Corporate Credit Rating

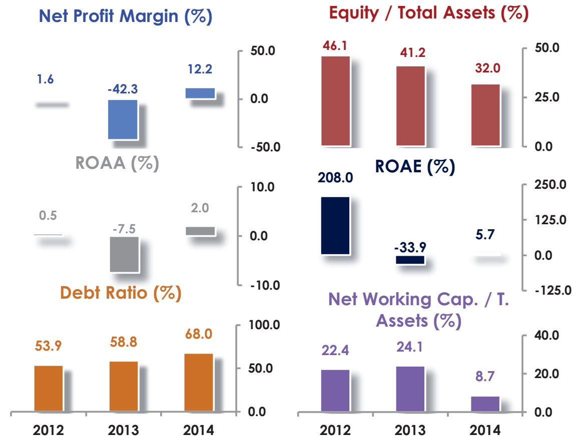
SHIPYARD SECTOR

[Modern Tankers, Military & Container Vessels]

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

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

Analyst: Orkun İNAN/ +90 212 352 56 73
orkuni@jcrer.com.tr



Selah Makine ve Gemicilik Enüstri Ticaret A.Ş.			
Financial Data	**2014***	**2013***	**2012***
Total Assets (000 USD)	139,089	111,675	116,038
Total Assets (000 TRY)	322,533	237,913	206,269
Equity (000 TRY)	103,051	97,948	95,110
Net Profit (000 TRY)	6,256	-18,397	614
Sales (000 TRY)	51,161	43,494	38,326
Net Profit Margin (%)	12.23	-42.30	1.60
ROAA (%)	2.04	-7.51	0.52
ROAE (%)	5.69	-33.87	208.00
Net Working Capital / T. Assets (%)	8.66	24.15	22.37
Debt Ratio (%)	68.05	58.83	53.89
Asset Growth Rate (%)	35.57	15.34	n.a

Company Overview

"**Selah Makina ve Gemicilik Endüstri ve Ticaret A.Ş.**", (hereinafter referred to as '**Selah**', '**Selah Shipyard**' and '**the Company**'), one of the most known and experienced shipyards in Turkey, founded in 1976 by Selah Shipbuilding Industries, a group well-known since 1954 in Turkey's automotive and production sectors -builds and repairs a wide variety of ships, ranging from high technology military vessels to fishing boats through 2 shipyards in the Marmara Region and 1 shipyard located in the Mediterranean, totally covers 90k square meter and has four slipways.

The Company's products include modern tankers, multi-purpose dry cargo and container vessels, special-purpose military and commercial vessels, cement carriers, offshore support/supply vessels, fishing vessels, barges and pontoons up to 30,000 dwt.

The major qualifying shareholders of the Company's shares are Mr. Erkan Selah, Ms. Müzeyyen Selah held 39.62%, 33.86%, respectively as of December, 2014.

Strengths

- Sustainability of sales revenues and market position based on domestically and promising increase in shipbuilding contracts despite shrinking demand in the world,
- Enjoying strong demand from private and military projects, plans to significantly build on its achievements and support the national industry,
- Diversified revenue streams and footsteps via new export market expansion and repairing-designing-building workshops,
- The maintenance of sound equity level, despite the doubled production capacity,
- Negligible doubtful receivables despite high level of trade receivables,
- Proven achievements in forming beneficial and collaborative partnerships locally and internationally thanks to its strong international brand identity through its 60 year background.

Constraints

- Likely large movements in the foreign exchange and interest expenses due to high level of liabilities reducing the Company's headroom under the current financial position,
- Negative EBITDA generation-strongly pressured by relevant amounts of cost of sales and low rates of capacity utilization,
- Ongoing economic headwinds increasing funding costs, decrease in risk appetite of investors and downside risks to growth and pressure to be exerted on profit margins,
- Negative effects of the fluctuations in global real economic activity on the shipbuilding sector,
- The bureaucratic disputes stemming from operational risks,
- Improvement needed in corporate governance practices.

Publication Date: August 5, 2015