

Corporate Credit Rating

Non-Financial & Industry  
Food [Canned & Frozen Seafood]

<b>DARDANEL®</b>		<b>Long Term</b>	<b>Short Term</b>	
<b>International</b>	<b>Foreign Currency</b>	<b>BB</b>	<b>B</b>	
	<b>Local Currency</b>	<b>BB</b>	<b>B</b>	
	<b>Outlook</b>	<b>Stable</b>	<b>Stable</b>	
<b>National</b>	<b>Local Rating</b>	<b>BB+(Trk)</b>	<b>B(Trk)</b>	
	<b>Outlook</b>	<b>Positive</b>	<b>Positive</b>	
<b>Sponsor Support</b>		<b>3</b>	<b>-</b>	
<b>Stand Alone</b>		<b>BC</b>	<b>-</b>	
<b>Sovereign*</b>	<b>Foreign Currency</b>	<b>BBB-</b>	<b>-</b>	
	<b>Local Currency</b>	<b>BBB-</b>	<b>-</b>	
	<b>Outlook</b>	<b>FC</b>	<b>Stable</b>	<b>-</b>
		<b>LC</b>	<b>Stable</b>	<b>-</b>

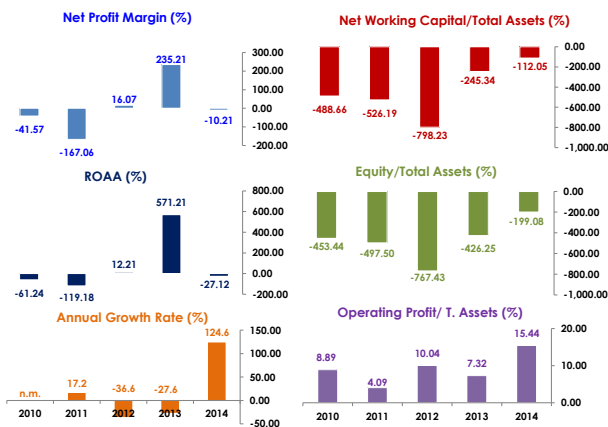
Dardanel Öntaş Gıda Sanayi A.Ş.					
Financial Data	1H2015	2014*	2013*	2012*	2011*
Total Assets (000 USD)	34,071	35,926	15,992	26,450	39,391
Total Assets (000 TRY)	91,480	76,675	34,132	47,150	74,406
Equity (000 TRY)	-153,346	-152,644	-145,489	-361,844	-370,172
Net Profit (000 TRY)	-11,604	-14,085	232,255	7,44	-82,274
Total Sales (000 TRY)	112,101	167,187	98,742	46,287	49,248
Net Profit Margin (%)	n.a	-216.09	235,21	16,07	-167,06
ROAA (%)	n.a	-25.48	571,21	12,21	-119,18
ROAE (%)	n.m	n.m	n.m	n.m	n.m
Equity / T. Assets (%)	-167.63	-199.08	-426,25	-767,43	-497,50
Net Working Capital / T. Assets (%)	-162.15	-112.05	-46,62	-84,66	-88,06
Debt Ratio (%)	n.m	n.m	n.m	n.m	n.m
Asset Growth Rate (%)	19.31	124.64	-27,61	-36,63	17,19

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

\*End of the year

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**Strengths**

- Continually upward domestic and export sales figures thanks to enhanced demand through its over 20 year background in the sector,
- Remarkable improvement in operating results through disciplined financial statement and product-based expansion,
- Cultivating a strong brand identity boosting customer loyalty,
- Strong and sustainable market position in the long run thanks to low competitive environment,
- Relative abatement beginning in FY2013 in the uncertainty level regarding the continuity of its activities via a debt liquidation agreement.

**Company Overview**

**Dardanel Öntaş Gıda Sanayi A.Ş.** (herein referred to as 'Dardanel Group', or 'the Company'), established in 1984 as a Turkey-based company, known under the brand name "**Dardanel**", engaged in the production and marketing of canned tuna and other canned fish, frozen seafood, fish flour, canned and frozen fruits and vegetables, frozen pastry, frozen ready-made food products. The Company has 3 subsidiaries-including "Dardanel Enez Konserve A.Ş.", "Dardanel Spor Faaliyetleri A.Ş.", "Ton Radyo Televizyon ve Yayıncılık A.Ş.". Its products are marketed domestically and internationally. The Company is located on a closed area of approximately 80k m<sup>2</sup> and area of 173k m<sup>2</sup> with a staff force of 800 personnel as of June, 2015.

The major qualifying shareholder holding 63.31% of the Company's shares is Mr. Osman Niyazi Önen and 36.69% of Company shares are publicly traded on the Borsa İstanbul (BİST) under the ticker symbol "**DARDL**". The Company has been on the watchlist companies market since FY2011.

**Constraints**

- Upward trend of financial expenses exerting pressing on profitability despite improvements in the debt structure through restructuring,
- High level of debt ratio, foreign currency position and dramatic capital increase needs,
- Large off-balance sheet commitments and contingencies increasing risk level and pressure on assets,
- High level of dependency on external financing in order to fund the Company's growth and continuation of its operations,
- The domination of the Company's funding structure by short-term liabilities and insufficient level of negative net working capital,
- Pledge on shares encumbering the production facilities and properties and the Group's listing on the watchlist in the stock market,
- Increasing volatility in the markets, global economic slump leading to economic slowdown, upward pressure on interest and exchange rates.

Publication Date: November 4, 2015

"Global Knowledge supported by Local Experience"

## 1. Rating Rationale

In the assignment of Dardanel Grup's ratings, quantitative and qualitative assessments related with the Company's market share in the private health care sector, its operational track record, business model, capitalization, asset quality, debt level, funding resources and structure, profitability indicators, liquidity profile, efficiency, income streams, past growth rates and projections about the future have been taken into consideration.

Moreover, considerations determining the rating include the Company's successful track record with respect to the amount of inter/national sales and reputation, international distribution network and trade synergies that has maintained its strong market position thanks to over 20 year experience.

The level of on and off balance sheet liabilities and the Company's inability to reach a sufficient margin of interest to cover its current liabilities are the major factors that drove important downward pressure on the Company's ratings. However, the Company's successful completion of debt liquidation in 2013 as a result of major financial restructuring together with increases in operational activity reduced the level of uncertainty regarding the Group's continuous presence, contributing positively to the Company's ratings.

Fundamental rating considerations are as below;

### End of Cycle of Restructuring Agreement

Dardanel Group has signed various financial restructuring agreements on numerous occasions with the concerned banks regarding its unpaid debts since FY1999. The default status with respect to bank loans that were not paid on their necessary terms remained in place. As a result, credit debts owed by the Company to Türkiye Vakıflar Bankası T.A.O., Türkiye İş Bankası A.S., Türkiye Emlak Bankası A.S. and Türkiye Kalkınma Bankası A.S. in liquidation and RCT - NPL Asset Management were subject to re-structuring. In line with the aforementioned agreements, the property belonging to Enez Konserve San. A.S., one of the Group companies, was transferred to the creditor banks whilst it was agreed that the remaining balance would be paid in cash in a period until December 31, 2015. The royalty rights of the transferred property were left to the Group for a period. Right of repurchase was put in place for property that was transferred until the end of the two year, on the condition that the deduction from the debt was paid back with the required level of interest.

### Robust Growth Performance

Dardanel Group has recorded a sustained improvement in sales figures in line with successive establishments of its sales network and we expect the sales and distribution contract with Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş to positively impact the bottom line. Dardanel Group continues to generate steady operational improvement. Dardanel Group expects to grow EBITDA every year over the next four years. The outlook is positive due to JCR Eurasia Rating expectation that the Company will be able to manage its earnings volatility and improve its debt and capital structure further through the next 12 to 18 months.

### Leading Market Position

Regarding Dardanel Group's strong pricing power, brand identity, market position with low competitive environment, advantages are maintained in its outstanding positions in many of products segments.

### Anticipated Revenue Streams

Diversified revenue streams through new export market expansion and the upward trend of product mix as well as proven distribution capabilities reviving in respect of continuation of momentum in its sales revenue buffer against potential losses.

### Sufficient Cash Generation

Ongoing negative net working capital to asset ratio position stemming from the accumulated losses connected to the unpaid credit debts persisted for an extensive period of time and reduced the Group's effectiveness. The Group currently has no new credit lines from the Turkish Banking sector as a result of its default status related to its previous operations. The ability to meet the required funding requirements and generate sufficient cash flow will be dependent on adequate levels of high quality sales as well as the sustainability of access to new markets. Additionally, Dardanel Group's trade debts and factoring companies provides its liquidity requirements. The credit impact could be positive for the Group since liquidity is a key weakness for the company. Although the domestic market is highly dependent on the Group's ability to manufacture its product range, the low capacity utilization rates arising from the lack of working capital has an impact on the Company's growth.

### **Export Revenue Generation**

Despite increasing its share of frozen and canned seafood, export sales in 2014 most notably to Syria, Italy, Cyprus, Azerbaijan, Netherlands, Nakhichevan, Iraq, Norway, United Kingdom and Uzbekistan, domestic market will maintain as key driver for Dardanel Group in following periods.

### **High Level of Operating Expenses Placing Downward Pressure on Profitability**

The level of cost of sales to total sales exhibited a fluctuating trend ranging from approximately 62% to 59% over the last 5 years. In line with the growth in operational volume over the last 5 years, the Company's debt ratio also followed a similar trend and peaked in FY2014 (299.08%) as Company equity continued to be negative resulting from losses from previous years amounting to TRY 189.7mn as of FYE2014. The high and increasing share of financial liabilities among total liabilities over the last 3 years leads to high financial expenses, eroding profitability figures as reflected by the negative level of ROAA.

### **The Large Share of Short-Term Liabilities in the Funding Structure Exerting Pressure on Liquidity Management**

Due to debt restructuring in 2013, the Group's total liabilities have been diminished that has been treated as revenue and added to Group's equity while the maturity of the remaining debt was extended and converted largely into long-term debt. Having dipped in FY2013, the share of short-term liabilities in the Company's funding structure maintained an upward trend, having attained a share of over 60% throughout FY2013, FY2014 and 1H2015, exerting pressure on liquidity management. Due to significant level of short-term liabilities, the net working capital levels realized negative values over the examined period.

### **The High Levels of Off-Balance Sheet Commitments and Liabilities**

The off-balance sheet assets, commitment and liabilities belonging to the Group have exhibited an increasingly upward trend since FY2010. A large portion of its commitments consist of pledges placed on its shares, collaterals and securities on its property and production facilities as well as other collateral bills. The maintenance of the collateral on the Group's shares and assets is a factor that harms investor sentiment, putting downward pressure on the general rating evaluations.

### **Negative Equity Amount Exceeding Total Assets**

Dardanel Group's negative equity amount increased to TRY152.64 at end FY2014 from TRY145.49mn at end-FY2013. Dardanel Group focuses on debt reduction plans on near-term, positive equity amount including working capital and asset sales.

### **Liquidity Management via Trade Payables**

In addition to the re-structured financial liabilities, the Group currently has a high level of trade liabilities arising from its payables leading to difficulties in liquidity management.

### **Partial Exposure with Regard to Foreign Currency Position**

Although total foreign currency positions with regard to assets of the Company have been in a steeply declining trend, the current figures still reflect high level of exposure and high sensitivity to FX movements. The fluctuations in the value of the Turkish Lira have a major impact on the Group's profitability.

The rating assessment is based on the independently Audited Consolidated Financial Statements of the Company, prepared in accordance with Turkish Financial Reporting Standards (TFRS) compliant with International Financial Reporting Standards (IFRS). For the sector analyses, JCR Eurasia Rating's specific data, statistics and various other sources have also been utilized.

JCR Eurasia Rating has affirmed Dardanel Önentaş Gıda Sanayi A.Ş.'s National Long Term Ratings as **'BB+'** with **'Positive'** outlook for the year on the Long Term National Rating. In addition, the Company's International Foreign Currency note has been affirmed at **'BB'** in the Long Term and with a **'Stable'** outlook. The qualitative and quantitative assessments in the determination of Dardanel Group's ratings do not include an opinion on the quality of products and services.

## **2. Outlook**

The short-term outlook for the Dardanel Group has been affirmed as **"Positive"** by JCR Eurasia Rating taking into account the level of effectiveness attained by the Company with respect to the management of its marketing and material procurement processes, its predominance in the market, the successful completion of its financial debt restructuring and the increasing effectiveness of its operational performance.

On the other hand, the long-term outlook for the Company has been determined as **"Positive"** taking into consideration the growth potential of the Turkish seafood sector, export opportunities, improvements recorded in the composition of the Company's financial liabilities, adequate cash flows that will be generated from the existing plans and the striking parallels that exist between the assumptions the on which Company plans are based and the conditions in the market.

Increasing tension and turmoil in international and regional politics, economic slump in the country and market, pressure from external funding gap and resulting stress on the national currency, postponement of demand and worsening competition conditions in the sector are significant factors that could exert downward pressure on future changes in outlook status.

### 3. Sponsor Support and Stand Alone

Sponsor Support notes and risk assessments reflect the financial and non-financial positions and expected assistance of the major controlling shareholders of Dardanel Group, the ÖNEN Family. It is considered that the Company's qualified shareholders have the willingness to supply long term liquidity or equity within their financial capability when required, and that they have adequate experience to provide efficient operational support to the Company. However, JCR Eurasia Rating is unable to form a conclusion on the existence of a sufficient level of financial power of the main shareholders of the Company.

The Stand Alone grade has been constituted particularly with respect to the Company's asset quality, growth rates, equity level, profitability ratios, organizational structure, risk management practices, scale of the operating fields, completed investments, brand awareness level and the development of existing risks in the market and business environment. However, JCR Eurasia Rating is unable to form a conclusion on the existence of a sufficient level of financial power of the main shareholders of the Company. Under these assessments, JCR Eurasia Rating has affirmed the Sponsor Support grade as **'3'** reflecting financial and non-financial states and expected support by the shareholders, and a Stand Alone grade of **'BC'** with the expectation that The Company has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet without any assistance from its shareholders, on condition that it maintains the existing improvement of trading activity and efficiency in the market.

## 4. Company Profile

### a. History

Dardanel Önentaş Gıda Sanayi A.Ş., established in 1984, located in Canakkale as Turkey's first producer of canned tuna fish. The Group's product range expanded from the "Dardanel Ton" canned tuna to other canned foods and ready-made sandwiches since 1990. The activities are production, marketing, and sale of canned, frozen and chilled vegetables and fruits whose products are marketed domestically and internationally. 36.69% shares of which are traded on the Borsa Istanbul (BIST) as of 1H2015 and having been placed on the watchlist companies market since FY2011, forms the Dardanel Group along with its subsidiaries of "Dardanel Enez Konserve A.Ş.", "Dardanel Spor Faaliyetleri A.Ş.," Sem Teknik Basın ve Yayıncılık A.Ş.", "Ton Radyo Televizyon Yayıncılık A.Ş." and "Dardanel Su Ürünleri A.Ş." under the umbrella of its parent company as of December 31, 2014.

Sem Teknik Basın ve Yayıncılık A.S. and Ton Radyo Televizyon Yayıncılık A.S. merged as of March 25, 2015. Dardanel Su Ürünleri Üretim A.S. and Dardanel Spor Faaliyetleri A.S. merged as of December 26, 2014.

The Group also includes the following companies which remain unconsolidated; Niyazi Önen Gıda Sanayi A.Ş., Dardenia Fish and Bread A.Ş., Dardanel Cyprus Ltd. There are pledges placed on shares belonging to the Group by various banks and financial institutions. The Group currently runs integrated production facilities in the following fields,

- Seafood products (canned tuna, sardines, anchovies and frozen seafood)
- Canned fruit and vegetable products, frozen fruit and vegetable products
- Frozen pastry products (flaked pastry, Cornish pastis, pizza and frozen ready meals), fish flour, fish oils and dried cat and dog foodstuffs

The Company's major field of activity currently concentrates on fish flour, frozen seafood and canned seafood production. In addition, the Group also operates in the fields of TV and radio broadcasting as well as running sports organizations, though on a much smaller scale.

The seafood processing plants of the Company are fully capable of carrying out integrated production. As such, frozen fish and other seafood are converted into canned or frozen products following processes, whilst the remnants are transformed into products such as fish flour, fish oil and dried cat and dog foodstuffs. The raw materials used in the production of fruit and vegetables are procured domestically whereas that for seafood products are imported. The domestic market in this field is overwhelmingly controlled and dominated by the Group and is closely correlated with its manufacturing capacity. However, the Group currently operates with a relatively low capacity and is unable to meet the demand in the domestic market, resulting from a shortage of working capital. In line with the inadequate levels of equity, the capacity utilization rates for the canned seafood manufacturing, frozen seafood production and fish flour production units stand at 11%, 28% and 67%, respectively. On the other hand, the production of canned vegetable and fruit products, frozen vegetable and fruit products and frozen pastry products has been brought to a halt.

The major export destinations for the Company's frozen and canned seafood products include Syria, Italy, Cyprus, Azerbaijan, Netherlands, Nakhichevan, Iraq, Norway, the United Kingdom and Uzbekistan. Of particular importance is the increase recorded in the Group's canned seafood exports to Italy in 2014 while Syria in 2013. Canned seafood product sales dominate the domestic market as well as other supplementary products.

Countries	2014 (USD)	2013 (USD)
Italy	5,018,416	2,942,812
Syria	3,644,956	3,192,540
Cyprus	1,120,611	1,088,364
Iraq	781,364	105,787
Azerbaijan	739,773	539,979
Others	2,073,866	1,282,102
<b>Total</b>	<b>13,378,986</b>	<b>9,151,584</b>

According to research Company's data, 2014 Research Company's data, Dardanel has approximately 60% canned tuna fish product a market share.

Dardanel Öntaş Gıda Sanayi A.Ş., the parent Company of the Group, was established in 1984 in the Çanakkale province of western Turkey. The Company began its operations in the field of seafood production under the brand name "Dardanel" and undertook the production of frozen seafood snail in Turkey for the first time and

exported it to Japan. Furthermore, the Company realized the production and export of frozen fruit and vegetables in 1986. It must be emphasized that Dardanel was the first Company in Turkey to undertake the production, sale and distribution of frozen foods. Canned tuna fish production was first undertaken by Dardanel and exported to Japan in deep freezers set at -55 C.

The affiliates of the Group consolidated under the Parent Company are listed below as of FYE2014. 100% of shares of the following companies belong to the Group,

- Sem Teknik Basın ve Yayıncılık A.Ş.
- Dardanel Spor Faaliyetleri A.Ş.
- Ton Radyo Televizyon ve Yayıncılık A.Ş.
- Dardanel Su Ürünleri Üretim A.Ş.
- Dardanel Enez Konserve A.Ş.

In addition, the other unconsolidated companies closely associated with the Group include "Niyazi Önen Gıda Sanayi A.Ş.", "Dardenia Fish and Bread A.Ş." and "Dardanel Cyprus Ltd."

### b. Organization & Employees

The average number of employees was 800 as of June 30, 2015 (FY2014; 631). Dardanel Group's management organization was formed in July 31, 2012 through the decision of the Board of Directors.

- Mr. O.Niyazi ÖNEN / President - All Operations,
- Mr. Aşkın KURULTAK / Vice President - All Operations,
- Ms. Esra TÜRKYILMAZ / Member - Import & Export Operations,
- Mr. Barış HARBİ / Member - Factory Operations,
- Mr. Mubaren ELMACI / Member - Financial Affairs and Finance Operations,
- Mr. Ekrem DOLUN / Member - Sales and Marketing Operations,
- Mr. Ramazan ÖZÇELİK / Member - Information Technology Operations,

### c. Shareholders, Subsidiaries & Affiliates

The following table shows June, 2015 and current shareholder structures of the Company. The Company's real person shareholding structure covers an individual and IPO.

Niyazi Önen is the largest qualified shareholder in the Dardanel Group with an overall share of 63.31%, while the remaining 36.69% of Company shares are listed on the Borsa İstanbul (BIST).

Shareholders	1H2015		2014		2013	
	Capital (TRY/000)	Share (%)	Capital (TRY/000)	Share (%)	Capital (TRY/000)	Share (%)
O. Niyazi Önen	28,861	63.31	18,115	52.06	16,065	46.17
IPO	16,729	36.69	16,683	47.94	16,683	47.94
Zeliha Önen	-	-	-	-	2,050	5.89
<b>Total</b>	<b>45,589</b>	<b>100</b>	<b>34,798</b>	<b>100</b>	<b>34,798</b>	<b>100</b>

The Company exercised a share capital increase from TRY 34.80mn to TRY 45.59mn as of 1H2015. The affiliates of the Group that are consolidated under the Parent Company are listed below. 100% of shares belonging to the following companies are owned by the Group.

Subsidiaries	1H2015	2014	2013
Dardanel Enez Konserve A.S.	100.00	100.00	100.00
Dardanel Spor Faaliyetleri A.S.	100.00	100.00	100.00
Sem Teknik Basın ve Yayıncılık A.S.	0.00	100.00	100.00
Ton Radyo Televizyon ve Yayıncılık A.S.	100.00	100.00	100.00
Dardanel Su Ürünleri Üretim A.S.	0.00	100.00	100.00

- **Sem Teknik Basın ve Yayıncılık A.Ş.** operates in the fields of TV and radio broadcasting, newspaper and magazine publications as well as the management of related press instruments.
- **Dardanel Spor Faaliyetleri A.Ş.** had a staff force of 50, has operations concentrating on the organization of sporting activities in order to help the development of the Turkish Sports Industry and raise administrative, financial and legal support for the realization of such activity. The company is located on a total area of 4,988 m<sup>2</sup> closed (facility building) 3,666 m<sup>2</sup> open (pitches) area.
- **Ton Radyo Televizyon ve Yayıncılık A.Ş.**, a 100.00% owned affiliate of Dardanel Önentaş Gıda San.A.Ş., operates in the field of TV and radio broadcasting and servicing producers and organizers of communication and advertisement agencies, had a staff force of 15. It is responsible for the running of all kinds of adverts and publicity campaigns using a variety of channels.
- **Dardanel Su Ürünleri Üretim A.Ş.** operates in the fields of aquaculture breeding and sales.

- **Dardanel Enez Konserve A.Ş.** has been out of operation since FY2012.
- **Dardanel Su Ürünleri Üretim A.Ş.** operated in the field live aquaculture production. Operations ceased in FY2013.

"**Niyazi Önen Gıda Sanayi AŞ**", owned by the Dardanel Group, was among the first producers in the sandwich sector and acquired Barici. The Company conducts its operations in a 5 acre land and 1000 m<sup>2</sup> of closed space in the Dudullu Industrial Region. The Company was established in İstanbul in 2004 and produces fresh and natural sandwiches with a maximum shelf-life of 5 days.

#### d. Corporate Governance

The Company, established by Önen Family in 1984 as Turkey's first producer of canned tuna fish, and was listed on the İstanbul Stock Exchange in 1994.

The shares representing 36.69% of the Company's paid-up capital are traded on the Borsa İstanbul (BIST) whilst the remaining 63.31% of shares belong to the Önen Family as of June, 2015. The real person shareholders of the Company have been disclosed to the public on the Company's website. There are no privileges present on the Company's shares with any restrictions placed on the transfer of shares in the Articles of Association. Moreover, the Board, shareholders, stakeholders and practices of the Holding in terms of public disclosure and transparency have been assessed within the framework of CMB regulations and information.

Dardanel's Audit Committee and the Corporate Governance have two members within the Board. However, the Risk Committee required by the CMB regulations and the Turkish Commercial Code has not yet been formed. The committees have been assessed as effective instruments to perform the functions of leading and supervision in an efficient manner.

The Investor Relations Department conducts its operations under the Directorate of Financial Affairs and is responsible for the communication and guidance between current and prospective investors as well as informing investors about their entitlements. However, the Investor Relations Manager lacks the necessary license specified by the Corporate Governance Regulations of the Capital Markets Board of Turkey for listed Companies. Furthermore, the manager in question is not yet a member of the Corporate Governance Committee, which

is an obligation that must be fulfilled. The Company has a duty to comply with the necessary standards specified in the regulations since June 30, 2014.

The Board of Directors of the Company consists of 5 members, 2 of which are independent. The non-independent members also have specific executive responsibilities in addition to their roles as directors of the Company. There is a clear separation of the CEO and the Chairman, contributing to transparency.

The Company has awarded with the certificates of BRC, ISO 9001, Halal Certificate, Six Sigma Management Model and HACCP in terms of quality management and Dolphin Safe and Friend of the Sea in terms of sustainability and respect of nature.

We, as JCR Eurasia Rating, are of the opinion that the senior management of the Company is adequate in terms of education, experience and managerial skills. All of these aspects have been assessed as factors to improve the quality level of the personnel.

**5. Sector Analysis**

Seafood is one of the largest international commodities with fish trade exceeding USD60bn. per year. Approximately 200 countries supply fish and seafood products to the global marketplace forming of more than 800 commercially significant species of fish, crustaceans and mollusks. The key producing countries were China, Peru, India, Japan, the United States, Russia, Thailand, Norway and Iceland in the global seafood products market. The seafood sector is lower segment of the main food markets that achieve the processing of the seafood and different related substance. The seafood industry provides an important level of economic significance stemming from the direct and indirect linkages that enjoys with related sectors such as the larger food sector and manufacturing, health, environment, tourism and transportation sectors in Turkey.

The sector harbors widen product range of frozen seafood, canned goods, fish products mixed with a diversity of gravies and fish by-products, fish flour and fish oil. An upward trend is observed throughout the sector with respect to the investments in the production of canned and frozen seafood products. Shrimp, tuna and salmon represent the most important products dominating the international trade in the global seafood market. 48% of the global seafood consumption was driven by fresh fish, followed by frozen with a share of 26%, and canned fish

at 15%. An upward trend of aquaculture sector is clearly the propellant for the rise in export figures in Turkey. Presently, Turkey exports seafood products to more than 80 countries globally.

Europe Seafood Consumption (Per Capita)	KG
Iceland	88.3
Portugal	61.1
Norway	50.6
Spain	42.9
Lithuania	40.7
Finland	36.7
France	33.7
Sweden	32
Italy	24.6
U.K.	21
Greece	20.4
Germany	15.3
Turkey	8.2
Romania	5.4
Bulgaria	4.6

While seafood products and exports are growing each year, local expenditure is still curiously low, as Turkey maintains an ordinarily carnivorous country. The of Turkey's seafood products demand continues at relatively low levels when compared to EU Countries.

The global average consumption is 17 kilograms. Europe seafood consumption continues to rise obviously year over year since 2002. Annual domestic consumption stays low at approximately 8 kilograms per year. The figure is well below the average consumption of fish in Europe, which is around 25 kilograms while Japan had 38 kilogram. Turkey's population has exceeded 76 mn. people which demonstrates a large client market by itself.

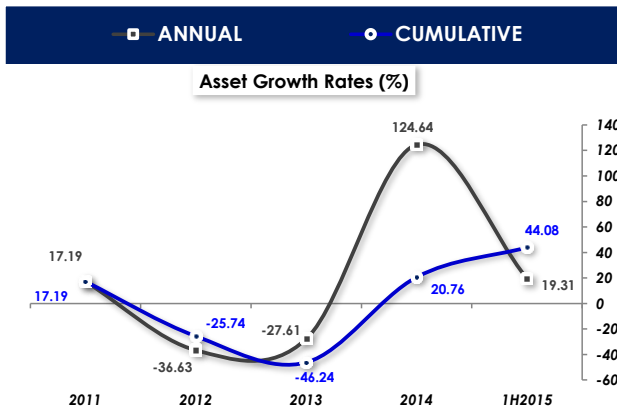
The inconvenient shipping of fresh seafood goods through the absent of cold chain systems indicates one of the most significant components narrows the consumption and trade of product figures. The low level of supply costs ease for seafood products to be consumed in a frozen or chilled form. The canned seafood industry is largely concerned with the processing of anchovy, mussels, sardines, tuna and sea snails.

**6. Financial Analysis**

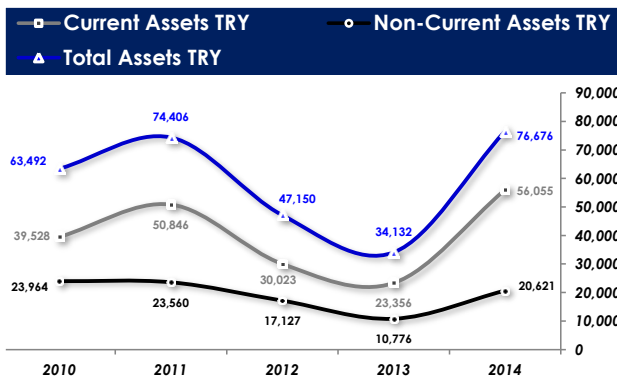
**a. Financial Indicators & Performance**

**i. Indices Relating to Size**

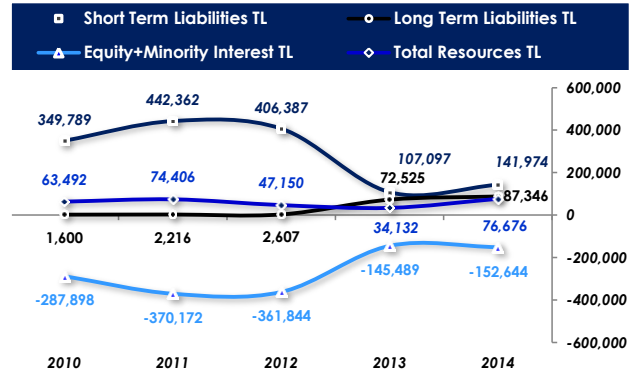
Dardanel Group recorded a growth of 124.64% based on assets in FY2014, up from the previous year's growth of 152.25%, principally driven by the increase in trade receivables and tangible assets. Furthermore, over the last 5 years (2010-2014 period), cumulative growth of the Company reached 20.76%, indicating an average of over 19.40%. The Company maintained its growth trend throughout 1H2014, realizing a growth rate of 19.31%, mainly driven by the increase in liquid assets and trade receivables.



There were rises in both the Group's current assets and non-current assets, with the largest uptrends recorded in the Company's trade receivables as a result of the companies' extreme liquidity needs.



On the other hand, the increase in the level of liabilities stemmed mainly from the rise in short-term liabilities as a result of the debt liquidation agreements the Company signed with its creditors during FY2013.



The ratio of the Group's total financial liabilities to its total assets was 299.08 at FYE2014 and improved from 526.25% as of FYE2013, due to the continuation of debt restructuring. As of FYE2014, an amount of TRY 36.89mn representing 25.98% of short-term liabilities have been treated as Company revenue and added to the Company's equity as the obligation to pay the debt.

Dardanel Group's short and long term bank loans increased to TRY 45.12mn. and TRY82.38mn. in FYE2014 from TRY26.74mn. and TRY69.43mn.,in FYE2013 respectively.

In line with Dardanel Group debt liquidation contract, USD2.69mn. and USD3.46mn. loans were paid as of January and April 2015, respectively. Moreover, USD3.85 will be paid in monthly instalments until the end of 2015 and the remaining amount will be paid on December 31, 2015. Interest rates on loans were 3.12% as of June 30, 2015. (FYE2014: 3.07%).

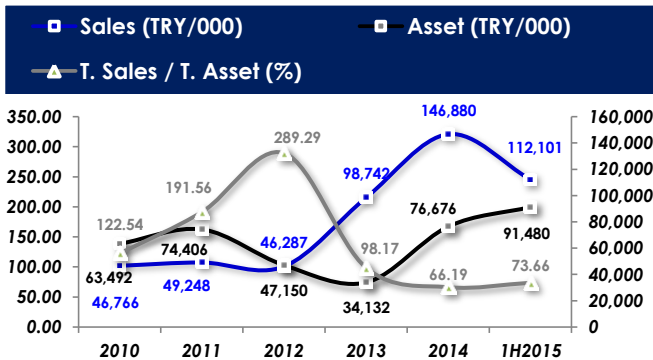
**ii. Indices Relating to Profitability**

Dardanel Group has an approximately 80% market share in Turkey's canned tuna fish market. The Group's domestic sales increased by 48.33% during FY2014 compared to the prior year. However, the increase in revenue through greater sales was not reflected on Company profitability due to the rise in expenses related to advertising and publicity as well as other marketing expenses.

The Company's net revenues materialized at TRY 146.88mn. with a significant growth rate of 48.75% on a y-o-y basis. Despite the significant growth in revenues, the Company incurred remarkable amount of losses principally resulting from high activities and financial expenses. The financial expenses account for 37.53% of gross profit which represents an unsustainable level. The Company couldn't generate adequate internal funds from



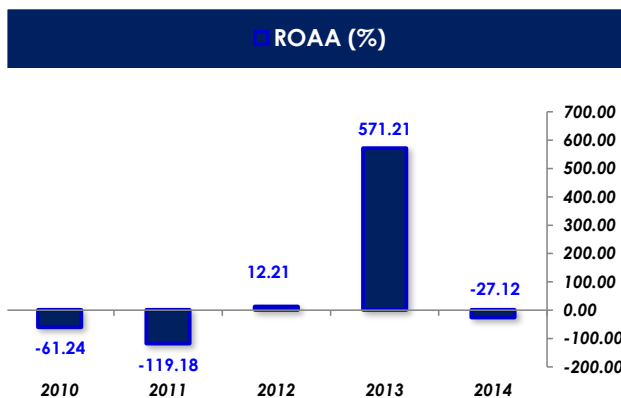
principal activities due to high operational and financial expenses.



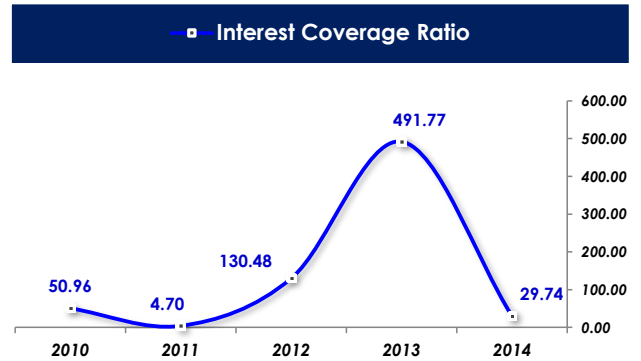
Frozen and canned seafood sales continue to constitute the major source of revenue for the Dardanel Group in 2014. In addition, the sales of side products obtained from seafood products and revenues from other sporting, TV and radio broadcasting activities contribute to Company sales, though on a smaller scale. 18.37% of the Group's total sales revenue consists of export revenue in FY2014 (FY2013: 15.98). The share of export revenues among total sales maintained a value of approximately 15% in the past and exhibited an increase during FY2014.

The net profit from principal activities to sales revenue were 5.82% and 3.01% for the last two financial years, which doesn't represent a sufficient level to meet the Company's financing expenses.

The calculation of the Return on Average Equity (ROAE), one of the main indicators of profitability, remains irrelevant for the Company as its equity has attained negative values for the last 5 financial years. On the flip side, the Return on Average Assets (ROAA) turned positive due to the addition of a large section of liquidated debts in FY2012.

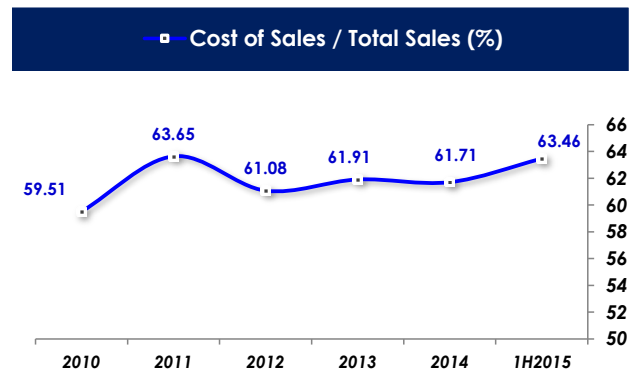


In line with the high level of funding needs due to financial expenses, the interest coverage ratio decreased to 29.74% in FY2014 from 491.77% in FY2013. The main driver of the decrease was the incidental one-off revenues that took place in FY2013.



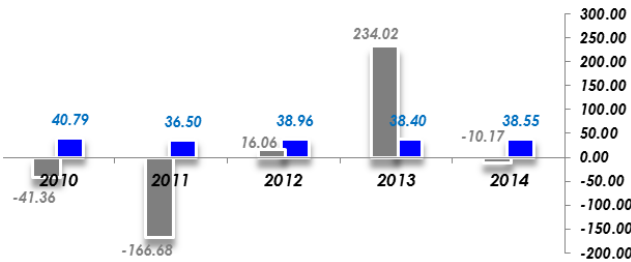
Despite the growth of the operational volume as reflected by the rise in sales revenues throughout 1H2015, the financing expenses almost remained flat in comparison to 1H2014, whilst the rise in cost of sales stayed below that of net revenues, contributing to profitability.

Dardanel Group's average cost of sales to total sales ratio stood at 61.89% during the reviewed period thanks to operational efficiency.



The foreign exchange positions of Dardanel Group exceed the international reference values when compared to its asset size and equity. The profit/loss generated by the Company's foreign exchange positions due to the volatility of Turkish Lira (TRY).

■ Gross Profit from Principal Activities / Sales Revenues (%)  
■ Net Profit / Sales Revenues (%)



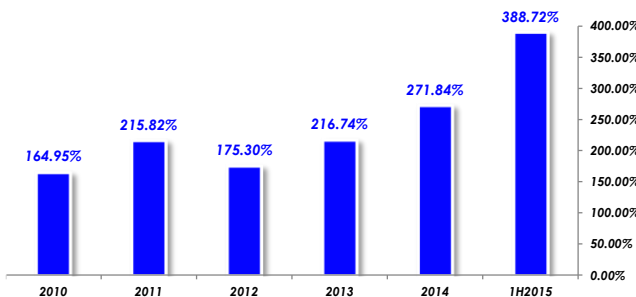
The gross profit margin, somewhat fiscally unfavourable and preventing profit, rose to 38.55% in FY2014 and triggered an increase in the margins of operating profit.

**b. Asset Quality**

The Company's asset distribution remained relatively unchanged, with intangible assets & other and tangible assets accounting for the bulk of its assets. The expansion of its core business has led to increases in the Company's trade receivables.

The share of current assets among the total assets of the Dardanel Group exhibited a progressively increasing pattern. The ratio of current assets to non-current assets of the Group increased to 271.84% in FY2014 from 216.74% in FY2013, resulting mainly from the liquidation of its property and subsidiaries through sales or transfer. It must be noted that the price and level of demand for such goods remains highly susceptible to changes in the macro-economic context. As such, the Group's asset quality is expected to be highly correlated with economic developments in Turkey.

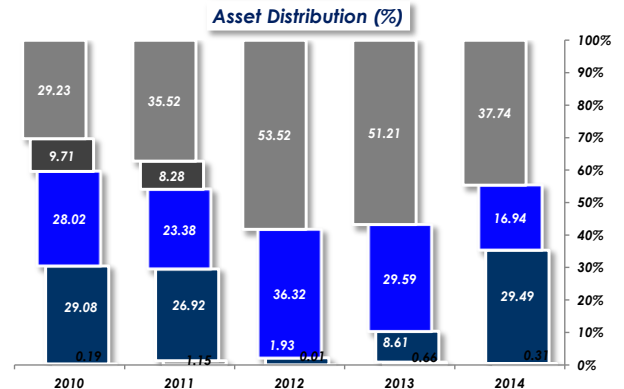
■ Current Assets / Non Current Assets



The share of non-current assets achieved a slight growth and reached TRY20.62mn in FY2014. The Company had a total assets size of approximately TRY 76.68mn. (FY2013; TRY 34.13mn), of which a 37.74% (FY2013; 51.21%) share was composed from its principal activity of intangible assets & others, followed by tangibles

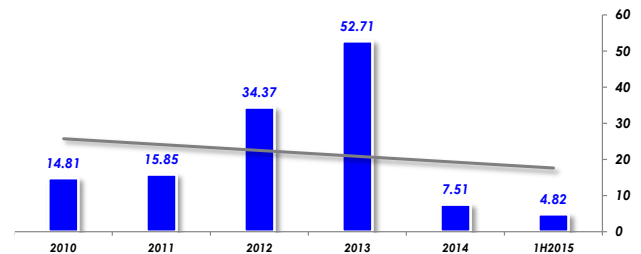
assets (16.94%) and inventories (15.52%) as of December, 2014.

■ Intangible Assets + Others  
■ Tangible Assets  
■ Liquid Assets+Marketable Securities  
■ Financial Fixed Assets (Net)  
■ Trade & Other Receivables & Leasing



Dardanel Group's asset quality is deemed below average weighed down by its high exposure to current assets, amounting to TRY22.61mn of total assets, which do not generate cash revenue but are necessary in ensuring the continuity of sales generation. Receivables from dealers comprised the largest share among trade receivables. The Company uses trade receivables to meet its liquidity needs. An effective control system has been established by the Company over its dealers and credit risk is monitored by the senior management on a regular basis. Risks arising from trade receivables are managed through the extensive use of collaterals including letters of guarantee, guaranteed cheques indentured as well as weekly collections of post-dated cheques. Additionally, 12.15% of total assets consisted of receivables from related parties as of June, 2015.

■ Non-Performing Receivables / Total Receivables %  
— Linear



Doubtful receivables to total receivables stood at .82% as of June, 2015(FYE2014: 7.51).The provision for doubtful trade receivables contributed to the quality of receivables.

### c. Funding & Adequacy of Capital

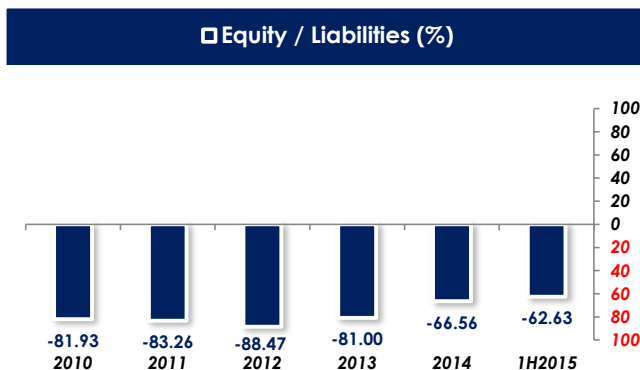
As a result of negative accumulated losses of previous years, Dardanel Group's balance sheet has weakened, which was illustrated by a negative equity balance sheet account which was continued in the first half of 2015. JCR Eurasia Rating does not expect any meaningful reduction in Dardanel Group's heavy negative equity burden over the medium term unless significant preventions are taken by the management of the Company. In this context, the company has focused to evaluate Dardanel Enez Konserve Sanayi A.Ş.'s real estate which has been encumbered to the banks.

The Group's total liabilities and equity to total assets reached a level of 4.98x that of total assets in FY2014. However, in FY2013 this figure was increased to 9.52x times that of total assets, largely due to the debt liquidation that was carried out in the same year.

The Company's net debt-to-EBITDA ratio improved to 10.47x as of December, 2014 with the upward trend of EBITDA generation and the decrease in net debt level in 2014. As of 1H2015, Dardanel Group's net debt was approximately TRY133.22mn

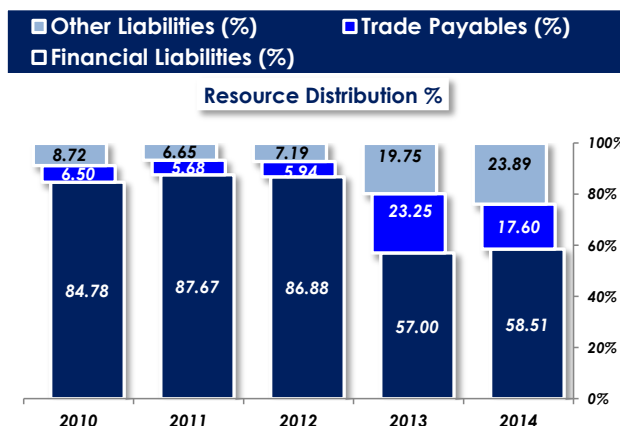
TRY/000	2010	2011	2012	2013	2014
Assets	63,492	74,406	47,150	34,132	76,675
Liabilities	35,139	444,578	408,994	179,622	244,826
Capital Deficit	-287,898	-370,172	-361,844	-145,489	-152,644
Capital Deficit/Asset %	-4.53	-4.98	-7.67	-4.26	-1.99
Equity	-268,458	-287,898	-369,284	-377,745	-138,559
P/L	-1,944	-82,274	7,440	232,255	-14,085
Equity + P/L	-287,898	-370,172	-361,844	-145,489	-152,644
Liabilities/Asset%	5.53	5.98	8.67	5.26	3.19

The Company's financial liabilities demonstrated an increase by 53.84% to TRY133.28mn in 1H2015. The share of trade payables exhibited a similar pattern and increased by 29.57% to TRY50mn. in 1H2015. The progressive increase recorded in advances received is the most important manifestation of the Group's rising level of operational effectiveness.

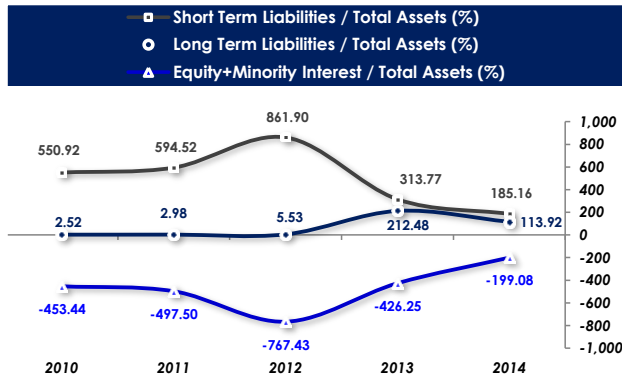


However, Dardanel Group's EBITDA and cash flow generations is not expected to be sufficient to cover its financial expenses and net debt position through 2015.

The Group has few alternate liquidity sources of liquidity as Dardanel Enez Konserve Sanayi A.S.' real estates are encumbered to the banks. Dardanel Group continues covenant relief from lenders through residential project for the factory land.



Following an anaemic and uneven recovery in 2011 in total liabilities structure, the total liabilities are teetering on the brink of another major increase since of the beginning of 2012. The Company primarily utilized short-term liabilities in the funding of its assets, the share of which remained above 60% in the last two financial years, increasing working capital needs and placing pressure on liquidity management.



## 7. Risk Profile & Management

### a. Risk Management Organization & its Function – General Information

Risk management is enforced according to policies confirmed by the Board of Directors. Following the establishment of this committee, a working group was also formed to develop methodologies for determination of risk exposures through evaluations by executive board members and managers. The probabilities of risk occurrences and possible effects as they might occur on the Company's activities were evaluated. By taking into account existing control procedures, risk exposures, actions to be taken for separate risks, staff responsible for these actions and action dates as well as risk elements to be monitored were then determined.

The Company's risk management program seeks to minimize the effects of uncertainty in financial markets on the financial performance and set proper limit-risk controls and to monitor the risks of the Company. The Company established the Audit Committee and Corporate Governance Committee. However, Dardanel Group lacks specialised departments within its organizational structure responsible for monitoring market risks, including interest, foreign exchange and commodity risks. As of the reporting date, there is no individual risk management department that deals with daily risk issues with the overall responsibility resting with the Company's Board.

### b. Credit Risk

Dardanel Group has signed various financial restructuring agreements on numerous occasions with the concerned banks regarding its unpaid debts since FY1999. The default status with respect to bank loans that were not paid on their necessary terms remained in place until

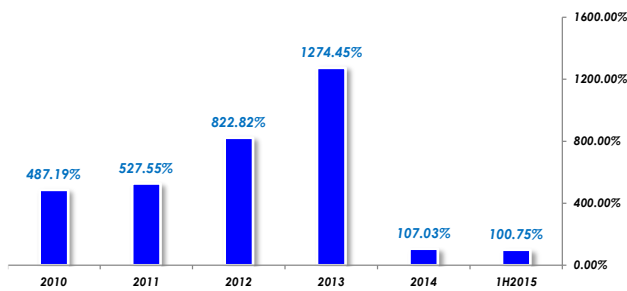
FY2013. As a result, credit debts owed by the Company to Türkiye Vakıflar Bankası T.A.O., Türkiye İş Bankası A.S., Türkiye Emlak Bankası A.S. and Türkiye Kalkınma Bankası A.S. in liquidation and RCT Asset Management were subject to re-structuring. In line with the aforementioned agreements, the property belonging to **Dardanel Enez Konserve San. A.S.**, one of the Group companies, was transferred to the creditor banks whilst it was agreed that the remaining balance would be paid in cash in a period of two years in FY2013. The royalty rights of the transferred property were left to the Group for a period spanning three years free of charge. Right of repurchase was put in place for property that was transferred until the end of the third year, on the condition that the deduction from the debt was paid back with the required level of interest. According to terms of the debt-restructuring agreement, USD2.69mn. and USD3.46mn. loans were paid as of January and April 2015, respectively. Moreover, USD3.85 will be paid in monthly instalments until the end of 2015 and the remaining amount will be paid on December 31, 2015.

The level of uncertainty generated by the Group's consolidated financial positions with respect to the continuity of its operations has been gradually reduced since FY2013 as a result of debt restructuring agreements. The agreements also led to an increase of USD 115mn in the Group's equity.

The lands, agricultural fields, canning factory, integrated cold storage packaging plants and immovable properties belonging to Dardanel Group have pledges placed on them. In addition, there are pledges on the shares belonging to the parent company, Dardanel Önentaş Gıda Sanayi A.Ş., placed by the creditor institutions.

The Group's off balance sheet commitments and contingencies demonstrated an increasingly upward trend between FY2010 and FY2013. However, the related ratio decreased by 81.13% to TRY82.066mn. in FY2014. A significant part of the Company's liabilities consists of share pledges, mortgaged property and plants and collateral debentures.

Off balance Sheet Commitments Contingencies/T.Asset

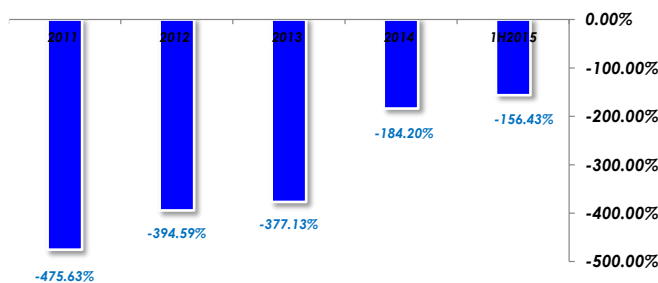


**c. Market Risk**

The Group lacks specialised departments within its organizational structure responsible for monitoring market risks, including interest, foreign exchange and commodity risks. Within the context of market risk, currency risk resulting from exposure to foreign currency denominated utilized loans and trade & other payables.

Financial loans, trade and payable obligations denominated in the USD and EUR are the major balance sheet items that give rise to FX risk. In absolute terms, the FX liabilities recorded an increase of 8.87% throughout FY2014 however, due to the large growth recorded in assets, its ratio in comparison to assets realized a value of -156.43%, whilst the ratio of foreign currency risk to equity has not been included as equity was negative at FYE2014. When all other variables are kept constant, the Company's net profit/loss and equity statements indicated a variance of (+/-) TRY14.13mn as of 1H2015 in the event of an increase/decrease of 10% in exchange rates against TRY.

Total Foreign Currency Position/Total Assets

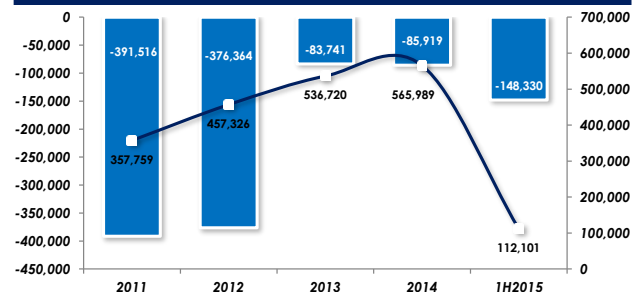


**d. Liquidity Risk**

The Group's cash and marketable securities were TRY238k as of December 31, 2014 compared to interest expense of TRY10.3 mn. during the year. Dardanel Group may require additional liquidity support to bridge the gap between lower cash flow generation and its various financial obligations during the year. Currently, the Group does not have any available credit lines from the Turkish Banking Sector resulting from the maintenance of its default status and ongoing debt restructuring processes. The funding requirements of the Company are managed via its cash generation capabilities, attendance of satisfactory level of high quality sales and maintenance of access to additional markets.

The Company's net working capital exhibited negative values for the last 5 years. Net working capital realised a value of TRY -148.33mn as of 1H2015, down from TRY62.41mn at FYE2014. The reduction in the net working capital deficit along with the debt restructuring processes and the expansion in the Company's assets has led to a rise in the net working capital to total assets ratio.

Net Working Capital (TRY/000) Total Sales (TRY/000)



**8. Budget & Debt Issue**

Dardanel Group has not provided the detailed balance sheet budget projections for the years FY2016-FY2019 enabling comprehensive analysis, however supplied the business plan and income statement relating to its future expansion strategies.

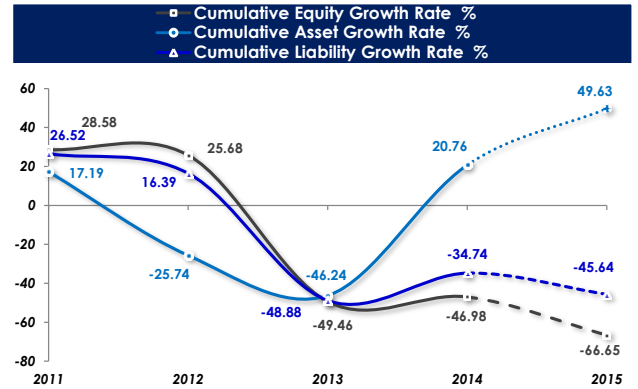
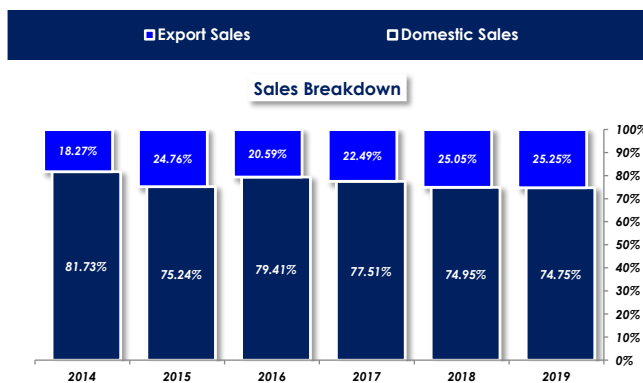
Dardanel Group has not projected large-sized new investments between FY2016 and FY2019. Thus, the asset size of the Group is not expected to change drastically. Projected financial statement remains disciplined and continues to increase the results of its

operation efficiency through increasing sales revenues thanks to expanding product mix and operational efficiency. Challenging macroeconomic and business conditions continue to pressure the performance of the Group.

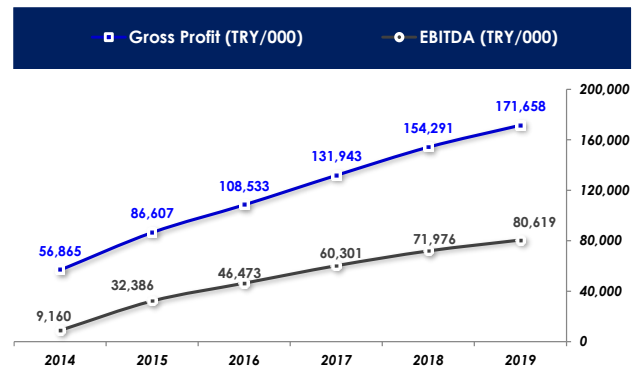
Dardanel Group had a solid debt liquidation arising from financial restructuring that began in FY2013 and the upward trend observed in the Group's core activities reduced the uncertainty with respect to the sustainability of its operations, Dardanel Group's plants currently operate with a relatively low capacity arising from a shortage of working capital, restraining its ability to meet domestic demand. The sufficient internal equity and cash generation capacity of the Group remains highly dependent on its ability to access additional markets as its current capabilities to rise funding from money markets remains rather limited.

Despite increasing its share of frozen and canned seafood, export sales in 2014 most notably to Syria, Italy, Cyprus, Azerbaijan, Netherlands, Nakhichevan, Iraq, Norway, United Kingdom and Uzbekistan, domestic market will maintain as key driver for Dardanel Group in following periods. Dardanel Group's sales breakdown projection expects to maintain the average export sales at 76% between FY2015-19.

The planned budget and growth strategy projection of 2014 indicates stability and is shown in the following graphs;



Projections include a total assets budget of TRY95mn and a gross income of TRY86.61mn in FYE2015. Additionally, equity growth is projected to show a year on year improvement of 36.84% to TRY96 mn in FYE2015. The Company's debt ratio is expected to be high and remain weak for the rating category. Dardanel Group expects to reach a slight business deleverage despite better operational margins. Dardanel Group is poised to generate sustainable levels of cash generation driven by its on-going revenue mix transformation, growing high-margin product and reaching new markets.



Despite the small scale of the sector, Dardanel Group has been able to maintain relatively stable EBITDA margins. Nevertheless, the ongoing geographical diversification and strategy to develop new markets have demanded higher operating expenses and forced its profitability.

Dardanel Group anticipates EBITDA of TRY32.39mn and TRY46.47mn representing a 253.56% and 43.49% YoY increase in FY2015 and FY2016, respectively. Moreover, Dardanel Group expects to register TRY32.39mn. and TRY46.47mn in FY2015 and FY2016, respectively.



DARDANEL ÖNENTAS GIDA SANAYI A.Ş. BALANCE SHEET - ASSET	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	As % of	As % of	As % of	2014	2013	2012
	2014	2014	2014	2013	2013	2012	2012	2011	2014	2013	2012	2014	2013	2012
	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets	Growth	Growth	Growth
TRY	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)	Rate	Rate	Rate
<b>I. CURRENT ASSETS</b>	26,263,932	56,055,111	39,705,551	23,355,990	26,689,696	30,023,401	40,434,841	50,846,281	73.11	68.43	63.68	140.00	-22.21	-40.95
<b>A. Liquid Assets</b>	111,749	238,506	231,201	223,895	115,423	6,950	432,163	857,376	0.31	0.66	0.01	6.53	3,121.51	-99.19
<b>B. Marketable Securities</b>	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00	n.a
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	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
4. Provision for Decrease in Value of Marketable Securities (-)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
<b>C. Trade Receivables &amp; Leasing</b>	9,895,303	21,119,545	11,657,686	2,195,826	1,515,334	834,842	10,040,904	19,246,965	27.54	6.43	1.77	861.80	163.02	-95.66
1. Customers & Notes Receivables	9,895,303	21,119,545	11,657,686	2,195,826	1,515,334	834,842	10,040,904	19,246,965	27.54	6.43	1.77	861.80	163.02	-95.66
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	904,602	1,930,692	2,603,033	3,275,374	1,876,580	477,785	2,125,751	3,773,716	2.52	9.60	1.01	-41.05	585.53	-87.34
4. Provision for Doubtful Trade Receivables (-)	-904,602	-1,930,692	-2,603,033	-3,275,374	-1,876,580	-477,785	-2,125,751	-3,773,716	-2.52	-9.60	-1.01	-41.05	585.53	-87.34
5. Rediscout 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>	1,342,276	2,864,819	5,433,206	8,001,592	11,069,447	14,137,301	14,478,502	14,819,702	3.74	23.44	29.98	-64.20	-43.40	-4.60
<b>E. Other Receivables</b>	697,847	1,489,415	1,115,934	742,452	409,894	77,336	431,724	786,112	1.94	2.18	0.16	100.61	860.03	-90.16
1. Other Receivables	697,847	1,489,415	1,115,934	742,452	409,894	77,336	431,724	786,112	1.94	2.18	0.16	100.61	860.03	-90.16
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. Rediscouts 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
<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>	5,574,236	11,897,092	7,644,865	3,392,637	3,631,276	3,869,915	3,698,733	3,527,551	15.52	9.94	8.21	250.67	-12.33	9.71
<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>	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
<b>J. Other Current Assets</b>	8,642,522	18,445,734	13,622,661	8,799,588	9,948,323	11,097,057	11,352,816	11,608,575	24.06	25.78	23.54	109.62	-20.70	-4.41
1. Other Current Assets	8,642,522	18,445,734	13,622,661	8,799,588	9,948,323	11,097,057	11,352,816	11,608,575	24.06	25.78	23.54	109.62	-20.70	-4.41
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>	9,661,626	20,620,809	15,698,534	10,776,259	13,951,434	17,126,609	20,343,226	23,559,842	26.89	31.57	36.32	91.35	-37.08	-27.31
<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. Rediscout 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>	2,767,301	5,906,250	2,953,125	80	70	60	60	60	7.70	n.a	n.a	n.a	n.a	n.a
<b>C. Other Receivables</b>	549,044	1,171,825	585,953	80	70	60	60	60	1.53	0.00	0.00	1,464,681.25	33.33	0.00
1. Other Receivables	549,044	1,171,825	585,953	80	70	60	60	60	1.53	0.00	0.00	1,464,681.25	33.33	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. Rediscouts 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	0	0	3,081,589	6,163,178	n.a	n.a	n.a	n.a	n.a	-100.00
1. Long Term Securities (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
2. Affiliates (net)	0	0	0	0	0	0	0	0	n.a	n.a	n.a	n.a	n.a	n.a
3. Subsidiaries (net)	0	0	0	0	0	0	3,081,589	6,163,178	n.a	n.a	n.a	n.a	n.a	-100.00
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>	6,087,468	12,992,484	11,545,434	10,098,383	13,612,466	17,126,549	17,260,479	17,394,408	16.94	29.59	36.32	28.66	-41.04	-1.54
<b>F. Other Fixed Assets</b>	257,813	550,250	614,023	677,796	338,898	1,098	1,098	2,196	0.72	1.99	n.a	-18.82	n.a	-100.00
<b>TOTAL ASSETS</b>	35,925,559	76,675,920	55,404,085	34,132,249	40,641,130	47,150,010	60,778,067	74,406,123	100.00	100.00	100.00	124.64	-27.61	-36.63




DARDANEL ÖNENTAŞ GIDA SANAYİ A.Ş. BALANCE SHEET-LIABILITIES+EQUITY TRY	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	As % of	As % of	As % of	2014	2013	2012
	2014	2014	2014	2013	2013	2012	2012	2011	2014	2013	2012	2014	2013	2012
	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets	Growth	Growth	Growth
	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)	Rate	Rate	Rate
<b>I. SHORT TERM LIABILITIES</b>	<b>66,520,284</b>	<b>141,974,242</b>	<b>124,535,531</b>	<b>107,096,819</b>	<b>256,741,996</b>	<b>406,387,172</b>	<b>424,374,563</b>	<b>442,361,954</b>	<b>185.16</b>	<b>313.77</b>	<b>861.90</b>	<b>32.57</b>	<b>-73.65</b>	<b>-8.13</b>
A. Financial Liabilities	21,142,150	45,123,690	35,929,631	26,735,572	183,980,528	341,225,484	356,288,815	371,352,145	58.85	78.33	723.70	68.78	-92.16	-8.11
B. Trade Payables	17,283,730	36,888,666	38,054,696	39,220,725	31,266,243	23,311,760	23,689,196	24,066,631	48.11	114.91	49.44	-5.95	68.24	-3.14
C. Due to Related Parties	433,083	924,330	860,700	797,070	3,874,038	6,951,006	5,384,600	3,818,193	1.21	2.34	14.74	15.97	-88.53	82.05
D. Other Financial Liabilities	5,334,229	11,384,846	11,148,195	10,911,544	13,569,467	16,227,390	18,611,873	20,996,356	14.85	31.97	34.42	4.34	-32.76	-22.71
E. Advances Received	22,327,091	47,652,710	38,542,069	29,431,428	24,023,980	18,616,532	20,102,196	21,587,859	62.15	86.23	39.48	61.91	58.09	-13.76
F. Contract Progress Ongoing Construction Contracts (net)	0		0		0		0		n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	0		0		0		0		n.a	n.a	n.a	n.a	n.a	n.a
H. Provisions for Liabilities	0		0		0		0		n.a	n.a	n.a	n.a	n.a	n.a
I Other Liabilities	0	0	240	480	27,740	55,000	297,885	540,770	n.a	0.00	0.12	-100.00	-99.13	-89.83
<b>II. LONG TERM LIABILITIES</b>	<b>40,924,835</b>	<b>87,345,876</b>	<b>79,935,339</b>	<b>72,524,801</b>	<b>37,565,982</b>	<b>2,607,162</b>	<b>2,411,802</b>	<b>2,216,442</b>	<b>113.92</b>	<b>212.48</b>	<b>5.53</b>	<b>20.44</b>	<b>2,681.75</b>	<b>17.63</b>
A. Financial Liabilities	38,599,970	82,383,917	75,907,991	69,432,065	34,716,033		0		107.44	203.42	n.a	18.65	n.a	n.a
B. Trade Payables	687,855	1,468,089	734,045		0		0		1.91	n.a	n.a	n.a	n.a	n.a
C. Due to Related Parties	0		0		0		0		n.a	n.a	n.a	n.a	n.a	n.a
D. Other Financial Liabilities	0		0		0		0		n.a	n.a	n.a	n.a	n.a	n.a
E. Advances Received	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		n.a	n.a	n.a	n.a	n.a	n.a
G. Deferred Tax Liabilities	7,845	16,743	31,289	45,835	100,923	156,010	165,553	175,096	0.02	0.13	0.33	-63.47	-70.62	-10.90
H. Provisions for Liabilities	1,629,165	3,477,127	3,262,014	3,046,901	2,749,027	2,451,152	2,246,249	2,041,346	4.53	8.93	5.20	14.12	24.30	20.08
I. Other Liabilities (net)	0		0		0		0		n.a	n.a	n.a	n.a	n.a	n.a
<b>TOTAL LIABILITIES</b>	<b>107,445,119</b>	<b>229,320,118</b>	<b>204,470,869</b>	<b>179,621,620</b>	<b>294,307,977</b>	<b>408,994,334</b>	<b>426,786,365</b>	<b>444,578,396</b>	<b>299.08</b>	<b>526.25</b>	<b>867.43</b>	<b>27.67</b>	<b>-56.08</b>	<b>-8.00</b>
<b>F- EQUITY</b>	<b>-71,519,561</b>	<b>-152,644,198</b>	<b>-149,066,785</b>	<b>-145,489,371</b>	<b>-253,666,848</b>	<b>-361,844,324</b>	<b>-366,008,299</b>	<b>-370,172,273</b>	<b>-199.08</b>	<b>-426.25</b>	<b>-767.43</b>	<b>4.92</b>	<b>-59.79</b>	<b>-2.25</b>
a) Prior year's equity	-68,167,254	-145,489,371	-253,666,848	-361,844,324	-366,008,299	-370,172,273	-329,035,098	-287,897,923	-189.75	-1,060.12	-785.09	-59.79	-2.25	28.58
b) Equity (Added from Internal & External Resources in the Current Year)	3,247,412	6,930,952	-4,671,703	-16,274,358	-7,692,960	888,439	444,252	64	9.04	-47.68	1.88	-142.59	-1,931.79	1,388,085.94
c) Minority Interest	0	0	0	0	0		0		n.a	n.a	n.a	n.a	n.a	n.a
h) Profit & Loss	-6,599,718	-14,085,779	109,271,766	232,629,311	120,034,411	7,439,510	-37,417,452	-82,274,414	-18.37	681.55	15.78	-106.06	3,026.94	-109.04
<b>TOTAL LIABILITY</b>	<b>35,925,559</b>	<b>76,675,920</b>	<b>55,404,085</b>	<b>34,132,249</b>	<b>40,641,130</b>	<b>47,150,010</b>	<b>60,778,067</b>	<b>74,406,123</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>124.64</b>	<b>-27.61</b>	<b>-36.63</b>
<b>USD Rates 1=TRY</b>		<b>2.3189</b>		<b>2.1304</b>		<b>1.7776</b>		<b>1.8889</b>						



DARDANEL ÖNENTAŞ GIDA SANAYİ A.Ş.	2014	2013	2012	2011	2010
INCOME STATEMENT					
TRY					
<b>I. Principal Activity Revenues</b>	<b>56,865,376</b>	<b>38,110,871</b>	<b>18,048,453</b>	<b>18,015,867</b>	<b>19,173,755</b>
<b>A. Sales Revenues (Net)</b>	<b>146,880,223</b>	<b>98,742,412</b>	<b>46,287,362</b>	<b>49,247,794</b>	<b>46,766,272</b>
1.Domestic Sales	140,208,518	94,527,658	50,575,096	57,188,531	55,318,600
2.Export Sales	26,978,843	17,983,644	6,191,421	6,643,558	5,843,659
3.Sales Deductions (-)	-20,307,138	-13,768,890	-10,479,155	-14,584,295	-14,395,987
<b>B. Cost Of Sales (-)</b>	<b>-90,643,597</b>	<b>-61,135,779</b>	<b>-28,271,589</b>	<b>-31,343,910</b>	<b>-27,830,211</b>
<b>C. Service Revenues (net)</b>	<b>628,750</b>	<b>504,238</b>	<b>32,680</b>	<b>111,983</b>	<b>237,694</b>
<b>D. Other Revenues From Principal Activities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GROS PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>	<b>56,865,376</b>	<b>38,110,871</b>	<b>18,048,453</b>	<b>18,015,867</b>	<b>19,173,755</b>
Activities Expenses (-)	-48,310,054	-35,136,952	-11,946,061	-15,192,760	-16,350,484
<b>NET PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>	<b>8,555,322</b>	<b>2,973,919</b>	<b>6,102,392</b>	<b>2,823,107</b>	<b>2,823,271</b>
Income & Profit From Other Activities	12,201,946	280,024,205	1,244,363	1,424,438	1,442,120
Expenses & Losses From Other Activities (-)	-13,082,110	-11,671,859	-2,620,879	-5,189,576	-2,420,049
Financing Income	-1,356,991	20,101,918	27,101,780	5,099,880	18,351,775
Financing Expenses (-)	-21,342,173	-59,283,203	-24,407,232	-86,334,311	-39,637,027
<b>OPERATING PROFIT &amp; LOSS</b>	<b>-15,024,006</b>	<b>232,144,980</b>	<b>7,420,424</b>	<b>-82,176,462</b>	<b>-19,439,910</b>
Net Monetary Position exc. And Other Profit & Loss (+/-)	0	0	0	0	0
<b>PRETAX PROFIT &amp; LOSS</b>	<b>-15,024,006</b>	<b>232,144,980</b>	<b>7,420,424</b>	<b>-82,176,462</b>	<b>-19,439,910</b>
Taxes (-/+)	29,092	110,175	19,086	-97,952	
<b>NET PROFIT FOR THE PERIOD</b>	<b>-14,994,914</b>	<b>232,255,155</b>	<b>7,439,510</b>	<b>-82,274,414</b>	<b>-19,439,910</b>
<b>Total Income</b>	<b>178,661,066</b>	<b>413,141,663</b>	<b>85,145,340</b>	<b>70,468,390</b>	<b>81,193,848</b>
<b>Total Expense</b>	<b>-193,685,072</b>	<b>-180,996,683</b>	<b>-77,724,916</b>	<b>-152,644,852</b>	<b>-100,633,758</b>
<b>NET INCOMES OR EXPENSES FOR THE PERIOD</b>	<b>-15,024,006</b>	<b>232,144,980</b>	<b>7,420,424</b>	<b>-82,176,462</b>	<b>-19,439,910</b>

DARDANEL ÖNENTİŞ GIDA SANAYİ A.Ş. FINANCIAL RATIOS %	FYE 2014	FYE 2013	FYE 2012
<b>I. PROFITABILITY</b>			
<b>Relationship Between Capital and Profit</b>			
ROAE - Pre-tax Profit / Equity (avg.)	n.m.	n.m.	n.m.
ROAA - Pre-tax Profit / Total Assets (avg.)	-27.12	571.21	12.21
Total Income / Equity (avg.)	n.m.	n.m.	n.m.
Total Income / Total Asset (avg.)	322.47	1,016.56	140.09
Economic Rentability (( Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.)	11.40	717.08	52.37
Operating Profit / Total Assets (avg.)	15.44	7.32	10.04
Financial Expenses / Inventories Ratio (avg.)	279.17	1,632.57	659.88
Return on Avg. Long Term Sources	21.69	-107.48	-2.05
<b>Relationship Between Sales and Profit</b>			
Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income	38.72	38.60	38.99
Operating Matgin = Operating Incomes / Net Sales Income	5.82	3.01	13.18
Net Profit Margine = Net Profit / Net Sales Income	-10.21	235.21	16.07
Cost of Sales / Net Sales Income	61.71	61.91	61.08
Activities Expenses / Net Sales Income	32.89	35.58	25.81
Financing Expenses / Net Sales Income	14.53	60.04	52.73
EBIT = (Gross Profit + Financing Expenses) / Net Sales Income	4.30	295.14	68.76
<b>Relationship Between Financing Liabilities and Profit</b>			
Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses	29.60	491.59	130.40
Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses	29.74	491.77	130.48
<b>Structure of Income and Expenditure Account</b>			
Financing Expenses / T. Asset (avg.)	38.52	145.87	40.16
Financial Liabilities / T. Assets	166.29	281.75	723.70
<b>II. LIQUIDITY</b>			
(Liquid Assets + Marketable Securities) / T. Assets	0.31	0.66	0.01
(Liquid Assets +Marketable Securities) / T. Liabilities	0.10	0.12	0.00
Net Working Capital / Total Assets	-112.05	-245.34	-798.23
Liquid Assets / Equity	n.m.	n.m.	n.m.
Current Ratio	39.48	21.81	7.39
Acid Test Ratio	17.06	9.73	3.69
Cash Ratio	0.17	0.21	0.00
Inventories / Current Asset	21.22	14.53	12.89
Inventories / Total Asset	15.52	9.94	8.21
Inventories Dependency Ratio	1,191.35	3,150.14	10,501.01
Short Term Receivables / Total Current Assets	45.44	46.84	50.13
Short Term Receivables / Total Assets	33.22	32.05	31.92
<b>III. CAPITAL and FUNDING</b>			
Equity / Total Assets	n.m.	n.m.	n.m.
Equity / Liabilities	n.m.	n.m.	n.m.
Net Working Capital/Total Resources	-112.05	-245.34	-798.23
Equity Generation/ Prior Year's Equity	-4.76	4.50	-0.24
Internal Equity Generation/ Prior Year's Equity	9.68	-64.29	-2.01
Tangible Assets/Total Asset	16.94	29.59	36.32
<b>IV. EFFICIENCY</b>			
Net Profit Margine Growth	-104.34	1,363.46	-109.62
Net Sales Growth	48.75	113.32	-6.01
Equity Growth	4.92	-59.79	-2.25
Asset Growth	124.64	-27.61	-36.63
Inventories Turnover	1,185.68	1,683.59	764.36
Days Inventories Utilization	30.78	21.68	47.75
Receivables Turnover	1,259.94	6,516.21	460.99
Days' Accounts Receivable	28.97	5.60	79.18
Efficiency Period	59.75	27.28	126.93
Payables Turnover	233.69	195.53	119.34
Days' Payments In Accounts Payables	156.19	186.67	305.84
Cash Turnover Cycle	-96.44	-159.39	-178.91
Current Assets Turnover	369.92	369.96	114.47
Net Working Capital Turnover	-173.15	-42.92	-12.06
Tangible Assets Turnover	1,272.19	725.38	268.17
Fix Asset Turnover	935.63	707.76	227.53
Equity Turnover	-98.53	-38.93	-12.65
Asset Turnover	265.11	242.96	76.16
Export Sales/Total Sales	16.14	15.98	10.91
<b>V. ASSET QUALITY</b>			
Non-Performing Receivables / Total Receivables	7.51	52.71	34.37
Non-Performing Asset / Total Assets	32.46	39.53	44.53
Financial Fixed Assets / Non-Current Assets	0.00	0.00	0.00
<b>VI. SENSITIVITY OF FOREIGN CURRENCY</b>			
Total Foreign Currencies Position/Asset	-184.20	-377.13	-394.59
Total Foreign Currencies Position/Equity	n.m.	n.m.	n.m.
<b>VII. INDEBTEDNESS</b>			
Debt Ratio	299.08	526.25	867.43
Short Term Liabilities/Total Asset	185.16	313.77	861.90
Long Term Liabilities/Total Asset	113.92	212.48	5.53
Long Term Liabilities/(Equity+ Long term Liabilities)	-133.76	-99.40	-0.73
Fixed Asset/Liabilities	8.99	6.00	4.19
Fixed Asset/(Long Term Liabilities +Equity)	-31.58	-14.77	-4.77
Short Term Liabilities/ T. Liabilities	61.91	59.62	99.36
Short Term Financial Liabilities/Short Term Liabilities	31.78	24.96	83.97
Tangible Assets/Long Term Liabilities	14.87	13.92	656.90
Financial Liabilities/Total Liabilities	55.60	53.54	83.43
Off Balance Liabilities/(Assets +Off Balance Liabilities)	107.03	1,274.45	822.82
Off Balance Liabilities/(Equity +Off Balance Liabilities)	n.m.	n.m.	n.m.

The Rating Results Issued by JCR-ER						
		April 24, 2014		November 4, 2015		
		Long-Term	Short-Term	Long-Term	Short-Term	
International	Foreign Currency		BB	B	BB	B
	Local Currency		BB	B	BB	B
	Outlook	FC	Stable	Stable	Stable	Stable
		LC	Stable	Stable	Stable	Stable
National	Local Rating		BB+ (Trk)	B (Trk)	BB+ (Trk)	B (Trk)
	Outlook		Positive	Positive	Positive	Positive
Sponsor Support			3	-	3	-
Stand-Alone			BC	-	BC	-
Sovereign*	Foreign Currency		BBB-	-	BBB-	-
	Local Currency		BBB-	-	BBB-	-
	Outlook	FC	Stable	-	Stable	-
		LC	Stable	-	Stable	-
Analyst			Assigned by Japan Credit Rating Agency, on May 23,2013		Affirmed by Japan Credit Rating Agency, JCR on August 28,2015	
			Mr. Orkun İNAN		Mr. Orkun İNAN	