.07
III. CAPITAL and FUNDING			
Equity / Total Assets	62.40	69.35	70.62
Equity / Liabilities	165.94	226.30	240.39
Net Working Capital/Total Resources	-6.63	1.91	-0.22
Equity generation/prior year's equity	-0.18	41.92	553.24
Internal equity generation/prior year's equity	-3.84	8.95	-145.27
Tangible Assets/Total Asset	67.29	71.78	75.25
Financial Fixed Assets/(Equity +Long Term Liabilities)	0.00	0.00	0.00
Minority Interest/Equity	0.25	0.23	0.24
IV. EFFICIENCY			
Net Profit Margine Growth	-160.05	-134.51	509.03
Net Sales Growth	7.87	-9.34	-33.95
Equity Growth	-4.01	50.86	306.01
Asset Growth	6.69	53.62	-16.38
Inventories Turnover	697.64	797.70	1,896.96
Days Inventories Utilization	52.32	45.76	19.24
Receivables Turnover	1,107.56	2,133.68	1,572.29
Days' Accounts Receivable	32.96	17.11	23.21
Efficiency Period	85.28	62.86	42.46
Payables Turnover	3,492.93	4,777.34	661.74
Days' Payments In Accounts Payables	10.45	7.64	55.16
Cash Turnover Cycle	74.83	55.22	-12.70
Current Assets Turnover	294.60	366.44	438.76
Net Working Capital Turnover	-3,220.06	8,707.01	-587.70
Tangible Assets Turnover	115.83	127.65	173.40
Fix Asset Turnover	110.69	125.31	163.23
Equity Turnover	122.34	133.68	296.81
Asset Turnover	80.46	93.38	118.97
Export sales/Total sales	2.02	0.32	24.36
V. ASSET QUALITY			
Non-Performing Receivables / Total Receivables	35.90	47.83	66.72
Non-Performing Asset / Total Assets	76.75	84.38	82.33
Financial Fixed Assets / Non-Current Assets	0.00	0.00	0.00
VI. SENSITIVITY OF FOREIGN CURRENCY			
Total Foreign Currencies Position/Asset	-9.56	0.62	-3.66
Total Foreign Currencies Position/Equity	-15.32	0.89	-5.18
VII. INDEBTEDNESS			
Debt Ratio	37.60	30.65	29.38
Short Term Liabilities/Total Asset	35.05	24.21	24.71
Long Term Liabilities/Total Asset	2.55	6.43	4.67
Long Term Liabilities/(Equity+ Long term Liabilities)	3.93	8.49	6.20
Fixed Asset/Liabilities	190.36	241.04	257.02
Fixed Asset/(Long Term Liabilities +Equity)	110.21	97.48	100.29
Short Term Liabilities/ T. Liabilities	93.22	79.01	84.11
Short Term Financial Liabilities/Short Term Liabilities	59.30	68.22	29.67
Tangible Assets/Long Term Liabilities	2,639.54	1,115.89	1,612.26
Financial Liabilities/Total Liabilities	55.28	61.78	35.10
Off Balance Liabilities/(Assets +Off Balance Liabilities)	27.24	29.39	21.16
Off Balance Liabilities/(Equity +Off Balance Liabilities)	37.50	37.50	27.54

The Historical Development of the Company's Credit Ratings							
Altınyağ		July 12, 2013		July 22, 2014		November, 17 2015	
		Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
International	Foreign Currency	BB+	B	BBB-	A-3	BBB-	A-3
	Local Currency	BB+	B	BBB-	A-3	BBB-	A-3
	Outlook	Stable	Stable	Stable	Stable	Stable	Stable
National	Local Rating	BBB- (Trk)	A-3 (Trk)	BBB- (Trk)	A-3 (Trk)	BBB- (Trk)	A-3 (Trk)
	Outlook	Stable	Stable	Positive	Stable	Stable	Stable
Sponsor Support		3	-	3	-	3	-
Stand Alone		BC	-	BC	-	BC	-
Sovereign*	Foreign Currency	BBB-	-	BBB-	-	BBB-	-
	Local Currency	BBB-	-	BBB-	-	BBB-	-
	Outlook	Stable	-	Stable	-	Stable	-
		(*):Affirmed by JCR on May 23,2013		(*):Affirmed by JCR on July 11,2014		(*):Affirmed by JCR on August 28,2015	