

Corporate Credit Rating

Non-Financial Sector TRADE

| ÇALIK COTTON | | Long Term | Short Term | |
|-----------------|------------------|------------|------------|--------|
| International | Foreign Currency | BBB- | A-3 | |
| | Local Currency | BBB- | A-3 | |
| | Outlook | FC | Stable | Stable |
| | | LC | Stable | Stable |
| National | Local Rating | BBB- (Trk) | A-3 (Trk) | |
| | Outlook | Positive | Positive | |
| Sponsor Support | | 2 | - | |
| Stand Alone | | B | - | |
| Sovereign* | Foreign Currency | BBB- | - | |
| | Local Currency | BBB- | - | |
| | Outlook | FC | Stable | - |
| | | LC | Stable | - |

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

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| Çalık Pamuk Doğal ve Sentetik Elyaf A.Ş. | | | |
|--|-------------|--------|--------|
| Financial Data | Sep, 2014** | 2013* | 2012* |
| Total Assets (000 USD) | 27,965 | 34,079 | 14,753 |
| Total Assets (000 TRY) | 63,682 | 72,602 | 26,224 |
| Equity (000 TRY) | 29,516 | 11,561 | 9,864 |
| Net Profit (000 TRY) | 2,193 | 1,700 | -88 |
| Sales (000 TRY) | 209,338 | 96,511 | 49,328 |
| Net Profit Margin (%) | n.a | 1.76 | -0.18 |
| ROAA (%) | n.a | 4.35 | -0.48 |
| ROAE (%) | n.a | 20.09 | -1.27 |
| Equity / Total Assets (%) | 46.35 | 15.92 | 37.61 |
| Net Working Capital / T. Assets (%) | 44.37 | 14.07 | 68.05 |
| Debt Ratio (%) | 53.65 | 84.08 | 62.39 |
| Asset Growth Rate (%) | n.a | 176.85 | n.a |

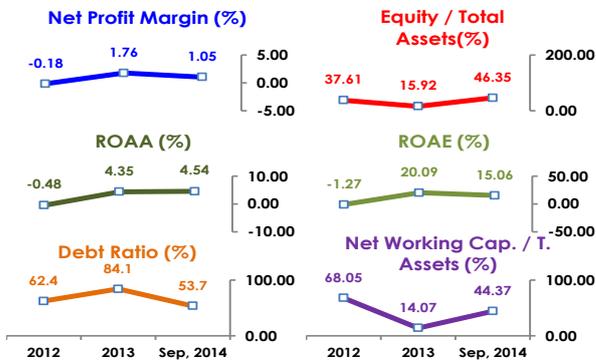
**End of year **Unaudited&End of Period

Company Overview

Çalık Pamuk ve Doğal Sentetik Elyaf Tic. A.Ş. (herein referred to as 'Çalık Pamuk' or 'the Company'), was founded in 2011 in Istanbul. The Company carries out activities in the fields of cotton and yarn trade under the scope of the Çalık Group. Moreover, Çalık Pamuk provides consultancy services in the trade of both cotton and yarn and constructs plants enabling the use of ginning technologies.

Çalık Pamuk supplies cotton and yarn from various regions and providing services to national and international yarn users and textile operators. Çalık Pamuk carries out activities in the USA, China, Turkmenistan, Tajikistan and India and world-wide important markets. Thanks to domestically and internationally located offices, Çalık Pamuk provides fast installation services and affordable prices and has taken important steps in the export of Turkish cotton and yarn.

Çalık Holding A.Ş. is one of the most prominent conglomerates in Turkey with stakes in diversified industries, mainly in the fields of energy, textile, telecom, construction, finance and mining. Gap Güneydoğu Tekstil San. Tic. A.Ş. (herein referred to as 'Gap Güneydoğu'), a subsidiary of Çalık Holding, is the main shareholder of Çalık Pamuk with a share of 55% as of FYE2013. The active labor force of the Company was 14 in Turkey and 3 abroad.



Strengths

- Expansion of operational volume reflected by considerable growth in sales and assets thanks to enhanced demand since establishment contributing to market share and income stream
- Sound and adequate level of net working capital supporting the Company's short term financial health and efficiency
- Predictable and steady upward trend in sales revenue
- Strengthened profits thanks to trade turnover cycle, despite low profit margin and positive profitability ratios supporting internal equity generation
- The lack of impaired receivables thanks to sales performance based on cash payments diminishing customer related risks
- Comparative advantages triggered by the Holding's branding advantage and experiences, international brand awareness and distribution network
- Using hedge techniques to counter cotton price volatility

Constraints

- High cost of sales level exerting pressure on profitability
- Short foreign currency position due to the lack of natural and structural mechanism against foreign exchange risk, pressurizing profitability
- High level of debt ratio triggering financial expenses and exerting downward pressure on profitability, despite capital injections
- Need for improvement in the level of compliance with Corporate Governance Principles
- Price competition aggravating market structure
- Upward trend perception of pressure in the markets through persistent risk of the social unrest and likelihood of a depreciation in the market outlook increasing funding costs and raw materials

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