1. OBJECTIVE

This annual activity report is prepared to provide thorough information regarding activities of İZMİR Mühendislik A.Ş. parent partnership and subsidiaries, which took place in 2014.

This report is prepared by Board of İZMİR Mühendislik A.Ş. and will be presented to Board for approval as per Turkish Commercial Code Clause 514.

2. İZMİR MÜHENDİSLİK CORPORATE GROUP’S SHAREHOLDING STRUCTURE

Evaluating the developing investment opportunities in Aliaga Region, Board of İZMİR Mühendislik A.Ş. decided to establish MNV Turizm A.Ş. in 2014 to work in lodging and tourism industry, and Board decided to create subsidiaries by acquiring majority shares of İM Dış Ticaret Ltd.Şti. and MDÇ Demir Çelik Ltd. Şti. to strengthen the structure of parent company.

İZMİR MÜHENDİSLİK Corporate Group consists of following companies:

- İZMİR Mühendislik Müşavirlik Makine ve Demir Çelik Sanayi Ticaret A.Ş. parent partnership.
- MNV Turizm Gıda İnşaat Sanayi Ticaret A.Ş.
- İM Dış Ticaret Ltd.Şti.
- MDÇ Demir Çelik Konstrüksiyon Makine İmalat Montaj Sanayi ve Ticaret Ltd.Şti.

2.1. Structure of İZMİR Mühendislik Müşavirlik Makine ve Demir Çelik Sanayi Ticaret A.Ş.

İZMİR Mühendislik Müşavirlik Makine ve Demir Çelik Sanayi Ticaret Ltd. Şti. was established on 17.08.1998 and was registered and announced in Turkey Trade Registry Gazette dated 10.09.1998 and numbered 4624. On 12.04.2013 İZMİR Mühendislik Müşavirlik Makine ve Demir Çelik Sanayi Ticaret A.Ş. was converted into incorporated company by equity finding. This alteration decision was registered and announced in 1 Turkey Trade Registry Gazette dated 9.04.2013 and numbered . 8304

İZMİR Mühendislik A.Ş.’s capital and partnership structure is given below:

Total Capital : 13.600.000 TL regarding to 544.000 shares. All capital has been paid.

Mehmet MANAV : 4.080.000 TL  
Elif SAATÇI : 4.080.000 TL  
Zeynep MANAV : 5.440.000 TL

Board formation is given below and duty term is 3 years;

Chairman of the Board : Mehmet MANAV  
Board Member : Zeynep MANAV
2.2. Structure of MNV Turizm Gıda İnşaat Sanayi Ticaret A.Ş.

MNV Turizm A.Ş. was established on 07.07.2014 to work in lodging and tourism industry by partial demerging from İZMİR Mühendislik A.Ş. and was registered and announced in Turkey Trade Registry Gazette dated 14.07.2014 and numbered 8611.

İZMİR Mühendislik A.Ş. owns 90% of shares of MNV Turizm A.Ş. Related decision was announced and registered in Turkey Trade Registry Gazette dated 14.07.2014 and numbered 8611.

MNV Turizm A.Ş.‘s capital and partnership structure is given below:

Total Capital: 4.000.000, 00 TL regarding to 160.000 shares. By 31.12.2014, 2.522.350, 00 TL of this total has been paid.

İZMİR MÜHENDİSLİK A.Ş. : 3.600.000, 00 TL
Mehmet MANAV : 120.000,00 TL
Elif SAATÇI : 120.000,00 TL
Zeynep MANAV : 160.000,00 TL

In order to meet with the equity for hotel investment, it is planned to pay all the capital by first quarter of 2015 with the income from the selling of the real estates of the company purchased for investment and rise to 8.000.000 TL by third quarter of 2015. Hence, hotel investment will be funded by itself without any need for the support of İZMİR Mühendislik A.Ş.

Board formation is given below and duty term is 3 years;

Chairman of the Board : Mehmet MANAV
Board Member : Elif SAATÇI
Board Member : Zeynep MANAV (on behalf of İZMİR Mühendislik A.Ş. corporate)

2.3. Structure of İM Dış Ticaret Ltd. Şti.

İM Dış Ticaret Ltd. Şti. was established on 05.05.2011 for marketing İZMİR Mühendislik A.Ş.’s goods to foreign countries and was registered and announced in Turkey Trade Registry Gazette dated 18.05.2011 and numbered 7818.

In the extraordinary general meeting dated 29.08.2014, it was decided that 90% percent of the shares of İM Dış Ticaret Ltd. Şti. to be acquired by İZMİR Mühendislik A.Ş. and this decision was registered and announced in Turkey Trade Registry Gazette dated 08.09.2014 and numbered 8648.

İM Dış Ticaret Ltd. Şti.’s capital and partnership structure is given below:

Total Capital: 1.000.000, 00 TL regarding to 40.000 shares. All capital has been paid.

İZMİR MÜHENDİSLİK A.Ş. : 900.000,00 TL
Mehmet MANAV : 50.000,00 TL
Zeynep MANAV : 50.000,00 TL

Formation of İM Dış Ticaret Ltd. Şti.’s Board of Directors is given below and duty term is 10 year:

Director : Mehmet MANAV
Director : Zeynep MANAV
2.4. Structure of MDÇ Demir Çelik Konstrüksiyon Makine İmalat ve Montaj Sanayi Ticaret Ltd. Şti.

MDÇ Demir Çelik Ltd. Şti. was established on 06.02.2003 to support İZMİR Mühendislik A.Ş.’s production and was registered and announced in Turkey Trade Registry Gazette dated 18.02.2003 and numbered 5738.

In the extraordinary general meeting dated 29.08.2014, it was decided that 80% of shares of MDÇ Demir Çelik Ltd. Şti to be acquired by İZMİR Mühendislik A.Ş, and this decision was registered and announced in Turkey Trade Registry Gazette dated 08.09.2014 and numbered 8648.

MDÇ Demir Çelik Ltd. Şti’s capital and partnership structure is given below:
Total Capital : 250.000,00 TL regarding to 200 shares. All capital has been paid .

İZMİR MÜHENDİSLİK A.Ş. : 200.000,00 TL
Elif SAATÇI : 25.000,00 TL
Zeynep MANAV : 25.000,00 TL

MDÇ Demir Çelik Ltd. Şti’s Board of Directors is given below and duty term is 10 year:
Director : Elif SAATÇI
Director : Zeynep MANAV

3. MANAGEMENT STRUCTURE OF İZMİR MÜHENDİSLİK A.Ş.

3.1. Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Surname</th>
<th>Profession</th>
<th>Duty</th>
<th>Duty Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mehmet MANAV</td>
<td></td>
<td>Mechanical Eng.</td>
<td>Chairman of the Board</td>
<td>3 years</td>
</tr>
<tr>
<td>Zeynep MANAV</td>
<td></td>
<td>Mechanical Eng.</td>
<td>Board Member</td>
<td>3 years</td>
</tr>
<tr>
<td>Elif Saatçì</td>
<td></td>
<td>Business Admin.</td>
<td>Consultant Board Member</td>
<td>3 years</td>
</tr>
</tbody>
</table>

Mehmet MANAV: Chairman of the Board
Born in Foça- İzmir in 1950, Mehmet MANAV graduated from İzmir Motor Sanat Enstitüsü in 1967 and started to work as a production technician in BMC Sanayi ve Ticaret A.Ş. While working as the second shift production technician, he started his college education in Ege University in 1968. He graduated from the university with a Mechanical Engineering Degree in 1974 and then, he completed his military service as mechanical workshop chief in Air Forces Supply and Maintenance Center in Kayseri. Between 1976-1980, he worked as maintenance and operation engineer in TEK Çatalağzı Zonguldak Thermal Power Plant and Soma MANİSA Thermal Power Plant respectively.
In 1980 he established his own machinery production and assembly business in 3rd Industrial Zone. He is the chairman of the Board for both İZMİR Mühendislik A.Ş. and MNV Turizm A.Ş. He is also the chief executive of İM Dış Ticaret Ltd. Şti. He continues to give his best to our group with his 50 years of industrial and 35 years of commercial experience.

Zeynep MANAV: Board Member
Our corporate group’s partner and board member Zeynep Manav graduated from METU in 2001 and awarded with Mechanical Engineering Degree. Besides being a partner and board member, she participates in customer relations, contracts, governance of production activities and last but not least determining company policies.
Elif (MANAV) SAATÇI: Consultant Board Member

Our corporate group’s partner and board member Elif Saatçı graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences in 1999 and awarded with BA Degree. In addition to being a partner and board member, she participates in management of financial activities, budget setting, analysis of production cost systems, Project proposals in lieu with encouragements and last but not least determining company policies.

3.2. Executive Board

<table>
<thead>
<tr>
<th>Name Surname</th>
<th>Profession</th>
<th>Duty</th>
<th>Duty Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ebru Akın Yunt</td>
<td>Industrial Engineer</td>
<td>President of Executive Board (Planning Man.)</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>Serap C.Haytaoğlu</td>
<td>Mechanical Engineer</td>
<td>Executive Board Member (Int. Man. Sys. Man.)</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>Devrim Erbaytan</td>
<td>Mechanical Engineer</td>
<td>Executive Board Member (Production Man.)</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>Basri Kınç</td>
<td>Mechanical Engineer</td>
<td>Executive Board Member (Project Man.)</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>Kaan Karacagün</td>
<td>Welding Engineer</td>
<td>Executive Board Member (Welding Coord.)</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>İmran Uçar</td>
<td>Mechanical Engineer</td>
<td>Executive Board Member (Engineering Chief)</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>Utku Gülbulak</td>
<td>Mechanical Engineer</td>
<td>Executive Board Member (Project Man.)</td>
<td>Indefinitely</td>
</tr>
</tbody>
</table>

Ebru AKIN YUNT (Planning Manager)
Graduated from Gazi University– Industrial Engineering (1990)
Participates in planning, establishment and governance of infrastructure for production and management.

Serap CENGİZ HAYTAOĞLU (Entegre Yönetim Sistemleri Md.)
Graduated from Uludağ University– Mechanical Engineering (1994)
Past experience; HAVATEK A.Ş. – QA Chief, TEKOM-PUK A.Ş – Quality Manager.
Participates in ASME Authorization and it compliance, quality assurance and control activities.

Devrim ERBAYTAN (Production Manager)
Graduated from Dokuz Eylül University-Mechanical Engineering (2000)
Participates in production and its preparations, method studies and workshop management.

Basri KINCI (Project Manager)
Graduated from Çukurova University-Mechanical Engineering (1980)
Past Experience; MERSİN-İZMİR Petkim – Mechanical Engineer, TOKAR A.Ş- Mechanical Engineer, PASİNER A.Ş - Mechanical Engineer, MEDUNION CONTAINERS A.Ş - Mechanical Engineer.
Participates in Project management, customer relations production management.

KAAN KARACAGÜN (Welding Coordinator)
Graduated from Sakarya University-Metal Teaching (2004).
Past experience; POLİSAC A.Ş. – Production Manager, Denizciler Dökümcülük A.Ş. - QC.
Participates in compliance of HSE and welded construction requirements and quality management systems.

İMRAN ÖZKAN (Engineering Chief)
Graduated from Süleyman Demirel University-Mechanical Engineering (2006)
Past Experience; YAKINDOĞU OTOMOTİV LTD.ŞTI. – Project Chief.
Participates in management of engineering activities and preparation of customer origin documents for production.

UTKU GÜLBULAK (Project Manager)
Graduated from METU-Mechanical Engineering (2014)
Participates in ASME Authorization Process, project management, outsource management and customer relations.

4. HISTORY

We think it would be appropriate to present a little bit history of our group since this annual activity report is the very first thorough prepared one.

Our group’s first generation entrepreneur partner, Mehmet Manav, started his commerce and industry activities in 1980. With the arrival of Münevver MANAV (1998), Elif (MANAV) SAATÇI (1999) and Zeynep MANAV (2001), our companies’ infrastructure flourished. Moreover, with the arrival of well educated, experienced and Professional team members, our company is stronger than ever and taking firming steps toward institutionalization.

Chronology of Commercial and Industrial Activities
1980 – Production and Assembly of Machinery started in a 100 m² workshop in 3rd Industrial Zone.
1983 – Turbo-Generators of TÜPRAŞ Aliaga Facility were taken into operation.
1980 – 1994 production and assembly works were conducted for companies like ASMAŞ, İPRAGAZ, etc.
1994 – Start-up of Koyundere-MENEMEN workshop.
1998 – İZMİR Mühendislik Ltd. Şti. was established.
1994 – 2008 machinery and equipment were produced for companies like İDÇ, HABAŞ, FLS etc.
2004 – Aliaga Organized Industrial Zone facility(10,000 m²) investment is started.
2005 – MDÇ Demir Çelik Ltd. Şti. was established.
2005 – First direct export is realized
2008 – Aliaga Organized Industrial Zone facility investment is completed.
2011 – İM Diş Ticaret Ltd. Şti. was established.
2012 – Aliaga Organized Industrial Zone additional facility(9,999 m²) investment is started.
2013 – İZMİR Mühendislik Ltd. Şti. converted to incorporated company.
2014 – MNV Turizm A.Ş. was established out of İZMİR Mühendislik A.Ş. by partial demerger.
2014 – İZMİR Mühendislik A.Ş., by acquiring most of the shares of İM Diş Ticaret Ltd. Şti. and MDÇ Demir Çelik Ltd. Şti established İZMİR MÜHENDİSLİK Corporate Group.
2014 – Investment of HAMPTON by HILTON Aliaga- İZMİR by MNV Turizm A.Ş. started.
5. ACTIVITIES

5.1. Vision, Mission and Our Values

İZMİR MÜHENDİSLİK’s vision, mission, strategically position and HSE policy are stated below.

Our Vision;
“To become most preferred company in our field of activity; by all parties we cooperate; from our employees to our customers, and continuous development to meet the demands and needs of our customers, and offer the specific services required by the orders and projects.”

Our Mission;
“Being the biggest company in its industrial field in Aliaga Industry Zone, İZMİR MÜHENDİSLİK is targeting to make production appropriate with its strategic position, budgeting the revenue for an operational profit amount which will be no less than 1.5 times of the annual finance cost of the company for three years.

Our Strategically Position;
“İZMİR MÜHENDİSLİK strategically aims to serve in-state mining companies, companies based on Northeastern Europe and America, that order cement equipment (specially FLSmidth), petroleum-gas industry in Aliaga Region and last but not least investments in Aegean Region in energy industry. Moreover, İZMİR MÜHENDİSLİK plans to supply plate works (bunker, silo, duct, cyclone, stack), pipe spool-skid, air heater, heat exchanger, underground consumables and to offer newly developed EPCM service(engineering, procurement, contracting, management)”

Our HSE Policy;
İZMİR MÜHENDİSLİK not only expects but also supports the full participation of its employees for improvement of Health, Safety and Environment. All of its employees are responsible of maintaining HSE, preservation of nature, providing the energy efficiency and recycling the waste not to cause any harm to nature.

5.2. Field of Activity

İZMİR MÜHENDİSLİK; is giving service in Project, Engineering, Procurement, Industrial Plant Assembling, Machinery and Equipment Production and Installation. Our production and service field, aiming various industrial plants from infrastructure to start-up due to the orders and projects, covers a wide area. What makes us special is our ability to produce fast, rational and permanent solutions for the problems of the industrial plants from initial design to start-up and during the whole operation process.

5.2.1. Activities of Production of Machinery and Industrial Equipment

In 2014 70% of our overall machinery and industrial equipment production was exported to foreign countries through our main customer FLS.

Remaining 20% of production was done for the local customers in Aliaga OSB and lastly 10% was done for the mining companies.

Being certified by ASME in 2015 will result in high added value orders hence higher profitability.
5.2.2. Activities in Lodging and Tourism

Hotel investment started by MNV Turizm A.Ş is the milestone for our group as we first entered and were introduced to lodging and tourism industry.

Even though, this line of business is new to us, HILTON, which we reached an agreement for franchise, directs every phase of investment process.

Management process will be conducted by a liaison management consulting firm which is approved by HILTON.

HILTON will be in every part of management process thoroughly by its directives, advices and audits.

Hotel will be open in first half of 2016 and due to the increased rate of investment in the region a high occupancy rate hence high profitability are expected.

5.3. Information about Our Workshop

Being Aegean Region’s 3rd largest enterprise in its own sector, our workshop is at the center of the developing investment Bakırçay Region.

Information about our workshop is given below;

**Production Capacity:**
- Mechanical Equipment Production: 1.200 ton/year
- Plate work Production: 3.600 ton/year

**Production Areas:**
- Total Land Area: 20.000 m²
- Craned Area: 12.000 m²
- Closed Production Area: 8.000 m²
- Administrative and Spare Time Area: 2.800 m²

**Crane Capacity:**
- Total Number of Cranes: 21 pcs.
- Max. Elevation Height: 15 mt
- Middle Elevation Height: 9 mt
- Max. Elevation Capacity: 35 ton
- Total Elevation Capacity: 180 ton

**Cutting, bending, rolling and Sand Blasting Capacity:**
- CNC Cutting Machine: 260 Amps. and 130 Amp., 2 pcs.
- Rolling Machine: 3.000 x 30 mm and 2.000 x 8 mm four ball, 2 pcs.
- Press Brake: 4.000 x 8 mm, 300 ton
- Dressing Press: 300 ton, 2 pcs.
- Automated Sand Blasting Line: Dia. 4.200 mm, 11 turbine
- Manuel Sand Blasting: 14.000 x 7.000 x7.000 mm
- Welding Machines: 86 pcs., SAW, GTAW, GMAW, SMAW
6. INVESTMENT PROJECTS

6.1. HAMPTON by HILTON Aliaga/İZMİR Hotel Investment Project:

MNV Turizm A.Ş is accomplishing the Hotel investment on its own land addressed in Yalı Mahallesi 130 sok. No:10 Aliaga-İZMİR.

Detailed information regarding hotel investment is given in 2nd chapter of this annual report. On going Hotel investment is being done within the scope of Turkish Republic Ministry of Economy General Directorate of Incentive Practices and Foreign Capital. 25% of the total Investment is funded by equity, and 75% of the total Investment is funded by the long term loan from Halkbank.

6.2. Workshop Extension in Aliaga OSB with Craned Open Area Investment Project

It is decided to make an extension to our current workshop considering the upcoming investment opportunities in our Region. Upon the completion of the new investment on 2nd land is finished, our production capacity will increase by 50% and our efficiency will increase by 20%.

Investment value of 3.132 m² workshop and 5.600 m² of open craned area is estimated as 2.500.000 TL. 1.064.000 TL of total investment value was already realized in 2014 in order to debottleneck.

This investment is within the scope of Turkish Republic Ministry of Economy General Directorate of Incentive Practices and Foreign Capital, and the investment is going to be funded by long term loans.

Board of Aliaga OSB has planned to establish a small industrial zone right across our workshop and provided the required approvals, hence, the area which our workshop lays will become a commerce and service center. The value of our workshop will be increased by multiplies in the light of recent events.
7. FINANCIAL SITUATION

7.1. Capital Structure

Total capital of our group is 18,850,000.00 TL and 17,375,350.00 TL of this was already paid as of 31.12.2014.

To provide equity for hotel investment it is planned to raise the capital of MNV Turizm A.Ş. up to 8,000,000 TL by the first half of 2015.

Total capital of our group is going to be raised up to 22,850,000.00 TL, and the total paid capital is going to be raised up to 19,850,000.00 TL by the first half of 2015.

Detailed information about İZMİR Mühendislik A.Ş Parent Company and Subsidiaries is presented in financial tables in this annual report.

7.2. Registered and Market Value of Corporate Group Assets

<table>
<thead>
<tr>
<th>Company</th>
<th>Asset Description</th>
<th>Residual Cost (TL)</th>
<th>Market Value (TL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>İZMİR Mühendislik A.Ş.</td>
<td>Aliağ Ra O.S.B. First Workshop</td>
<td>8,077,600</td>
<td>9,500,000</td>
</tr>
<tr>
<td></td>
<td>Aliağ Ra O.S.B. Second Workshop</td>
<td>2,591,761</td>
<td>2,950,000</td>
</tr>
<tr>
<td></td>
<td>Investment Property</td>
<td>3,890,300</td>
<td>5,250,000</td>
</tr>
<tr>
<td></td>
<td>Machinery and Equipment</td>
<td>3,099,500</td>
<td>3,500,000</td>
</tr>
<tr>
<td></td>
<td>Vehicles</td>
<td>388,244</td>
<td>500,000</td>
</tr>
<tr>
<td></td>
<td>Intangible Fixed Assets</td>
<td>370,869</td>
<td>1,500,000</td>
</tr>
<tr>
<td></td>
<td>İzmir Müh. A.Ş. Total</td>
<td>18,418,274</td>
<td>23,200,000</td>
</tr>
<tr>
<td>MNV Turizm A.Ş.</td>
<td>Hotel Land Estate</td>
<td>2,029,800</td>
<td>4,800,000</td>
</tr>
<tr>
<td></td>
<td>Hotel Construction Progression Value</td>
<td>1,716,000</td>
<td>1,716,000</td>
</tr>
<tr>
<td></td>
<td>MNV A.Ş. Total</td>
<td>3,745,800</td>
<td>6,516,000</td>
</tr>
<tr>
<td>MDÇ Demir Çelik Ltd.Şti.</td>
<td>Vehicles</td>
<td>148,188</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>Machinery and Equipment</td>
<td>480,000</td>
<td>520,000</td>
</tr>
<tr>
<td></td>
<td>MDÇ Ltd.Şti. Total</td>
<td>628,188</td>
<td>670,000</td>
</tr>
<tr>
<td>İM Dış Ticaret Ltd.Şti.</td>
<td>Vehicles</td>
<td>84,351</td>
<td>95,000</td>
</tr>
<tr>
<td>Corporate Group Assets Total</td>
<td></td>
<td>22,876,613</td>
<td>30,481,000</td>
</tr>
</tbody>
</table>

(*) : Market value is estimated by an appraisal company which was chosen by Halkbank
(**) : Advance payment regarding first progression payment by Halkbank

7.3. Annual Sales and Profitability Ratios

In 2014, our management was trying to organize the efforts for institutionalization, standardization and ASME authorization on one hand, put emphasis on the establishment of MNV Turizm A.Ş. and realization and improvements of the hotel and second land investments on the other.

Our executives acted very selective on the order getting processes for our main business, production of machinery and industrial equipment, and real emphasis was put on orders with high added values. Even though our sales dropped in 2014 comparing with the previous year, our profitability ratio came out higher.
Principal ratios of İZMİR MÜHENDİSLİK Corporate Group are listed below;

<table>
<thead>
<tr>
<th>NAME OF RATIO</th>
<th>FORMULA</th>
<th>IDEAL RATIO</th>
<th>PREVIOUS PERIOD</th>
<th>CURRENT PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIQUIDITY RATIOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CURRENT RATIO</td>
<td>CURRENT ASSET / STL</td>
<td>2.00</td>
<td>1.26</td>
<td>2.14</td>
</tr>
<tr>
<td>LIQUIDITY (ACID-TEST)</td>
<td>(CURRENT ASSET - STOCK) / STL</td>
<td>1.00</td>
<td>0.58</td>
<td>1.59</td>
</tr>
<tr>
<td>CASH RATIO</td>
<td>(CURRENT ASSET - (STOCK + RECEIVABLES)) / STL</td>
<td>0.10</td>
<td>0.64</td>
<td>1.37</td>
</tr>
<tr>
<td>FINANCIAL STRUCTURE RATIOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEVERAGE RATIO</td>
<td>(STL+ LTL) / TOTAL ASSETS</td>
<td>0.50</td>
<td>1.07</td>
<td>1.41</td>
</tr>
<tr>
<td>EFFECTIVE FINANCING RATE</td>
<td>EQUITY / (STL + LTL)</td>
<td>1.00</td>
<td>0.68</td>
<td>0.42</td>
</tr>
<tr>
<td></td>
<td>EQUITY / TOTAL ASSETS</td>
<td>0.50</td>
<td>0.81</td>
<td>0.59</td>
</tr>
<tr>
<td></td>
<td>REAL ASSET / EQUITY</td>
<td>0.65</td>
<td>0.65</td>
<td>0.56</td>
</tr>
<tr>
<td>PROFITABILITY ANALYSIS RATIOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUSINESS PROFIT RATIO</td>
<td>BUSINESS PROFIT / NET SALES</td>
<td>Sector-Specific</td>
<td>0.05</td>
<td>0.09</td>
</tr>
<tr>
<td>SALES PROFIT ORANI</td>
<td>NET PERIOD INCOME / NET SALES</td>
<td>Sector-Specific</td>
<td>0.01</td>
<td>0.02</td>
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7.4. Decision to Sell Real and Land Estates Other Than Our Main Line of Business

Board decided to sell all real and land estates other than workshop and hotel land estates to reinforce our financial structure or put the necessary ones on leasing. Value of the real and land estates decided to be sold or leased, whose are out of our main work area, is estimated as 5.250.000 TL.

8. RISK MANAGEMENT

8.1. Our Scope of Risk Management

Board is responsible of deciding and monitoring the scope of risk management of our group. Our Group’s risk management policies are established with the aim of determining and analyzing the risks to be faced, specifying the risk limits, setting up the control mechanism and monitoring the risks standing within the limits.

Our risk management policies are reviewed on a regular basis to reflect the changes in our group operations and market conditions.

8.2. Capital Risk Management

Our group’s target in managing the capital is providing benefit to its partners, every shareholder and possible investors, and to preserve the operationality and sustainability of the company by minimizing the capital cost and maintaining the most suitable capital structure. Our group plans to pay assumed capital for MNV Turizm A.Ş. in first quarter of 2015 with the income from selling of real and land estates, which have been bought for investment purposes, and, increasing the total capital up to 8.000.000 TL in third quarter of 2015. Hence, we aim to strengthen our capital structure and minimize the capital risk.

8.3. Market and Rate Risk Management

To control the currency and interest rates and other market price risks related with our operation, derivative instruments are also used. These instruments consist of dated forex contracts and interest rate exchange contracts. To avoid practical risk of buying raw material in USD, USD/EURO forward transactions are made.
8.4. Interest Rate Risk Management

To avoid interest rate risks, long period dated investment and enterprise loans are used. For maintaining enterprise capital, low interest rated EXIMBANK loans are used by using the advantage of being an exporting company. Revolving and spot loans are used for balancing revenue-pay ratio.

8.5. Loan Risk Management

MNV Turizm A.Ş.’s hotel investment is funded with mid and long run dated Project and investment loan by Halkbank, of 6.000.000 EURO, with 5% constant interest rate to be paid in 10 years with no payment at the first 2 years.

With the issuance of this loan, whole amount is divided in three and deposited in dated accounts mostly in USD.

90% of this loan which would be used for the progress payments was deposited in MNV Turizm A.Ş. accounts as of 31/12/2014, and the dated account status is as follows;

- TL weekly dated : 2.495.440, 99 TL
- EURO monthly dated : 1.192.606, 26 EURO
- USD monthly dated : 4.105.929, 47 USD

9. HUMAN RESOURCES POLICY

Our group considers the human resources as one of the high priority asset to carry our companies to the future. All human resources process and applications are in compliance with the human rights and in supporting way. While choosing our employees, our candidates have never been subjected to any kind of discrimination due to their ethnicity, nationality, disability, political or religious believes, age and sexuality. And, all of our human resources applications are based on fairness, consistency and reliability.

The participation of the employees in the process and proper communication are vital to facilitate development and progress effectively and achieve the company targets. New targets, new products and new industrial sectors require new set of talents and technical abilities. Continuous improvements of our employees and gaining the ability of effective use of their trainings will help our company to grow up and take more important position in the industry.

10. HEALTH, SAFETY AND ENVIRONMENT POLICY

While conducting our work our Safety and Environment (HSE) Policy is;

- To ensure that all employees and contractors are working in the highest standards of health & safety in our work activities
- To minimize the environmental impact of our facilities
- To use the best available techniques to reduce the consumption of natural resources and the generation of waste and emissions of our activities
- To ensure the participation of our employees, suppliers and partners in our continuous improvement process
- To meet the environmental regulations requirements and to satisfy our customers expectation
In this sense, hotel building of MNV Turizm is being constructed to achieve LEED certificate and green star certificate.

Moreover, 100 palm trees were donated to Aliağa Municipality to support the landscaping of Aliağa Small Industrial Site.

11. CORPORATE MANAGEMENT PHILOSOPHY

Being a company giving service within the international business standards, it was unavoidable for our company to carry the four main principles of corporate governance, “Fairness, transparency, accountability, responsibility”, to its operations for long run success and efficiency.

Our company executives, who embraced these main principles of corporate governance, will continue to protect the rights of our shareholders.

12. CORPORATE SOCIAL RESPONSIBILITY

The number of female employees at the decision making positions of our corporate group is higher than the overall country average as a result of our employment policy. Also, our need for helper is filled with the people who has no profession, and with the continuous vocational training these people are being tried to have a profession.

13. OUR GLANCE TOWARD FUTURE

Taken strategic decisions and necessary actions in accordance with our vision of “To become most preferred company in our field of activity; by all parties we cooperate; from our employees to our customers” made us the strongest group, working in machine and industrial equipment, lodging and tourism industry, in the Bakırçay Region.

Day by day we are continuing to create competitive superiority and strengthen our position in the market, and to expand our field of global operation. With the investments we are doing towards institutionalization, in quality systems and our production line in machinery and industrial equipment, lodging and tourism industry, our future is brighter than ever.

Mehmet Manav  
Chairman of the Board
IZMİR Mühendislik A.Ş.

Zeynep Manav  
Board Member
IZMİR Mühendislik A.Ş.

Elif Saatçi  
Board Member
IZMİR Mühendislik A.Ş.