

Compliance Report based on

AAOIFI Shariah Mandate (Q3-2011)



Borusan Mannesmann Boru San. ve Tic. AS (BRSAN TR)

Description

Borusan Mannesmann Boru Sanayi ve Ticaret AS (Borusan Mannesmann) is a Turkey-based manufacturer of pipes and tubes. It produces a range of products; such as water pipes, hollow sections, oil and water well pipes, line pipes, pressure tubes, mother tubes, precision tubes and protective coatings. It also manufactures concrete pump pipes, oil pipes, and sprinkler pipes. While providing products for various fields including energy, construction, automotive, installation, white goods and furniture; Borusan Mannesmann also takes place in national and international projects. It has five manufacturing facilities, four in Turkey's Halkali, Gemlik, Izmit and Gebze-Cayirova regions and one in Italy, with a combined production capacity of one million tons per year. The Company exports to America, Europe, and Asia. Borusan Mannesmann is part of the Borusan Group.

Company Status

IdealRatings analysts have issued a report regarding the company:

Name:	Borusan Mannesmann Boru San. ve Tic. AS	Core Business Activity:	Industrial Machinery
Ticker:	BRSAN TR	Exchange:	Istanbul Stock Exchange
ISIN:	TRABRSAN91G8	Compliance Status:	Not Shariah-compliant
Country:	Turkey		

IdealRatings reviewed the most recent financial statement (Q3-2011) for Borusan Mannesmann Boru San. ve Tic. AS.

This report has been prepared to determine the Shariah compliance status of the company based on the AAOIFI Shariah mandate.

Business Screening:

The status of the company from a business activity is as follows:

Based on the business of the company the core business is in the Iron and Steel Mills, Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance, Other Metalworking Machinery Manufacturing, Plastics Pipe and Pipe Fitting Manufacturing.

Based on the most recent available financial statement of the company 2011 Q3 the non permissible revenue including interest income is less than 5%

	Threshold	Company	Compliance
Non-permissible Income	5%	Less 5%	PASS

Financial Screening:

By referring to the 2011 Q3 Financial statement , the company has Total debt of 24.28% from Trailing 12 Months Market Capitalization (Daily) as loans from banks containing amount of interest free loans (shariah debt) 1.88% .

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. ve Bağlı Ortaklıkları			
30 Eylül 2011 Tarihi İtibariyle Konsolide Bilanço			
(Birim – Tutarlar aksi belirtilmedikçe Türk Lirası ("TL") olarak ifade edilmiştir.)			
		Bağımsız İncelemeden Geçmemiş	Bağımsız Denetimden Geçmiş
KAYNAKLAR	Not	30 Eylül 2011	31 Aralık 2010
Kısa Vadeli Yükümlülükler		589,972,766	375,998,571
Finansal Borçlar	8	68,448,286	20,947,269
Ticari Borçlar	10	452,862,440	330,294,321
- İlişkili Taraflara Borçlar	37	8,348,359	9,959,878
- Diğer Ticari Borçlar	10	444,514,081	320,334,443
Diğer Borçlar	11	53,770,859	9,680,154
- İlişkili Taraflara Diğer Borçlar	37	38,993,623	2,414,339
- Diğer Borçlar	11	14,777,236	7,265,815
Dönem Karı Vergi Yükümlülüğü	35	342,242	186,544
Diğer Kısa Vadeli Yükümlülükler	26	14,548,939	14,321,481
		589,972,766	375,429,769
Satış Amacıyla Elde Tutulan Duran Varlıklara İlişkin Yükümlülükler	34	-	568,802
Uzun Vadeli Yükümlülükler		170,394,882	137,023,119
Finansal Borçlar	8	92,095,888	84,341,026
Çalışanlara Sağlanan Faydalara İlişkin Karşılıklar	24	19,633,938	18,128,101
Ertelenen Vergi Yükümlülüğü	35	58,665,056	34,553,992
ÖZSERMAYE		641,463,676	489,665,219

Addition to 63.25% from Trailing 12 Months Market Capitalization (Daily) as interest based payables, to sum Total debt – interest based as 87.53%.

10. TİCARİ ALACAK VE BORÇLAR (devamı)

b) Ticari Borçlar

	30 Eylül 2011	31 Aralık 2010
Ticari borçlar	444,514,081	320,334,443
İlişkili taraflara borçlar (Not 37)	8,348,359	9,959,878
	452,862,440	330,294,321

Ticari borçların 132,979,074 TL tutarındaki kısmı (72,063,661 ABD \$) faiz içermekte olup ağırlıklı ortalama faiz oranı ABD\$ için % 3.06 ve ortalama vadeleri 120 gündür (31 Aralık 2010: 25,787,714 ABD \$ ve 685,518 Euro olup ABD \$ için % 2,15, Euro için % 2,96 ve ortalama vadeleri 120 gündür). Ticari borçların 260,832,196 TL (135,306,203 ABD \$ ve 4,432,803 Euro) tutarındaki kısmına uygulanan ağırlıklı ortalama faiz oranı ise % 2,17 ve % 2,52 olup ortalama vadesi 180 - 360 gündür (31 Aralık 2010: 155.889.569 ABD \$ ve faiz oranı % 2,33, ortalama vadesi 180 - 360 gün).

Ticari borçlardaki risklerin niteliği ve düzeyine ilişkin açıklamalar Not 38'de verilmiştir.

Also:

37. İLİŞKİLİ TARAF AÇIKLAMALARI (devamı)

a) İlişkili Taraflardan Alacaklar ve Borçlar (devamı)

	30 Eylül 2011	31 Aralık 2010
<u>Diğer Alacaklar</u>		
Borusan Lojistik (*)	15,500,520	26,745,800
	15,500,520	26,745,800

(*) 24 Aralık 2010 tarihinde satılan arsa ile ilgili alacaktır. Bu alacağın vadesi Ekim 2011 tarihi olup faize konu edilmemektedir. Bu alacak karşılığı herhangi bir teminat bulunmamaktadır.

	30 Eylül 2011	31 Aralık 2010
<u>Diğer Borçlar</u>		
Ortaklara borçlar	61,396	61,396
İstikbal (*)	36,906,000	-
Borusan Mannesmann Boru Yatırım Holding A.Ş. (BMBYH)	2,026,227	2,352,943
	38,993,623	2,414,339

(*) 30 Eylül 2011 itibariyle İstikbal üzerinden birebir devir alınan kredinin ABD \$ faiz oranı % 0,85 olup vadesi 6 aydan kısadır (2010: Birebir devir kredisi bulunmamaktadır.)

According to the most recent financial statement (2011 Q3), the financial ratios with respect to the AAOIFI Shariah mandate for the company are as follows:

	Threshold	Company	Compliance
Interest-bearing Investments	30%	6.52%	PASS
Interest-bearing Debts	30%	87.53%	FAIL
Liquidity	67%	12.71%	PASS
Share Type (Pref/Common)	Common share	Common share	PASS

Compliance Status:

Based on the available information and the above figures according to the AAOIFI Shariah mandate, Borusan Mannesmann Boru San. ve Tic. AS is to be considered **Non-Shariah-compliant**.





Disclosures

This research is for our clients only. This research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The research reports are published at irregular intervals based on clients' request or as appropriate in our analysts' judgment.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction especially where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Copyright 2011 IdealRatings, Inc. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of IdealRatings, Inc.