İZMİR DEMİR ÇELİK SANAYİ A.Ş.

CONVENIENCE TRANSLATION TO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015 WITH INDEPENDENT AUDITOR'S REPORT

(Originally Issued in Turkish)

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Akis Bağımsız Denetim ve
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Convenience Translation of the Independent Auditors' Report

Originally Prepared and Issued in Turkish to English

To the Board of Directors of İzmir Demir Çelik Sanayi Anonim Şirketi,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of İzmir Demir Çelik Sanayi Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss, consolidated other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards.

Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") no. 6102; Auditors' Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 2 March 2016.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2015, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Akis Bağimsiz Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
A member of KPMG International Cooperative

İsmail Önder Ünal, SMMM
Partner
2 March 2016
İzmir, TÜRKİYE

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2015

(Amounts expressed in TL)

ASSETS	Note	*Audited* Current period 31.12.2015	*Audited* Prior period 31.12.2014
Current Assets			
Cash and Cash Equivalents	7	223,404,104	101,803,157
Trade Receivables		239,964,802	163,560,858
Due from related parties	*6*	*5,393,377*	*74,952*
Other trade receivables	*9*	*234,571,425*	*163,485,906*
Other Receivables		2,217,170	39,030,945
Due from related parties	*6*	-	*37,891,021*
Due from other	*11*	*2,217,170*	*1,139,924*
Derivative Instruments	48	269,459	1,292,740
Inventories	12	232,736,371	249,288,933
Prepaid Expenses	14	10,910,866	14,459,959
Other Current Assets	31	3,042,818	24,319,722
TOTAL CURRENT ASSETS		**712,545,590**	**593,756,314**
Non-Current Assets			
Financial Investments	8	858,859	672,543
Other Receivables		5,168,534	4,800,258
Other receivables	*11*	*5,168,534*	*4,800,258*
Investment Properties	15	46,034,000	46,034,000
Property, Plant and Equipment	16	1,205,050,675	1,253,772,188
Intangible Assets	19	1,082,710	1,117,967
Prepaid Expenses	14	676,463	2,903,976
Deferred Tax Assets	42	114,166,407	67,323,779
TOTAL NON-CURRENT ASSETS		**1,373,037,648**	**1,376,624,711**
TOTAL ASSETS		**2,085,583,238**	**1,970,381,025**
LIABILITIES			
Current Liabilities			
Short-term Borrowings	49	486,303,288	462,060,505
Short-term Portion of Long-term Borrowings	49	160,247,827	98,815,991
Trade Payables		383,439,175	326,484,403
Due to related parties	*6*	*877,658*	*1,582,951*
Other trade payables	*9*	*382,561,517*	*324,901,452*
Payables for Employee Benefits	29	8,110,967	9,134,013
Other Payables		1,651,543	299,956
Other payables	*11*	1,651,543	*299,956*
Derivative Instruments	48	1,055,175	249,761
Current Income Tax Liability	42	512,531	7,630,401
Short-term Provisions		*45,972*	2,929,505
Other short term provisions	*27*	45,972	*2,929,505*
Other Current Liabilities	31	28,237,329	18,032,624
TOTAL CURRENT LIABILITIES		**1,069,603,807**	**925,637,159**
Non-current Liabilities			
Long-term Borrowings	49	692,697,239	519,138,770
Long-term Provisions		14,961,513	13,269,408
Long term provisions related to employee benefits	*29*	*14,961,513*	*13,269,408*
Deferred Tax Liabilities	42	42,151,630	42,667,726
TOTAL NON- CURRENT LIABILITIES		**749,810,382**	**575,075,904**
EQUITY			
Equity Attributable to Owners of the Company		**246,830,015**	**430,047,730**
Paid-in Capital	32	375,000,000	375,000,000
Adjustment on Capital	32	22,763,962	22,763,962
Other Accumulated Comprehensive Income/ Expense not to be Reclassified Through Profit or Loss		187,375,198	189,592,564
Gain/ loss on revaluation and remeasurement	*32*	*187,375,198*	*189,592,564*
Legal Reserves	32	25,832,374	25,832,374
Retained Earnings/(Losses)		(181,076,817)	(149,559,699)
Net Profit/(Loss) for the Period		(183,064,702)	(33,581,471)
Non-controlling Interests	32	**19,339,034**	**39,620,232**
TOTAL EQUITY		**266,169,049**	**469,667,962**
TOTAL LIABILITIES		**2,085,583,238**	**1,970,381,025**

The accompanying notes are an integral part of these consolidated financial statements.

(Amounts expressed in TL)

	Note	*Audited* Current Period 01.01 - 31.12.2015	*Audited* Prior Period 01.01 - 31.12.2014
PROFIT OR LOSS			
Revenue	33	2,076,349,851	2,134,903,288
Cost of Sales (-)	33	(1,964,203,216)	(2,067,782,419)
GROSS PROFIT/(LOSS)		**112,146,635**	**67,120,869**
General Administrative Expenses (-)	35	(20,816,590)	(20,729,671)
Marketing Expenses (-)	35	(13,287,110)	(13,281,675)
Other Income from Operating Activities	36	27,409,135	52,277,285
Other Expenses from Operating Activities(-)	36	(54,057,157)	(39,551,629)
OPERATING PROFIT/(LOSS)		**51,394,913**	**45,835,179**
Income from Investing Activities	37	1,153,104	18,358,812
Expenses from Investing Activities (-)	37	(14,678,789)	(2,797,954)
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSE		**37,869,228**	**61,396,037**
Finance Income	39	55,312,559	209,716,829
Finance Expenses (-)	39	(342,524,286)	(305,487,359)
OPERATING PROFIT/(LOSS) BEFORE TAX		**(249,342,499)**	**(34,374,493)**
Tax Income/(Expense)		**45,979,070**	**8,560,737**
Tax Expense	42	(1,345,783)	(15,678,048)
Deferred Tax Income /(expense)	42	47,324,853	24,238,785
PROFIT/(LOSS) FOR THE PERIOD		**(203,363,429)**	**(25,813,756)**
Profit/(Loss) Attributable to			
Non-controlling Interests		(20,298,727)	7,767,715
Owners of the Company		(183,064,702)	(33,581,471)
Diluted Profit/(Losses) Per Share	43	(0.4881)	(0.0896)

The accompanying notes are an integral part of these consolidated financial statements.

(Amounts expressed in TL)	*Audited*	*Audited*
	Current Period 01.01 - 31.12.2015	**Prior Period 01.01 - 31.12.2014**
LOSS FOR THE PERIOD	**(25,813,756)**	**(25,813,756)**
OTHER COMPREHENSIVE INCOME		
Items not be reclassified through profit or loss		
Actuarial Gain/(Losses) on Employee Benefits	(629,712)	(629,712)
Taxes Over Other Comprehensive Income/ Expenses not to be Reclassified Through Profit or Loss	125,942	125,942
Tax Income/(Expense)	-	-
Deferred Tax Income/(Expense)	*125,942*	*125,942*
OTHER COMPREHENSIVE INCOME/(LOSS)	**(503,770)**	**(503,770)**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(26,317,526)**	**(26,317,526)**
Attributable to	**(26,317,526)**	**(26,317,526)**
Non-controlling Interests	7,746,936	7,746,936
Owners of the Company	(34,064,462)	(34,064,462)

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY 2015 - 31 DECEMBER 2015

(Amounts expressed in TL)

				Accumulated Other Comprehensive Income/Expense that will not be Reclassified through Profit or Loss		Accumulated Profit/Loss				
	Note	**Paid-in Capital**	**Adjustment on Capital**	**Gain/ (Loss) on Revaluation and Re-measurement**	**Legal Reserves**	**Retained Earnings / (Losses)**	**Net Profit / (Loss) for the Period**	**Equity Attributable to Owners of the Company**	**Non-controlling Interests**	**Total Equity**
PRIOR PERIOD										
Balance at 1 January 2014 (Beginning of the period)		**375,000,000**	**22,763,962**	**196,933,723**	**25,832,374**	**(33,513,766)**	**(118,161,434)**	**468,854,859**	**27,130,629**	**495,985,488**
Transfer to retained earnings		-	-	(66,269)	-	(118,095,165)	118,161,434	-	-	-
Depreciation transfer		-	-	(2,049,232)	-	2,049,232	-	-	-	-
Fixed asset transfer to subsidiary	32	-	-	(4,742,667)	-	-	-	(4,742,667)	4,742,667	-
Actuarial losses on employee severance indemnity		-	-	(482,991)	-	-	-	(482,991)	(20,779)	(503,770)
Net loss for the period		-	-	-	-	-	(33,581,471)	(33,581,471)	7,767,715	(25,813,756)
Balance at 31 December 2014 (End of the period)		**375,000,000**	**22,763,962**	**189,592,564**	**25,832,374**	**(149,559,699)**	**(33,581,471)**	**430,047,730**	**39,620,232**	**469,667,962**
CURRENT PERIOD										
Balance at 1 January 2015 (Beginning of the period)	**32**	**375,000,000**	**22,763,962**	**189,592,564**	**25,832,374**	**(149,559,699)**	**(33,581,471)**	**430,047,730**	**39,620,232**	**469,667,962**
Transfer to retained earnings		-	-	-	-	(33,581,471)	33,581,471	-	-	-
Depreciation transfer		-	-	(2,068,444)	-	2,068,444	-	-	-	-
Actuarial losses on employee severance indemnity		-	-	(153,013)	-	-	-	(153,013)	17,529	(135,484)
Derecognition of fixed asset		-	-	4,091	-	(4,091)	-	-	-	-
Net profit/(loss) for the period		-	-	-	-	-	(183,064,702)	(183,064,702)	(20,298,727)	(203,363,429)
Balance at 31 December 2015 (End of the period)	**32**	**375,000,000**	**22,763,962**	**187,375,198**	**25,832,374**	**(181,076,817)**	**(183,064,702)**	**246,830,015**	**19,339,034**	**266,169,049**

The accompanying notes are an integral part of these consolidated financial statements.

İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2015
(Amounts expressed in TL)

	Notes	*Audited* Current Period 01.01 - 31.12.2015	*Audited* Prior Period 01.01 - 31.12.2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		**142,118,411**	**53,238,386**
Net loss for the period		(203,363,429)	(25,813,756)
Adjustments for net loss for the period reconciliation		**310,337,528**	**139,435,152**
Adjustments for depreciation and amortization	30,36	85,764,850	67,503,997
Adjustments for provision for impairment on inventories	12,37	(1,595,399)	8,390,995
Adjustments for provision for employee severance indemnity and vacation pay liability	29	3,149,354	3,472,236
Adjustments for interest income and expenses	36,39	50,446,919	26,609,889
Unrealized foreign exchange loss		211,185,190	56,879,839
Adjustments to (gain)/loss on fair value of financial instruments	37	7,353,909	(14,680,586)
Adjustments for tax expense	42	(45,979,070)	(8,560,737)
Adjustments for (gain)/loss on disposal of tangible assets	37,16,19	11,775	(180,481)
Changes in working capital		**38,399,188**	**(47,700,351)**
Adjustments for decrease in inventories		27,430,172	91,766,894
Adjustments for (increase)/decrease in trade receivables		(75,398,971)	15,630,129
Adjustments for increase in other receivables		(1,445,521)	(4,854,627)
Adjustments for increase/(decrease) in trade payables		61,950,796	(141,427,844)
Adjustments for increase/(decrease) in other payables		1,373,822	(3,094,826)
Adjustments for increase/(decrease) in working capital		24,488,890	(5,720,077)
Net cash provided by operating activities		**145,373,287**	**65,921,045**
Taxes paid		(1,628,272)	(9,832,273)
Employee termination benefits paid	29	(1,626,604)	(2,850,386)
B. CASH FLOW USED IN INVESTING ACTIVITIES		**(13,922,658)**	**(108,999,908)**
Cash inflows by disposal of tangible and intangible assets		295,984	4,662,749
Cash outflows by acquisition of tangible and intangible assets	16,19	(46,584,448)	(74,143,623)
Cash inflows/(outflows) from shareholders	6	37,891,021	(37,891,021)
Cash outflows on derivative instruments		(18,194,278)	(30,372,791)
Cash inflows on derivative instruments		12,669,063	28,744,778
C. NET CASH USED FOR FINANCING ACTIVITIES		**(6,594,806)**	**(207,743,664)**
Cash inflows from loans and borrowings		883,178,517	1,286,872,079
Cash outflows by repayment of loans and borrowings		(845,208,844)	(1,466,687,001)
Interest received		5,007,116	8,468,585
Interest paid		(49,571,595)	(36,397,327)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**121,600,947**	**(263,505,186)**
D. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**7**	**101,803,157**	**365,308,343**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)	**7**	**223,404,104**	**101,803,157**

The accompanying notes are an integral part of these consolidated financial statements

1. ORGANIZATION AND NATURE OF BUSINESS

İzmir Demir Çelik Sanayi A.Ş ("the Company") was established in 1975 to produce long steel products for domestic and international markets. Modern bar rolling mill and steel melt shop was commissioned in 1983 and 1987 respectively. Production is carried out in Aliağa heavy industrial zone at a plant located over 500,000 m² areas. The Company and its subsidiaries are engaged in production, sales, marketing, transportation of iron and steel, port services, ship operations and production, distribution and trading of energy. The registered address of İzmir Demir Çelik Sanayi A.Ş. is Şair Eşref Bulvarı No: 23, 35210 in İzmir.

Subsidiaries included in the accompanying consolidated financial statements are as follows.

Company Name	Operating Activities	31 December 2015 Shareholding rate	31 December 2014 Shareholding rate
Akdemir Çelik Sanayi ve Tic. A.Ş.	Iron-steel production	99.98%	99.98%
İDÇ Liman İşletmeleri A.Ş.	Harbor operating	99.98%	99.98%
İzdemir Enerji Elektrik Üretim A.Ş.	Energy production	74.80%	74.80%

Shareholding structure:

Shareholders name	Share Amount (TL)	Share (%)
Şahin – Koç Çelik Sanayi A.Ş.	216,676,003	57.78
Halil Şahin	55,459,438	14.79
Şahin Şirketler Grubu Holding	20,244,300	5.25
Other (Publicly traded)	82,620,259	22.18
Total	**375,000,000**	**100.00**

The Company's shares are traded at Borsa İstanbul ("BIST") under the name "IZMDC".

The Company and its subsidiaries are hereby referred to as "Group" in this report.

Numbers of employee is as follows:

	Blue Collar	White Collar	Manager	Top Level Manager	Total
31 December 2015	1,296	449	26	7	1,778
31 December 2014	1,168	434	27	7	1,636

The Company's investments and associates are as follows.

	Share (%)	TL
Investments and Associates		
İtaş İzmir Teknopark Ticaret A.Ş.	0.125	2,547
Sivas Demir Çelik İşletmeleri A.Ş.	0.002	445,357
Enda Enerji Holding A.Ş.	0.24	571,966
Egenda Ege Enerji Üretim A.Ş.	0.03	70,013
İHY İzmir Hava Yolları A.Ş.	0.01	4,333
Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.	16.66	10,000
Enerji Piyasaları İşletim Anonim Şirketi	0.80	200,000
Impairment provision		
Sivas Demir Çelik İşletmeleri A.Ş.		(445,357)
TOTAL		**858,859**

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The Group maintains its book of accounts and prepares its statutory financial statements in TL in accordance with the Turkish Uniform Chart of Accounts, Turkish Commercial Code and Turkish Tax Code.

The accompanying consolidated financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS") issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"), according to communiqué ("Communiqué") Serial: II, No: 14.1 "Basis for Financial Reporting in the Capital Markets" issued by CMB which is published on 13 June 2013 in the Official Gazette numbered 28676. TAS are composed of Turkish accounting standards, Turkish Financial Reporting Standards and additional interpretations.

With the resolution on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" issued by TASB is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, TAS 29 has not been applied in preparing the Group's consolidated financial statements in accordance with CMB Financial Reporting Standards.

Basis of presentation of financial statements

The accompanying consolidated financial statements of the Group have been prepared in compliance with the basis stated in "Basis for Financial Reporting in the Capital Markets" published by CMB on 7 June 2013.

Approval of Consolidated Financial Statements

The Group's consolidated financial statements were approved by the Board of Directors of the Company on 2 March 2016. The General Assembly has the right to amend the consolidated financial statements after the publication of the consolidated financial statements.

Functional and presentation currency

The accompanying consolidated financial statements are presented in TL, which is the Group's functional currency. All financial information presented in TL unless otherwise stated.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities.

Current and exercisable potential voting rights are taken into account to assess control power. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The table below sets out all the subsidiaries included in the scope of consolidation and, shows the Group's share of control.

	31 December 2015	**31 December 2014**
Akdemir Çelik Sanayi ve Tic. A.Ş.	99.98%	99.98%
İDÇ Liman İşletmeleri A.Ş.	99.98%	99.98%
İzdemir Enerji Elektrik Üretim A.Ş.	74.80%	74.80%

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Comparative Information

For the purpose of conducting a comparison of financial position, performance and cash flow trend, the Group's accompanying consolidated financial statements are prepared comparative with prior period. If there have been a change in presentation or classification on consolidated financial statements; to ensure the compatibility, the prior period consolidated financial statements are adjusted properly and explanation is presented on these issues.
The Group has prepared consolidated statement of financial position as at 31 December 2015 comparatively with the consolidated statement of financial position as at 31 December 2014, and consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended 31 December 2015 comparatively with the consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended 31 December 2014.

Offsetting

Financial assets and liabilities are offset and are reported net only when the entity has a legally enforceable right to offset, and it intends to settle the asset and the liability either simultaneously or on a net basis.

2.2 Changes in Accounting Policies

A company could only change its accounting policies under following circumstances.

- If a standard or interpretation makes it necessary or
- If the financial position of the company, performance and impacts of operations and incidents upon its cash flow is able to be offered more appropriate and reliable quality in the financial statements.

Financial statements have to be comparable to enable the users of financial statements to see the trends in financial position, performance and cash flows. Therefore, if the change is not granting one of the above conditions, the accounting policies are applied consistently at each and annual period.

The significant accounting policies applied in presenting the consolidated financial statements for the period ended 31 December 2015 are similar with those of expressed in detail in the financial statements dated 31 December 2014.

2.3 Changes in Accounting Estimates and Errors

The preparation of the consolidated financial statements in accordance with TAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates are reviewed periodically and reported in the consolidated profit or loss statements as of reporting date.

2.4 Changes and Interpretations in TFRS

Standards issued but not yet effective and not early adopted

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option ("FVO") liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on the consolidated financial position or performance of the Group.

Clarification of applicable methods of depreciation and amortization (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 "Property, Plant and Equipment" explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 "Intangible Assets" introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Accounting for acquisition of interests in joint operations (Amendments to TFRS 11)

The amendments clarify whether TFRS 3 "Business Combinations" applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

TFRS 14 Regulatory Deferral Accounts

International Accounting Standards Board (IASB) has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to International Financial Reporting Standards (“IFRS”) for rate regulated entities. The standard permits first time adopters of TFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a “business” under TFRS 3 “Business Combinations”. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Equity method in separate financial statements (Amendments to TAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Disclosure Initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 “Presentation of Financial Statements” clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: Materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Agriculture: Bearer Plants (Amendments to TAS 16 and TAS 41)

Due to difficulties associated with the fair value measurement of bearer plants that are no longer undergoing biological transformation bearer plants are now in the scope of TAS 16 “Property, Plant and Equipment” for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under TAS 41 “Agriculture”. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Investment Entities: Applying the Consolidation Exception (Amendments to TFRS 10, TFRS 12 and TAS 28)

Before the amendment, it was unclear how to account for an investment entity subsidiary that provides investment-related services. As a result of the amendment, intermediate investment entities are not permitted to be consolidated. So where an investment entity’s internal structure uses intermediates, the financial statements will provide less granular information about investment performance – i.e. less granular fair values of, and cash flows from, the investments making up the underlying investment portfolio.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Improvements to TFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the consolidated financial position or performance of the Group.

Annual Improvements to TFRSs – 2012–2014 Cycle

TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The amendments clarify the requirements of TFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

TFRS 7 "Financial Instruments: Disclosures"

TFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. TFRS 7 is also amended to clarify that the additional disclosures required by "Disclosures: Offsetting Financial Assets and Financial Liabilities" (Amendments to TFRS 7).

TAS 19 "Employee Benefits"

TAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

TAS 34 "Interim Financial Reporting"

TAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

The new standards, amendments and interpretations that are issued by IASB but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 - (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. This standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on consolidated financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on consolidated financial position or performance of the Group.

2.5 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of consolidated financial statements are summarized below:

Revenue

Revenue is recognized on an accrual basis when the amount of the revenue can be measured reliably. The estimated customer returns, discounts and provisions are deducted from that amount. The main activities of the Company and its subsidiaries are production, sales, marketing, transportation of iron and steel, port services and ship operations

Sales of iron and steel:

Revenue from sale of iron and steel is recognized on accrual basis at fair value when all the following conditions are satisfied:

- The Group has transferred all significant risks and rewardsof ownershipof the goods to the buyer,
- The Group retains neither continuing managerial involvement associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service delivery:

Service delivery consists of marine transportation and harbor management. When the outcome of a transaction involving the service delivery can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the completion stage of the transaction as of the statement of financial position date.

Revenue from service delivery is accounted on accrual basis at fair value when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity;
- The completion stage of the transaction at the statement of financial position date can be measured reliably;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Sales of electricity:

Revenue is recognized on an accrual basis when the electricity transmission occurs at the amount of invoice regarding cut off. Net sales presents invoiced amount of electricity transmission by deducting the sales commissions and sales taxes.

Revenue from sale of electricity is accounted when all the following conditions are satisfied:

- Transmitting the quantity of the power committed to customer
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rent income:

Proceeds achieved through renting the Group owned-ships are accounted on a straight line basis during the rent agreement period.

Financial income and expenses

Financial income is comprised of time deposits' interest incomes, rediscount gains which is not associated with main activities of the Group and foreign currency gains. Financial expenses are comprised of bank charges, interest expenses on bank borrowings and foreign currency losses. Group uses financial instruments, such as letter of credit, during the ordinary course of business. The maximum exposure of the Group is equal to contract amount of the related financial instruments.

Dividend and interest income:

Interest income is recognized in profit or loss using effective interest rate.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

Inventories

Inventories are valued at the lower of cost or net realizable value. The cost of the inventories includes expenditure incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their existing location and condition. Cost for finished goods includes production costs in accordance with normal production capacity. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and selling expenses (Note 12). The cost of inventories is based on the weighted average cost on a monthly basis. Imputed, if any, interest that is included in the purchased goods is deducted from the cost of goods sold and inventories.

Amounts of impairment on inventories that decrease inventory costs to net realizable value and losses related with inventories are recognized as expense in the period when these losses occur. Impairment provisions on inventories are reversed by reducing the cost of goods sold amount. Net realizable value is reviewed at each reporting date.

The allocation of fixed production overheads to the cost of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overhead allocated to each unit of production is not increased as a consequence of low production or idle plant. General fixed production expenses part is allocated with the idle capacity expenses in the case of idle capacity.

Property, plant and equipment

Lands, buildings, land improvements, machineries and equipment are presented in the financial statements at fair values that were determined on 15 August 2011 and 31 March 2012 by an independent real estate appraisal company, which is accredited by CMB.

The valuation company determined the fair value of land and parcels with market value method, the fair value of building with market value method and depreciated replacement cost method, the fair value of land improvements and machinery and equipment with depreciated replacement cost method.

Frequency of the revaluation depends on the changes at the fair values of tangible fixed assets.

If net book value of an asset increases as a result of the revaluation, this increase is recognized at statement of other comprehensive income and presented under the revaluation fund account in the equity. However a revaluation value increase can only be recognized in the profit or loss statement when the same amount of value decrease occurred in the previous periods for the same asset.

If net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus. The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued building or land, revaluation surplus part of revalued asset is classified over accumulated profit or loss.

The costs of property, plant and equipment purchased before 1 January 2005 are restated for the effects of inflation in TL unit current at 31 December 2004 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses.

Property, plant and equipment are carried at cost, less accumulated depreciation. Depreciation is provided on the acquired values of property, plant and equipment on a straight-line method starting from the acquisition date. Land is not amortized. Repair and maintenance costs are transferred to the related expense account on the date of the charge.

The depreciation rates that are mentioned below are determined by considering estimated useful lives.

Buildings	2% - 10%
Land improvements	10%
Machinery and equipment	10% - 30%
Vehicles	5% – 33%
Furniture and fixtures	20% – 33%
Lease hold improvements	20%

Impairment of assets

Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired may include default or delinquency by a debtor, restructuring of an amount due to the Group on items that the Group would not consider otherwise, indications that a debtor or issuer may go bankruptcy.

The Group considers evidences of impairment for receivables at both as specific asset and as on collective level. All individually significant receivables are assessed for specific impairment. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. If financial assets are subject to significant impairment amounts when considered separately, then they are considered for impairment collectively. All impairments are recognized in the profit or loss.

An impairment is reversed if the impairment can be related objectively with an event occurring after the impairment was recognized. The reversal of financial assets booked with their discounted amounts is recognized in profit or loss.

Non-financial assets

Carrying amounts of the Group's non-financial assets except deferred tax assets and investment properties are reviewed at each reporting date to determine whether there is any indication of impairment. If any such an indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or its cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. Fair value less cost to sell of an asset or a cash generating unit is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment is recognized if the carrying amount of an asset or cash generating unit exceeds its recoverable amount through use or sale. Impairments are recognized in the profit or loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. Goodwill acquired in a business combination allocated to groups of cash generating units that are expected to benefit from the synergies of the combination. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units, and then to reduce the carrying amounts of the other assets in the cash generating units on a pro rata basis. Impairment losses are recognized in profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

Leases

Financial lease

Leases of property and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property and equipment at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other current and non-current financial liabilities. The interest element of the finance cost is charged to the consolidated profit or loss statement over the lease period.

Operational lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net off any incentives received from the leaser) are charged to the profit or loss statement on a straight-line basis over the period of the lease.

Government Grants and Incentives

Government incentives, including non-monetary grants at fair value are included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive. A forgivable loan from government is treated as a government grant when it is probable that the entity will meet the terms for forgiveness of the loan.

The Group utilizes disabled employment incentive due to Labor law numbered 4857 and Social Insurance and general Health Insurance Law numbered 5510. Government incentives under government incentive and grant in the profit or loss statements are not collected in cash but deducted from the accrued insurance premiums by treasury. Incentive income was off set against cost of goods sold.

Investment Properties

Investment properties are the real estates which are held to earn rental income and/or for capital appreciation. Investment properties were revalued on 22 December 2014. Investment properties are presented in the financial statements at their fair value determined in the revaluation work which is carried out by an independent appraisal company accredited by the Capital Market Board. Appreciation or devaluation in the mentioned properties is accounted in the consolidated profit or loss table.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Intangible Assets

The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004 less accumulated amortization and impairment losses. The costs of intangible assets purchased after 1 January 2005 are carried at cost less accumulated amortization and impairment losses. If there is an impairment, the recorded value of the intangible assets are decreased to their recovarable values.

Intangible assets are amortized on a straight-line basis in consolidated statement of comprehensive income over their estimated useful lives.

Amortization rates that are mentioned below are determined by considering estimated useful lives.

Rights	20% – 33%

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Financial Investments

Except for impairments in accordance with Communiqué II, No: 14.1 published by CMB, income or loss from available for sale financial assets are directly recorded in the statement of changes in equity. When these assets are sold, retained income or loss previously reflected in the other comprehensive income is recognized in current period profit or loss. However, the difference between the amount when the available for sale financial assets are initially booked and the amount at maturity which is subject to effective interest method stands for interest and it is reflected in the financial statements as profit or loss.

Fair value of shares quoted in stock exchange is taken from closing price of Borsa Istanbul (BIST) as of the reporting date.

Financial Instruments

Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets consist of bank borrowings, trade and other receivables, cash and cash equivalents. Non-derivative financial assets are recorded at cost. Non-derivative financial assets are recognized in the following way after being recorded.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and time deposits with original maturities of three months or less. Cash and cash equivalents are highly liquid investments with maturity periods of less than three-months and having no conversion risk exposure other than the impact of foreign currency changes.

Non-derivative financial liabilities

Non-derivative financial liabilities are comprised of borrowings, trade and other payables, due to related parties and short term liabilities. Non-derivative financial liabilities are recognized as follows.

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are reflected in financial statements with their current values of reimbursement using effective interest rate, and the differences with the initial cost are reflected in the comprehensive income statement during the maturity of the liabilities.

Other non-derivative financial liabilities are measured at amortized cost using the effective interest method, less any impairment. Short term other receivables and payables are disclosed at their cost values.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Preference Shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognized as equity distributions on approval by the Company's shareholders.

Derivative Financial Instruments

The Group's derivative financial instruments may be composed of forward foreign exchange purchase-sale agreements (forward and option).

The group does not apply hedge accounting for derivative financial instruments. The group reflects the fair value difference of the derivative financial instruments, to the profit or loss statement.

Derivatives are recognized initially at fair value; any attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted in profit or loss.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Group interacts with its related parties within the frame of ordinary business activities.

Details of related parties are as follows:

İDÇ Denizcilik San. ve Tic. A.Ş.

It was established in 2005 in Izmir in order to operate agency, ship chartering and ship management. İDÇ Denizcilik San. ve Tic. A.Ş. broadly undertakes the administrative function of group ships providing full range of staffing, technical assistance, insurance, technical management, maintenance, technical equipment and fuel in line with SHIPMAN 98, which is Standard Ship Management Agreement advised by The Baltic and International Maritime Council.

Şahin Gemicilik Nakliyat Sanayi ve Ticaret A.Ş.

The company is established in the year 2009 in Aliağa. Main activities of the company is to perform domestic and international maritime and road transportation or subcontract them on the purpose of transport all kinds of freight and passengers by road and maritime. Company owns 55,803 DWT dry cargo ship. There is no commercial relationship between Group companies, Şahin Gemicilik ve Denizcilik Nakliyat Sanayi Tic. A.Ş.

Agora Sigorta Aracılık Hizmetleri Ltd. Şti.

It was established in 2006 in İzmir. Company's main activity is making insurance policies. Agora Sigorta Aracılık Hizmetleri Ltd. Şti. conducts The Group's insurance brokerage services.

Koç Haddecilik Teks.İns. San. ve Tic. A.Ş.

It was established in the year 1993 in Dörtyol, Hatay. It is active in the production of reinforcing iron. There is no commercial relationship between the Group and Koç Haddecilik Teks. İnş. San. ve Tic. A.Ş.

Dagi Giyim Sanayi ve Ticaret A.Ş.

It was established in Istanbul in the year 1988. The Company has been operating in textile industry. There is no commercial relationship between the Group and Dagi Giyim Sanayi ve Ticaret A.Ş.

Begonviller Turizm Yatçılık ve Ticaret Ltd. Şti.

It was established in Muğla in the year 1994. It has been operating since 2006 in İzmir. It has one commercial yacht. It is engaged in rent yacht. There is no commercial relationship between the Group and Begonviller Turizm Yatçılık ve Ticaret Ltd. Şti.

Other Balance Sheet Items

Other balance sheet items are stated at their registered values.

Income taxes

Income taxes comprised current and deferred tax expenses. Current tax and deferred tax is recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

Current tax liability includes the tax payable on the taxable income for the period using tax rates enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Currently enacted tax rates are used to determine deferred tax. The principal temporary differences arise from recognition of income and expenses in different reporting periods and capitalization and depreciation differences of property, plant and equipment.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

The tax legislation in Turkey does not allow a company and its subsidiary to give a consolidated tax return. Hence, tax provisions are calculated separately as reflected in the financial statements.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interests might have been due. The Group believes that its accruals for tax liabilities are adequate for all unaudited tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Employee Benefits

According to the enacted laws the Group is liable to pay lump sum payments to its employees in case of retirement or the termination of the employment contract of the employees except for the rules stated in the labor laws. Such payments are computed according to the severance indemnity ceiling valid at the statement of financial position date. Employee severance indemnity recognized as the present value of the estimated total reserve of the future probable obligation of the Group.

The Group makes compulsory premium payments to the Social Security Institution and does not have any other liabilities. These premium payments are accrued at the financials as they incur.

Provisions, Contingent Assets and Liabilities

A provision is recognized in the accompanying consolidated financial statements if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote, such contingent liabilities is disclosed in the notes to the financial statements.

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the financial statements about the contingent asset. If the entry of economic benefit is certain, the asset and its related income changes are included in the financial statements at the date that they occurred.

Foreign currency transactions

Transactions in foreign currencies are translated to TL at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to TL at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss.

The foreign currency rates used at the end of the period are as follows:

	31 December 2015	**31 December 2014**
United States Dollar ("USD")	2.9076	2.3189
Euro ("EUR")	3.1776	2.8207
Great Britain Pound ("GBP")	4.3007	3.5961
Swiss Franc ("CHF")	2.9278	2.3397
Japanese Yen ("JPY")	0.0240	0.0193
Australian Dollar ("AUD")	2.1154	1.8894
Canadian Dollar ("CAD")	2.0945	1.9924
Danish Krone ("DKK")	0.4251	0.3783

Earnings per Share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued.

Subsequent Events

Subsequent events represent the events that occur against or on behalf of the Group between the reporting date and the date when the financial statements were authorized for the issue. As of the reporting date, if the evidence with respect to such events or such events has occurred after the reporting date and such events require restating the financial statements; accordingly the Group restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

Change and Errors in the Accounting Policies and Estimates

Material changes in accounting policies or material errors are corrected retrospectively by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods.

Segment Reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The executive managers are determined as the chief operating decision maker of the Group.

The Group's four main operating activities are iron and steel activities, ship activities, harbor activities and energy activities.

Statement of Cash Flows

In the cash flow statement, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent the Group's cash flows generated from operating activities.

Group presents operating cash flows in indirect method by adjusting net income with non- cash expenses, income or expense accruals or deferrals and income and expense items related to investment or financing activities.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (Acquisition of property, plant, equipment and intangible assets). Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

Note 2.5 – Useful lives of tangible and intangible assets
Note 16 – Tangible assets
Note 9 – Impairment loss on trade receivables
Note 27 – Provisions, contingent assets and liabilities
Note 29 – Provisions for employee severance indemnity
Note 42 – Tax assets and liabilities
Note 15 – Investment properties
Note 48 – Financial derivatives
Note 12 – Provision for impairment on inventories

3. BUSINESS COMBINATIONS

None. (31.12.2014: None)

4. SHARES IN OTHER BUSINESSES

None. (31.12.2014: None)

5. SEGMENT REPORTING

The Group operates in four areas of business. These are iron and steel operations, ship operations, harbor and energy operations.

Information about Geographic Regions

Regional distribution of the Group's overseas sales from the iron-steel operations is as follows.

Region	01.01.-31.12.2015	01.01.-31.12.2014
Middle East	%70	71%
Africa	%12	21%
America	%10	4%
Other	%8	4%
	%100	**100%**

Information about Major Clients

Sales of the Group are determined by depending on the fluctuations and competitive conditions in domestic and international markets. The share of the largest buyer in proceeds from iron steel operations is 29% (2014: 17%).

Details of the reportable segments used in management reporting are as follows.

SEGMENT REPORTING

01.01- 31.12.2015	***Iron Steel Operations***	***Ship Operations***	***Harbor Operations***	***Energy Operations***	***Consolidation Adjustments***	***Consolidated***
Domestic Sales	1,210,470,201	-	8,730,868	278,287,056	(27,820,685)	1,469,667,440
Foreign Sales	586,378,323	19,945,594	358,494	-	-	606,682,411
Intersegment Sales	1,306,000	-	27,179,427	88,722,870	(117,208,297)	-
Total Sales	**1,798,154,524**	**19,945,594**	**36,268,789**	**367,009,926**	**(145,028,982)**	**2,076,349,851**
Cost Of Sales (-)	(1,785,193,919)	(28,489,218)	(25,006,512)	(269,770,658)	144,257,091	(1,964,203,216)
GROSS PROFIT/(LOSS)	**12,960,605**	**(8,543,624)**	**11,262,277**	**97,239,268**	**(771,891)**	**112,146,635**
General Administrative Expenses (-)	(17,498,953)	(334,647)	(981,218)	(2,986,041)	984,269	(20,816,590)
Marketing Expenses (-)	(14,132,230)	-	-	(2,847,162)	3,692,282	(13,287,110)
Other Income from Operating Activities	14,713,003	16,220,340	6,256,014	2,221,547	(12,001,769)	27,409,135
Other Expenses from Operating Activities(-)	(25,343,535)	(17,013,900)	(7,513,238)	(8,671,305)	4,484,821	(54,057,157)
OPERATING PROFIT/(LOSS)	**(29,301,110)**	**(9,671,831)**	**9,023,835**	**84,956,307**	**(3,612,288)**	**51,394,913**
Income from Investing Activities	1,055,341	-	-	97,763	-	1,153,104
Expense from Investing Activities (-)	(8,143,367)	(6,793,885)	28,590	229,873	-	(14,678,789)
OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE	**(36,389,136)**	**(16,465,716)**	**9,052,425**	**85,283,943**	**(3,612,288)**	**37,869,228**
Financial Incomes	58,172,382	-	1,251,070	7,093,971	(11,204,864)	55,312,559
Financial Expenses (-)	(157,142,767)	(448,763)	(5,840,894)	(193,015,974)	13,924,112	(342,524,286)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	**(135,359,521)**	**(16,914,479)**	**4,462,601**	**(100,638,060)**	**(893,040)**	**(249,342,499)**
Tax Income/(Expense)	**27,355,680**	**-**	**(1,407,355)**	**20,030,745**	**-**	**45,979,070**
Tax Income/(Expense)	(63,801)	-	(1,281,982)	-	-	(1,345,783)
Deferred Tax Income / (Expense)	27,419,481	-	(125,373)	20,030,745	-	47,324,853
PROFIT/(LOSS) FOR THE PERIOD	**(108,003,841)**	**(16,914,479)**	**3,055,246**	**(80,607,315)**	**(893,040)**	**(203,363,429)**
Profit/(Loss) Attributable to						
Non-controlling Interests	-	-	1,018	(20,299,745)	-	(20,298,727)
Owners of the Company	(108,003,841)	(16,914,479)	3,054,228	(60,307,570)	(893,040)	(183,064,702)
Segment Assets						
Tangible and intangible fixed assets, investment properties	361,465,542	67,194,257	120,561,443	702,946,143	-	1,252,167,385
Purchases of tangible and intangible fixed assets	11,403,863	1,363,051	18,110,531	15,707,003	-	46,584,448
Amortization and depreciation expenses	32,388,731	7,230,401	4,713,633	43,906,809	-	88,239,574

SEGMENT REPORTING

01.01- 31.12.2014	***Iron Steel Operations***	***Ship Operations***	***Harbor Operations***	***Energy Operations***	***Consolidation Adjustments***	***Consolidated***
Domestic Sales	949,771,169	-	4,412,467	305,489,598	(21,079,023)	1,238,594,211
Foreign Sales	871,792,095	24,152,574	364,408	-	-	896,309,077
Intersegment Sales	2,207,368	-	21,036,246	-	(23,243,614)	-
Total Sales	**1,823,770,631**	**24,152,574**	**25,813,121**	**305,489,598**	**(44,322,637)**	**2,134,903,288**
Cost of Sales (-)	(1,860,531,562)	(26,851,495)	(19,537,513)	(202,642,776)	41,780,927	(2,067,782,419)
GROSS PROFIT/(LOSS)	**(36,760,930)**	**(2,698,921)**	**6,275,608**	**102,846,822**	**(2,541,710)**	**67,120,869**
General Administrative Expenses (-)	(17,001,119)	(499,018)	(1,014,106)	(3,144,409)	928,981	(20,729,671)
Marketing Expenses (-)	(17,663,496)	-	-	-	4,381,821	(13,281,675)
Other Income from Operating Activities	36,067,568	17,743,604	4,465,265	2,234,903	(8,234,055)	52,277,285
Other Expenses from Operating Activities(-)	(17,273,430)	(20,823,221)	(3,184,975)	(1,228,734)	2,958,731	(39,551,629)
OPERATING PROFIT/(LOSS)	**(52,631,407)**	**(6,277,556)**	**6,541,792**	**100,708,582**	**(2,506,232)**	**45,835,179**
Income from Investing Activities	18,346,134	-	10,278	2,400	-	18,358,812
Expense from Investing Activities (-)	(2,797,954)	-	-	-	-	(2,797,954)
OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE	**(37,083,227)**	**(6,277,556)**	**6,552,070**	**100,710,982**	**(2,506,232)**	**61,396,037**
Financial Incomes	166,666,211	-	462,397	55,197,910	(12,609,689)	209,716,829
Financial Expenses (-)	(198,047,354)	(331,824)	(1,672,362)	(117,569,928)	12,134,109	(305,487,359)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	**(68,464,370)**	**(6,609,380)**	**5,342,105**	**38,338,964**	**(2,981,812)**	**(34,374,493)**
Tax Income/(Expense)	**17,075,974**	**-**	**(994,236)**	**(7,521,001)**	**-**	**8,560,737**
Tax Income/(Expense)	(68,593)	-	(491,787)	(15,117,668)	-	(15,678,048)
Deferred Tax Income / (Expense)	17,144,567	-	(502,449)	7,596,667	-	24,238,785
PROFIT/(LOSS) FOR THE PERIOD	**(51,388,396)**	**(6,609,380)**	**4,347,869**	**30,817,963**	**(2,981,812)**	**(25,813,756)**
Profit/(Loss) Attributable to						
Non-controlling Interests	-	-	739	7,766,976	-	7,767,715
Owners of the Company	(51,388,396)	(6,609,380)	4,347,130	23,050,987	(2,981,812)	(33,581,471)
Segment Assets						
Tangible and intangible fixed assets, investment properties	384,322,730	77,992,514	107,211,855	731,397,052	-	1,300,924,151
Purchases of tangible and intangible fixed assets	14,836,692	-	19,164,225	88,336,690	-	122,337,607
Amortization and depreciation expenses	31,463,289	6,849,566	2,332,202	30,583,359	-	71,228,416

6. RELATED PARTY DISCLOSURES

As of 31 December 2015, there is no provision for doubtful receivables for trade and other receivables and guarantee for receivables regarding related parties. Similarly, there is no guarantee given for trade and other payables regarding related parties.

The Group has no guarantees, collaterals, bails and similar commitments given except for fully consolidated companies (Note 28).

The Group's due from related parties, due to related parties, balances and significant related party transactions during the period are summarized below.

Due from related parties

	31 December 2015	31 December 2014
Şahin-Koç Çelik San.A.Ş.	8,274	28,472
Şahin Şirketler Grubu Holding A.Ş.	7,510	28,054
İDÇ Denizcilik San. Tic. A.Ş.	10,221	9,122
Begonviller Turizm Yatçılık Ltd. Şti.	1,860	1,095
Şahin Kömür Ticaret A.Ş.	3,301,009	8,209
Koç Haddecilik Tekstil İnşaat Sanayi ve Ticaret A.Ş.	630,580	-
Koç Çelik Sanayi A.Ş.	1,426,996	-
Dagi Giyim Sanayi ve Ticaret A.Ş.	6,927	-
	5,393,377	**74,952**

Other due from related parties

	31 December 2015	31 December 2014
Şahin - Koç Çelik Sanayi A.Ş.	-	37,891,021
	-	**37,891,021**

Due to related parties

	31 December 2015	31 December 2014
İDÇ Denizcilik San. ve Tic. A.Ş.	844,364	1,565,807
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	33,294	17,144
	877,658	**1,582,951**

Income from related parties in sales income

	01.01.-31.12.2015	01.01.-31.12.2014
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.	488,593	408,173
Şahin Kömür Ticaret A.Ş	3,500,712	1,432,956
Koç Çelik Sanayi A.Ş.	8,316,296	-
Dagi Giyim Sanayi ve Ticaret A.Ş.	32,381	-
Koç Haddecilik İnş San ve Tic A.Ş.	3,190,328	-
	15,528,310	**1,841,129**

Purchases from related parties in cost of goods sold

	01.01.- 31.12.2015	01.01.- 31.12.2014
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.	9,645,035	8,583,661
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	2,911,524	3,175,259
Şahin Kömür Ticaret A.Ş	-	867,098
	12,556,559	**12,626,018**

İDÇ Denizcilik Sanayi ve Ticaret A.Ş., provides personnel, gives maintenance and technical support services for the vessels of the Group.

Expenses from related parties in marketing, selling and distribution expenses

	01.01.- 31.12.2015	01.01.- 31.12.2014
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.	679,665	1,212,500
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	304,212	245,253
	983,877	**1,457,753**

Expenses from related parties in general administrative expenses

	01.01.- 31.12.2015	01.01.- 31.12.2014
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	206,974	224,270
	206,974	**224,270**

Income from related parties in other operating income and profit

	01.01.- 31.12.2015	01.01.- 31.12.2014
İDÇ Denizcilik San. ve Tic. A.Ş.	157,849	264,529
Şahin Şirketler Grubu Holding A.Ş.	8,884	25,694
Şahin - Koç Çelik Sanayi A.Ş.	9,832	26,049
Şahin Kömür Ticaret A.Ş.	1,719,466	642,747
Begonviller Turizm Yatçılık Ltd. Şti.	3,316	2,488
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	17,519	13,461
Koç Haddecilik Teks.İnş. San. ve Tic A.Ş.	121,104	-
Dagi Giyim Sanayi ve Ticaret A.Ş.	14,313	-
Şahin Gemicilik Nakliyat San. ve Tic. A.Ş.	3,600	3,420
Koç Çelik Sanayi A.Ş.	366,654	-
Karbeyaz Çimento Madencilik Sanayi ve Ticaret A.Ş.	390	-
Sarımazı Enerji Elektrik Üretim A.Ş.	-	1,560
	2,422,927	**979,948**

Purchase of tangible fixed assets from related parties

	01.01.- 31.12.2015	01.01.- 31.12.2014
Şahin - Koç Çelik Sanayi A.Ş	247,128	247,128
Agora Sigorta Aracılık Hizmetleri Ltd. Şti.	148	148
	247,276	**247,276**

Key management personnel compensation

Total benefits provided to top management (Board of Directors, Executive Board, General Manager and Assistants of General Manager) during the current period amounted to TL 2,104,743 (01.01.-31.12.2014: 2,106,360 TL).

As of reporting date, the Group has no payable due to key management personnel.

7. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Cash on hand	87,344	75,171
Bank - demand deposits	4,690,351	2,415,079
Bank - time deposits	217,477,992	99,308,632
Bank - interest accruals of time deposits	1,148,417	4,275
Cash and cash equivalents in cash flow	**223,404,104**	**101,803,157**

There are no blockage and pledge over the Group's time and demand deposits (31 December 2014: None).

Demand Deposits

	31 December 2015		31 December 2014	
	Foreign Currency	**TL Equivalence**	**Foreign Currency**	**TL Equivalence**
TL	660,179	660,179	1,293,103	1,293,103
USD	620,108	1,803,025	124,183	287,967
EUR	564,482	1,793,698	253,770	715,810
JPY	809,063	19,481	4,969,686	96,149
GBP	24,007	103,248	1,338	4,813
CAD	1,379	2,888	1,379	2,747
DKK	7,926	3,370	7,926	2,999
AUD	4,496	9,510	4,496	8,494
CHF	100,742	294,952	1,281	2,997
Total		**4,690,351**		**2,415,079**

Time Deposits

Currency	Weighted Average Interest Rate	Maturity Date	TL Balance 31 December 2015
USD	%2.14	04.01.2016-16.02.2016	208,315,992
TL	%11.58	04.01.2016	9,162,000
			217,477,992

Currency	Weighted Average Interest Rate	Maturity Date	TL Balance 31 December 2014
USD	%1.78	31.12.2014-02.01.2015	41,839,160
TL	%8.83	31.12.2014-02.01.2015	57,469,472
			99,308,632

Foreign currency risk, interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 50.

8. FINANCIAL INVESTMENTS

Shareholdings at non-current financial investments are as follows.

Name of Company	Share (%)	31 December 2015	Share (%)	31 December 2014
Investments and Associates				
İtaş İzmir Teknopark Ticaret A.Ş.	0.125	2,547	0.125	2,547
Sivas Demir Çelik İşletmeleri A.Ş.	0.002	445,357	0.002	445,357
Enda Enerji Holding A.Ş.	0.24	571,966	0.24	415,601
Egenda Ege Enerji Üretim A.Ş.	0.03	70,013	0.03	40,062
İHY İzmir Havayolları A.Ş.	0.001	4,333	0.001	4,333
Nemrut Kılavuz ve Römorkör Hizm. A.Ş.	16.66	10,000	16.66	10,000
Enerji Piyasaları İşletim Anonim Şirketi	0.80	200,000	0.80	200,000
Impairment				
Sivas Demir Çelik İşletmeleri A.Ş.		(445,357)		(445,357)
Total		**858,859**		**672,543**

There is no financial asset given as guarantee for liabilities of the companies (31.12.2014: None).

Since the Company's long-term financial investments do not trade in active market and that fair values cannot be determined reliably, long-term financial investments are reflected in the financial statements at their cost values less any impairment losses. The information about long-term investments is as follows:

Sivas Demir Çelik İşletmeleri A.Ş

The Company was established in Sivas in 1987. The Company deals with iron and steel production and its trading. The Group does have no commercial relationship with Sivas Demir Çelik İşletmeleri A.Ş.

ENDA Enerji Holding A.Ş.

The Company was established in İzmir in 1993. The Company deals with energy production, distribution and trading. The Group does not have commercial relationship with ENDA Enerji Holding A.Ş.

EGENDA Ege Enerji Üretim A.Ş.

The Company was established in İzmir in 1997. The Company deals with energy production, distribution and trading. The Group does not have commercial relationship with EGENDA Ege Enerji Üretim A.Ş.

İHY İzmir Havayolları A.Ş

The Company was established in İzmir in 2005. The Company deals with airline business. The Group does not have commercial relationship with İHY İzmir Havayolları A.Ş.

İTAŞ İzmir Teknopark Ticaret A.Ş.

The Company was established in İzmir in 1988. The Company deals with technologic information production. The Group does not have commercial relationship with İTAŞ İzmir Teknopark Ticaret A.Ş.

Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.

The Company was established in İzmir in 2014. The Company provides pilot service and towing boat with ships coming to harbors in Aliağa region. The Group does not have commercial relationship with Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.

9. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables

	31 December 2015	31 December 2014
Trade receivables	232,854,788	156,413,347
Notes receivables	3,558,556	8,172,852
Doubtful trade receivables	802,609	756,369
Provision for doubtful trade receivables (-)	(802,609)	(756,369)
Discount on trade receivables (-)	(1,841,919)	(1,100,293)
	234,571,425	**163,485,906**

The Group has set provision for uncollectible receivables. Provision for doubtful receivables is based on past experience regarding the collectability. While determining the collectability, the Group considers the changes between the dates of trade and reporting for the receivables credit quality. Therefore, the Group Management believes that there is no necessity to set more provision than provision for doubtful receivables in the financial statements.

Receivables arising from domestic profile sales are secured by an insurance policy and direct debiting system covering certain number of customers.

Trade receivables are rediscounted by using effective interest method. The effective discount rate used is 3.25%, 3% and 10.55% for receivables denominated in USD, EUR and TL respectively. (31 December 2014: USD:%2.85, EUR:%2.94, TL:%11.87)

Maturity detail of notes receivable are as follows.

	31 December 2015	31 December 2014
1-30 days	3,558,556	5,249,751
30-90 days	-	2,573,580
90-360 days	-	349,521
	3,558,556	**8,172,852**

Movement of provision for doubtful trade receivables is as follows.

	01.01.- 31.12.2015	01.01.- 31.12.2014
Beginning of the period	756,369	47,197
Collections during the period	-	(7,783)
Provision for the period	46,240	716,955
End of the period	**802,609**	**756,369**

The amount of trade receivables arising from foreign exchange gains as of 31 December 2015 is TL 5,208,646. (31 December 2014:1,399,100)

Foreign currency and liquidity risk on short term trade receivables of the Group are disclosed on Note 50.

Short term trade payables

	31 December 2015	31 December 2014
Trade payables	380,417,624	323,058,480
Expense accruals	2,345,271	2,068,541
Discount on trade payables (-)	(201,378)	(225,569)
	382,561,517	**324,901,452**

As of 31 December 2015, trade payable amounting to TL 353,525,291 is comprised of letters of credit issued for the purchase of raw materials (2014: TL 286,093,283). Letters of credit are of maturity due to the agreement signed by the Group, the local bank that issued the letters of credit and the foreign intermediary bank. In accordance with agreement, foreign suppliers collected their receivables in cash with discount. Expense accruals as of 31 December 2015 and 31 December 2014 consist of interests incurred on deferred payment letters of credit concerning purchase of raw materials.

Trade payables are rediscounted by using effective interest method. The effective discount rate used is 3.25%, 3% and 10.55% for receivables denominated in USD, EUR and TL respectively. (31 December 2014: USD:%2.85, EUR:%2.94, TL:%11.87)

Foreign currency and liquidity risk on short term trade payables of the Group are disclosed on Note 50.

10. RECEIVABLES AND PAYABLES FROM FINANCE SECTOR ACTIVITIES

None. (31.12.2014: None)

11. OTHER RECEIVABLES AND PAYABLES

Short term other receivables

	31 December 2015	31 December 2014
Deposit and guarantees given	1,796,698	719,452
Power transmission line	420,472	420,472
	2,217,170	**1,139,924**

As of the date of consolidated statement of financial position, deposits and guarantees were given to Customs Administrations.

Long term other receivables

	31 December 2015	31 December 2014
Deposit and guarantees given	2,289,263	1,453,655
Power transmission line	2,879,271	3,346,603
	5,168,534	**4,800,258**

Short term other payables

	31 December 2015	31 December 2014
Taxes and duties payable	109,819	89,653
Deposits and guarantees received	1,406,323	75,663
Other payables	135,401	134,640
	1,651,543	**299,956**

12. INVENTORIES

	31 December 2015	31 December 2014
Raw materials	160,285,013	132,398,425
Work in process	8,206,276	15,248,188
Finished goods	64,290,529	110,076,106
Merchandised goods	177,749	178,694
Impairment on inventories (*)	(223,196)	(8,612,480)
	232,736,371	**249,288,933**

(*) The Group accounted a provision for impairment on finished goods in case the book value is less than net realizable value and recognized them under cost of goods sold in the consolidated profit or loss statement.

As of 31 December 2015, the insurance coverage on inventories is TL 54,739,200 (31 December 2014: TL 50,772,600).

As of 31 December 2015, the depreciation expenses capitalized on inventories is TL 2,474,724 (31 December 2014: TL 2,860,711). (Note 16)

As of 31 December 2015, there is no inventory collateralized against liabilities (31 December 2014: None). The Group has no inventory that will be recovered within more than twelve months starting from the date of statement of financial position.

Movement of provision for impairment on inventories is as follows.

	01.01.-31.12.2015	**01.01.-31.12.2014**
Beginning of the period	8,612,480	221,487
Reversal of previous period	(8,612,480)	(221,487)
Impairment on inventories for current period	223,196	8,612,480
End of the period	**223,196**	**8,612,480**

13. BIOLOGICAL ASSETS

None. (31.12.2014: None)

14. PREPAID EXPENSES

Short Term Prepaid Expenses

	31 December 2015	**31 December 2014**
Advances given	7,175,630	11,827,944
Insurance expenses	1,604,530	1,787,544
Financial expense	1,523,968	346,959
Information technology expenses	133,428	99,427
Rent expenses	300,375	293,142
Other expenses	172,935	104,943
	10,910,866	**14,459,959**

Long Term Prepaid Expenses

	31 December 2015	**31 December 2014**
Advances given	672,707	2,897,314
Other expenses	3,756	6,662
	676,463	**2,903,976**

Advances were given to purchase fixed assets and for the expenditures of construction in progress.

15. INVESTMENT PROPERTIES

The Group appointed an independent real estate appraisal company holding a CMB license in order to find out the fair values of the investment properties. Correspondingly, investment properties are presented in the consolidated financial statements at their fair values. Change in value is booked in the profit or loss statement. The valuation company used the market value method as valuation model in the valuation works performed earlier.

	01.01-31.12.2015	**01.01-31.12.2014**
Beginning of the period	46,034,000	44,212,000
Change in fair value	-	1,822,000
Fair value at the end of the period	**46,034,000**	**46,034,000**

Detail information of the lands owned by İzmir Demir Çelik Sanayi A.Ş. is presented below.

City	**District**	**Village**	**Nature**	**Purchase cost**	**Fair Value 31 December 2015**	**Fair Value 31 December 2014**
İzmir	Foça	Samurlu	Field	1,630,159	9,107,000	9,107,000
İzmir	Foça	Horozgediği	Field	105,768	2,271,000	2,271,000
İzmir	Foça	Horozgediği	Land	2,207,171	34,656,000	34,656,000
				3,943,098	**46,034,000**	**46,034,000**

As of 31 December 2015, there is no insurance coverage or collateral on investment properties. (31 December 2014: None.)

Group management decided that, analyzing of investment property measured at fair value has not been any significant change as of report date. For that reason, assets are represented at fair value in the consolidated financial statements with the most recent valuations.

16. PROPERTY, PLANT AND EQUIPMENT

Movement in the property, plant and equipment is as follows for the period ended 31 December 2015.

	Lands	Land Improvements	Buildings	Machinery and Equipment	Vehicles (*)	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost									
1 January 2015	200,695,841	22,729,863	398,956,168	1,155,879,508	127,840,051	12,618,839	7,316,430	5,537,156	1,931,573,856
Additions	-	54,452	68,248	9,819,407	3,870,533	1,328,047		30,962,527	46,103,214
Disposals	-	-	(101,445)	(230,359)	(352,712)	-	-	-	(684,516)
Transfers	-	1,182,749	18,959,990	10,680,075	-	2,688,262	-	(33,511,076)	-
İmpairment	-	-	-	-	(6,793,885)	-	-	-	(6,793,885)
31 December 2015	**200,695,841**	**23,967,064**	**417,882,961**	**1,176,148,631**	**124,563,987**	**16,635,148**	**7,316,430**	**2,988,607**	**1,970,198,669**
Accumulated depreciation									
1 January 2015	-	(14,541,052)	(184,428,289)	(422,809,559)	(45,902,843)	(7,149,095)	(2,970,830)	-	(677,801,668)
Additions	-	(774,860)	(8,069,706)	(66,739,628)	(8,530,366)	(1,288,738)	(2,331,195)	-	(87,734,493)
Disposals	-	-	3,382	183,048	201,737	-	-	-	388,167
31 December 2015	**-**	**(15,315,912)**	**(192,494,613)**	**(489,366,139)**	**(54,231,472)**	**(8,437,833)**	**(5,302,025)**	**-**	**(765,147,994)**
Net Book Value as of 31 December 2014	**200,695,841**	**8,188,811**	**214,527,879**	**733,069,949**	**81,937,208**	**5,469,744**	**4,345,600**	**5,537,156**	**1,253,772,188**
Net Book Value as of 31 December 2015	**200,695,841**	**8,651,152**	**225,388,348**	**686,782,492**	**70,332,515**	**8,197,315**	**2,014,405**	**2,988,607**	**1,205,050,675**

(*) Vehicles also contain ships owned by the Group.

As of 31 December 2015, the insurance coverage on fixed assets of the Group amounted to TL 3,436,107,224 (TL 110,319,625 of which is for ships). The depreciation expense of tangible fixed assets for the period 1 January – 31 December 2015 amounted to TL 87,734,493. As of 31 December 2015, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 2,474,724. (Note 12)

A first mortgage was placed on the property in the town of Horozgediği in Aliağa in favor of Türkiye Garanti Bankası A.Ş. on 14 November 2011 amounting to TL 1,100,000,000. The mortgage is related with the long-term loan received from the mentioned bank within the power plant project of İzdemir Enerji Elektrik Üretim A.Ş. (31.12.2014: 1,100,000,000)

Construction in progress as of 31 December 2015 is composed of TL, 1,016,125 for environmental infrastructure expenditures within the frame of modernization of İzmir Demir Çelik Sanayi A.Ş., TL 355,607 for factory modernization of Akdemir Çelik Sanayi ve Ticaret A.Ş., TL 959,529 for building seaport dock for İDÇ Liman İşletmeleri A.Ş. and TL 657,346 for the power plant expenditures for İzdemir Enerji Elektrik Üretim A.Ş..

As of 31 December 2015, net carrying value of fixed assets acquired under finance leases amounted to TL 1,659,086. (31 December 2014: TL 2,462,388)

The carrying amounts of each class of property, plant and equipment that would have been recognized if the assets had been carried at their book values at 31 December 2015 and 31 December 2014 are as follows.

31 December 2015	**Lands**	**Buildings and land improvements**	**Machinery and equipment**
Cost	9,820,512	411,319,287	1,153,674,364
Accumulated depreciation (-)	-	(184,893,458)	(468,638,328)
Net Book Value	**9,820,512**	**226,425,829**	**685,036,036**

31 December 2014	**Lands**	**Buildings and land improvements**	**Machinery and equipment**
Cost	9,820,512	391,155,293	1,133,415,848
Accumulated depreciation (-)	-	(177,470,347)	(403,254,750)
Net Book Value	**9,820,512**	**213,684,946**	**730,161,098**

As of 31 December 2015, amount of the Group's fixed assets which were depreciated but still in use are TL 53,558,444. (31 December 2014: TL 52,400,756.)

Movement in the property, plant and equipment is as follows for the period ended 31 December 2014

	Lands	Land Improvements	Buildings	Machinery and Equipment	Vehicles (*)	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost									
1 January 2014	198,261,573	17,770,567	252,800,752	547,170,298	123,201,620	9,450,798	7,316,430	658,901,509	1,814,873,547
Additions	2,524,860	33,140	-	6,081,682	5,366,883	3,179,944	-	104,549,464	121,735,973
Disposals	(90,592)	-	-	-	(728,452)	(11,903)	-	(4,204,717)	(5,035,664)
Transfers	-	4,926,156	146,155,416	602,627,528	-	-	-	(753,709,100)	-
31 December 2014	**200,695,841**	**22,729,863**	**398,956,168**	**1,155,879,508**	**127,840,051**	**12,618,839**	**7,316,430**	**5,537,156**	**1,931,573,856**
Accumulated depreciation									
1 January 2014	-	(13,933,125)	(177,568,528)	(371,003,065)	(38,370,804)	(6,207,326)	(482,124)	-	(607,564,972)
Additions	-	(607,927)	(6,859,761)	(51,806,494)	(8,075,285)	(951,919)	(2,488,706)	-	(70,790,092)
Disposals	-	-	-	-	543,246	10,150	-	-	553,396
31 December 2014	**-**	**(14,541,052)**	**(184,428,289)**	**(422,809,559)**	**(45,902,843)**	**(7,149,095)**	**(2,970,830)**	**-**	**(677,801,668)**
Net Book Value as of 31 December 2013	**198,261,573**	**3,837,442**	**75,232,224**	**176,167,233**	**84,830,816**	**3,243,472**	**6,834,306**	**658,901,509**	**1,207,308,575**
Net Book Value as of 31 December 2014	**200,695,841**	**8,188,811**	**214,527,879**	**733,069,949**	**81,937,208**	**5,469,744**	**4,345,600**	**5,537,156**	**1,253,772,188**

(*) Vehicles also contain ships owned by the Group.

As of 31 December 2014, the insurance coverage on fixed assets of the Group amounted to TL 2,705,123,859 (TL 142,612,350 of which is for ships). The depreciation expense of tangible fixed assets for the period 1 January – 31 December 2014 amounted to TL 70,790,093. As of 31 December 2014, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 2,860,711. (Note 12)

A first mortgage was placed on the property in the town of Horozgediği in Aliağa in favor of Türkiye Garanti Bankası A.Ş. on 14 November 2011 amounting to TL 1,100,000,000. The mortgage is related with the long-term loan received from the mentioned bank within the power plant project of İzdemir Enerji Elektrik Üretim A.Ş. (31.12.2013: 1,100,000,000)

Construction in progress as of 31 December 2014 is composed of TL, 2,242,593 for environmental infrastructure expenditures within the frame of modernization of İzmir Demir Çelik Sanayi A.Ş., TL 992,1899 for factory modernization of Akdemir Çelik Sanayi ve Ticaret A.Ş., TL 1,709,388 for building seaport dock for İDÇ Liman İşletmeleri A.Ş.

As of 31 December 2014, net carrying value of fixed assets acquired under finance leases amounted to TL 2,462,388. (31 December 2013: TL 3,249,222)

Distribution of depreciation expenses relating to property, plant and equipment is as follows.

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Cost of goods sold	68,722,408	56,790,184
Cost of service	11,940,895	9,178,384
Capitalized on inventories	2,474,724	2,860,711
Capitalized investments	-	854,075
General administrative expenses (Note 35)	417,373	387,463
Other operating expenses	4,179,093	719,276
	87,734,493	**70,790,093**

17. RIGHTS OVER SHARES ARISING FROM DECOMMISSIONING, RESTORATION AND ENVIRONMENTAL REHABILITATION FUNDS

None. (31.12.2014: None)

18. MEMBERS' SHARES IN COOPERATIVE ENTITIES AND SIMILAR FINANCIAL INSTRUMENTS

None. (31.12.2014: None)

19. INTANGIBLE ASSETS

Cost	**Rights**
1 January 2015	3,016,107
Purchases	481,234
Disposals	(11,872)
31 December 2015	**3,485,469**
Accumulated amortization	
1 January 2015	(1,898,140)
Charge for the period	(505,081)
Disposals	462
31 December 2015	**(2,402,759)**
Net Book Value as of 31 December 2014	**1,117,967**
Net Book Value as of 31 December 2015	**1,082,710**

Amortization expenses for the period 1 January – 31 December 2015 amounted to TL 505,081. As of 31 December 2015, no amortization expense is capitalized on inventories associated with intangible assets.

Cost	**Rights**
1 January 2014	2,414,473
Purchases	601,634
31 December 2014	**3,016,107**
Accumulated amortization	
1 January 2014	(1,459,818)
Charge for the period	(438,322)
31 December 2014	**(1,898,140)**
Net Book Value as of 31 December 2013	**954,655**
Net Book Value as of 31 December 2014	**1,117,967**

Amortization expenses for the period 1 January – 31 December 2014 amounted to TL 438,322. As of 31 December 2014, no amortization expense is capitalized on inventories associated with intangible assets.

Distribution of amortization expenses relating to intangible assets is as follows.

	01.01.-31.12.2015	**01.01.-31.12.2014**
Cost of goods sold	114,578	92,466
General administrative expenses (Note 35)	390,503	336,223
Capitalized on investments	-	9,633
	505,081	**438,322**

20. GOODWILL

None. (31.12.2014: None)

21. EXPLORATION AND DEVELOPMENT OF MINERAL RESOURCES

None. (31.12.2014: None)

22. FINANCIAL LEASES

None. (31.12.2014: None)

23. CONCESSION SERVICE ARRANGEMENTS

None. (31.12.2014: None)

24. IMPAIRMENT OF ASSETS

Three ships owned by the Group have been assessed whether there is an indication of impairment as of 31 December 2015 by measuring their recoverable amount. The estimated future cash flows are discounted to their present value using a pre-tax rate of internal return that reflects current market assessments of the time value of money and the risks specific to ships.

Values used for assumptions are determined by management by evaluating future trends of related sectors and based on data from internal and external resources. The discount rate which is one of the crucial assumptions used to calculate the recoverable amount, is estimated as10.58%and EBITDA margins ranges between -26%- 76% are consistent with management projections which were made for periods starting from 2015. Cash flow assumptions are comprised of assumptions until the end of useful life which is the year when three ships will be fully depreciated.

As a result of assessment, an impairment of TL 6,793,885 is recognized, which is accounted in the profit or loss statement. (31 December 2014: None)

While other variables are kept constant, when discount rate is increased by 1 percent, recoverable amount of cash generating unit would exceed net book value by TL 12,188,615, when rate of EBITDA/Net sales is decreased by 1 percent recoverable amount of cash generating unit would be less than net book value by TL 9,941,680.

25. GOVERNMENT GRANTS AND INCENTIVES

For the period ended 1 January – 31 December 2015, the Group has an income of TL 2,504,864 from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 (1 January–31 December 2014: TL 2,107,029). This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

26. BORROWING COSTS

None. (31.12.2014: None)

27. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2015	31 December 2014
Provisions for litigation	45,972	45,972
Provision for expenses	-	2,883,533
	45,972	**2,929,505**

Movement of provisions for litigation is as follows.

	01.01.- 31.12.2015	01.01.- 31.12.2014
Balance at the beginning of the period	45,972	45,972
Charge for the period	-	-
End of the period	**45,972**	**45,972**

As of report date, provision for the litigation of TL 45,972 consists of the court cases for İDÇ Liman İşletmeleri A.Ş. and Akdemir Çelik Sanayi A.Ş. that was prosecuted about employee severance indemnity, overtime payment and job accident. Decisions have been appealed by the Group and the settlement is expected from the Supreme Court. Charge for the period relates to the litigation by a supplier for their receivable from the Group.

28. COMMITMENTS

Guarantees and bails received by the Group	31 December 2015	31 December 2014
Letters of guarantee received	18,838,979	75,083,710
Bails received	3,215,379,772	2,847,454,339
	3,234,218,751	**2,922,538,049**

Letters of guarantee are composed of the letters received from local vendors in return for goods and services rendered by the vendors. Bails received comprise bails provided by the Group's related parties and shareholders for the taking bank borrowings.

Guarantees, pledges and mortgages that are given by the Group at the end of the period are as follows.

	31 December 2015			
	Original Currency			Total
GUARANTEE- PLEDGE-MORTGAGES (GPM)	EUR	USD	TL	TL
A. Total amount of GPM given on behalf of own legal entities within Group	450,000	81,070,000	35,037,090	272,186,142
B. Total amount of GPM given in favor of consolidated subsidiaries	-	322,500,000	1,282,546,094	2,220,247,094
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	-	-
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
Total	**450,000**	**403,570,000**	**1,317,583,184**	**2,492,433,236**

The ratio of other GPM given by the Group to the equity of the Group as of 31 December 2015 is 0%.

	31 December 2014			
	Original Currency			Total
GUARANTEE- PLEDGE-MORTGAGES (GPM)	**EUR**	**USD**	**TL**	**TL**
A. Total amount of GPM given on behalf of own legal entities within Group	700,000	5,500,000	37,050,961	51,779,401
B. Total amount of GPM given in favor of consolidated subsidiaries	-	307,500,000	1,265,512,876	1,978,574,626
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	-	-
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	-	-
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
Total	**700,000**	**313,000,000**	**1,302,563,837**	**2,030,354,027**

The ratio of other GPM given by the Group to the equity of the Group as of 31 December 2014 is 0%.

As of 31 December 2014, detail of the letters of guarantee given to the various public institutions on behalf of legal entities within the Group is as follows.

	31 December 2014			
	Original Currency			Total
GUARANTEE	**EUR**	**USD**	**TL**	**TL**
Given to customs office	450,000	-	1,997,181	3,427,101
Given to tax office	-	-	1,723,133	1,723,133
Given to electricity distribution companies	-	-	5,055,622	5,055,622
Given to natural gas distribution companies	-	-	10,572,837	10,572,837
Other letters of guarantee given	-	81,020,000		235,573,752
Total	**450,000**	**81,070,000**	**35,037,091**	**272,186,143**

As of 31 December 2014, detail of the letters of guarantee given to the various public institutions on behalf of legal entities within the Group is as follows.

	31 December 2014			
	Original Currency			Total
GUARANTEE	**EUR**	**USD**	**TL**	**TL**
Given to customs office	700,000	-	1,997,181	3,971,671
Given to tax office	-	-	1,135,782	1,135,782
Given to electricity distribution companies	-	-	14,973,891	14,973,891
Given to natural gas distribution companies	-	-	18,669,608	18,669,608
Given to energy market regulatory authority ("emra")	-	5,500,000	274,500	13,028,450
Other letters of guarantee given	700,000	-	1,997,181	3,971,671
Total	**700,000**	**5,500,000**	**37,050,962**	**51,779,402**

As of 31 December 2015, detail of the bails that the Group and its subsidiaries are given for using various loans in favor of each other is as follows.

	31 December 2015			
	Original Currency			Total
BAIL	**EUR**	**USD**	**TL**	**TL**
Bails given to fully consolidated companies				
- Given to Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	-	7,770,064	7,770,064
- Given to İDÇ Liman İşletmeleri A.Ş.	-	15,000,000	2,180,584	47,830,084
- Given to İzdemir Enerji Sanayi ve Ticaret A.Ş.	-	307,500,000	1,272,388,000	2,208,202,750
Total		**322,500,000**	**1,282,338,648**	2,263,802,898

As of 31 December 2014, detail of the bails that the Group and its subsidiaries are given for using various loans in favor of each other is as follows.

	31 December 2014			
	Original Currency			Total
BAIL	**EUR**	**USD**	**TL**	**TL**
Bails given to fully consolidated companies				
- Given to Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	-	8,007,109	8,007,109
- Given to İDÇ Liman İşletmeleri A.Ş.	-	-	2,537,985	46,151,985
- Given to İzdemir Enerji Sanayi ve Ticaret A.Ş.	-	307,500,000	1,272,388,000	2,166,475,000
Total	**-**	**307,500,000**	**1,282,933,094**	**2,220,634,094**

29. EMPLOYEE BENEFITS

Payables within the context of employee benefits

	31 December 2015	31 December 2014
Payable due to personnel	4,006,991	4,739,609
Social security premiums payable	2,431,109	2,375,581
Income tax payable	1,672,867	2,018,823
	8,110,967	**9,134,013**

Long term employee severance indemnity

	31 December 2015	31 December 2014
Employee severance indemnity	12,198,175	10,602,728
Vacation pay liability	2,763,338	2,666,680
	14,961,513	**13,269,408**

Movement of employee severance indemnity is as follows.

Employee Severance Indemnity	**01.01.- 31.12.2015**	**01.01.- 31.12.2014**
Provision at the beginning of the period	10,602,728	9,446,295
Service cost	2,187,275	2,905,893
Interest cost	989,539	672,735
Actuarial loss / (gain)	169,355	629,712
Employee severance indemnity payment	(1,626,604)	(2,850,386)
Provisions no longer required	(124,118)	(201,521)
Provision at the end of the period	**12,198,175**	**10,602,728**

Actuarial gain amounting to TL 169,355 is recognized in other comprehensive income as of 31 December 2015. (31 December 2014: TL 629,712)

Under the Turkish Labor Law, employees whose contracts are terminated by the employer for reasons set by the law are entitled to be paid compensation.

As of 31 December 2015, the amount payable as compensation for each year served is equal to one month's salary subject to a ceiling of TL 3,828.37. (31 December 2014: TL 3,438.22)

Employee severance indemnity is not subject to any funding as statutory requirement.

Employee severance indemnity of the Group has been calculated as expressed in Note 2. As at 31 December 2015, the liability is computed on a thirty day wage base with a maximum of TL 3,828.37 for each year of service and utilizing the rates on date of retirement or departure.

Based on the basis that is mentioned above, the Group calculated provisions for employee severance indemnity and recorded to the financial statements by estimating the present value of the future probable obligation arising from the retirement of the employees.

Accordingly, the following actuarial assumptions were used in the calculation of the provision.

	31 December 2015	**31 December 2014**
Inflation rate	% 8	% 6
Real discount rate	%2.33	%2.52

As of 31 December 2015, the Group's expected probability rate to pay the employee severance indemnity is 97% except those quitting their jobs on their own wish and those not eligible for severance pay (31 December 2014: 97%).

Movement of the vacation pay liability is as follows.

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Beginning of the period	2,666,680	2,571,551
Change for the period	96,658	95,129
End of the period	**2,763,338**	**2,666,680**

Vacation pay liability was calculated by multiplying remaining vacation days with daily salaries. Current period allowance is accounted under long term provisions in consolidated financial statements.

30. EXPENSES BY NATURE

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Raw material costs	1,501,202,247	1,508,383,270
Utility expenses	101,377,990	189,077,396
Labor costs	122,696,713	109,434,922
Freight costs	38,612,026	48,476,224
Material cost	38,010,245	43,016,198
Depreciation and amortization	85,764,850	67,503,997
General manufacturing expenses	30,981,809	34,331,307
Change in inventories	54,607,147	69,666,115
Foreign exchange	27,037,647	12,923,778
Other	52,073,399	57,266,410
	2,052,364,073	**2,140,079,617**

31. OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2015	**31 December 2014**
Prepaid tax	795,020	1,644,723
Deferred VAT	1,685,660	22,085,419
Work advances	98,674	72,113
Personnel advances	45,856	29,852
Other various current assets	417,608	487,615
	3,042,818	**24,319,722**

Other Current Liabilities

	31 December 2015	**31 December 2014**
VAT payable	14,455,896	10,436,433
Order advances received	13,220,899	7,593,690
Deferred income	555,789	-
Other liabilities	4,745	2,501
	28,237,329	**18,032,624**

32. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid in Capital

The Company adopted registered paid- in capital system pursuant to the articles of the Law numbered 2499 after the permission from the Capital Market Board on 22 August 1984. The Company's registered capital is TL 600,000,000; shares are divided into 60,000,000,000 each with a nominal value of Kurus 1.

The permission granted by the Capital Market Board to be on the registered capital ceiling is valid for the years between 2013 and 2017 (5 years). Board of directors cannot take decision after 2017 for increase of capital even if the registered capital ceiling allowed till the end of 2017 is not reached. It is compulsory to obtain authorization for a new capital ceiling from the General Assembly provided that the Capital Market Board endorses the ceiling. If mentioned authority is not taken, the Company is deemed to have come out from the registered capital system.

The Company's issued share capital is, fully paid TL 375,000,000. This capital is formed in total 37,500,000,000 unit shares of Group A which has 800 units written to name each valued 1 Kurus (700 pieces to Şahin Koç Çelik Sanayi A.Ş., 100 pieces to Deba Holding A.Ş.) and of Group B which has 37,499,999,200 units written to name each valued 1 Kurus. Registration to stock register of the shares written to name is subject to the approval of the Board. Registered shares may be withheld from the record by the Group even with no reason.

The capital structure is as follows.

Shareholders	(%)	31 December 2015	(%)	31 December 2014
Şahin – Koç Çelik Sanayi A.Ş.	57.78	216,676,003	61.54	230,776,003
Halil Şahin	14.79	55,459,438	14.79	55,459,438
Şahin Şirketler Grubu Holding	5.40	20,244,300	-	-
Other (Publicly traded)	22.03	82,620,259	23.67	88,764,559
Capital with historic value	**100.00**	**375,000,000**	**100.00**	**375,000,000**

Group A shares are the privileged shares. More than the half of the Members of Board of Directors is elected from the owners of Group A shares at the General Board. After distribution of first dividends founding shareholders are entitled to receive 10% of the remaining profit. Then, Board of Directors are entitled to receive 10% of the remaining profit.

Inflation Adjustment on Capital

	31 December 2015	31 December 2014
Inflation adjustment on capital	22,763,962	22,763,962
	22,763,962	**22,763,962**

Legal Reserves

	31 December 2015	31 December 2014
Legal reserves	25,832,374	25,832,374
	25,832,374	**25,832,374**

The legal reserves are comprised of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in-capital and at the rate of 9% p.a. of all cash distribution in excess of 5% of the paid-in-share capital in case of full distribution of respective profit as dividend.

The legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in-capital.

Publicly-traded companies are obligated to execute distribution of dividend in compliance with the communique No. II-19.1 issued by the CMB, effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend policies settled and dividend payment decision taken in general assembly and also conforming to relevant legislations. The communique does not dictate a minimum dividend rate. Companies distribute dividend in accordance with the frame defined in their dividend policy or articles of incorporation. Furthermore, dividend can be distributed by fixed or variable installments and advance dividend can be paid on the profit reported on interim financial statements.

Retained earnings

Retained earnings in legal books can be distributed taking the following article into consideration.

In accordance with the Communiqué II, No: 14.1; at the first time application of inflation adjustments on financial statements, equity items, namely Share Premiums, Legal Reserves, Statue Reserves, Special Reserves and Extraordinary Reserves were carried at nominal value in the statement of financial position and restatement differences of such items were presented in equity under the retained earnings in total.

Revaluation Fund Gains and Losses

Revaluation Fund Gains and Losses are composed of increases on valuation of tangible fixed asset and actuarial gains/losses on employee benefits.

Lands, buildings, land improvements, machinery and equipment are stated in the financial statements at their fair values determined by an independent real estate appraisal company accredited by CMB on 15 August 2011, 31 December 2011 and 31 March 2012.

Independent real estate appraisal company determined the fair values of lands and buildings with precedent comparison valuation method, land improvements and machinery and equipment with reconstruction cost assumption excluded depreciation. Land, land improvements, buildings, machinery and equipment are accounted with their fair value determined on valuation report.

With amendments to standard of TAS 19 Employee Benefits, actuarial gains and losses taken into consideration in calculation of severance indemnity provision are not allowed to be accounted in profit or loss statement. Gains and losses arising from changes in actuarial assumptions are recorded as revaluation fund gains and losses in equity.

Movement of Revaluation Fund Gains/ (Losses) is as follows.

	2015	**2014**
Beginning of the period	189,592,564	196,933,723
Depreciation transfer from revaluation fund	(2,585,555)	(2,561,540)
Deferred tax calculated over depreciation	517,111	512,308
Losses on revaluation of employee benefits	(191,266)	(603,738)
Deferred tax calculated on losses on revaluation of employee benefits	38,253	120,747
Fund outflow due to fixed asset transfer to subsidiary	-	(4,742,667)
Fund outflow due to sale of fixed asset	4,091	(66,269)
End of the period	**187,375,198**	**189,592,564**

Non-Controlling Interests

	31 December 2015	**31 December 2014**
Shares in capital	37,806,027	37,806,027
Revaluation fund	4,763,495	4,763,529
Actuarial loss / (gain)	(3,735)	(21,264)
Shares in accumulated profit / (losses)	(2,928,026)	(10,695,775)
Share in profit / (loss) for the period	(20,298,727)	7,767,715
	19,339,034	**39,620,232**

33. REVENUE AND COST OF SALES

	01.01.-31.12.2015	**01.01.-31.12.2014**
Domestic sales	1,497,324,862	1,258,556,431
Export sales	607,834,382	898,148,791
Sales returns (-)	(27,595,140)	(19,948,155)
Other deductions from sales (-)	(1,214,253)	(1,853,779)
Revenue	**2,076,349,851**	**2,134,903,288**
Cost of goods sold	(1,870,364,283)	(1,973,035,023)
Cost of merchandise sold	(3,317,483)	(6,137,019)
Cost of services	(89,499,472)	(86,487,444)
Cost of other sales	(1,021,978)	(2,122,933)
Cost of Sales	**(1,964,203,216)**	**(2,067,782,419)**
Gross Profit	**112,146,635**	**67,120,869**

Details of the reportable segments used in management reporting are disclosed in Note 5.

34. CONSTRUCTION CONTRACTS

None. (31.12.2014: None)

35. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	01.01.-31.12.2015	**01.01.-31.12.2014**
General administrative expenses	(20,816,590)	(20,729,671)
Marketing expenses	(13,287,110)	(13,281,675)
	(34,103,700)	**(34,011,346)**

General Administrative Expenses

	01.01.-31.12.2015	**01.01.-31.12.2014**
Personnel expenses	10,630,445	9,020,093
Travelling expenses	431,687	390,221
Food expenses	194,930	192,382
Utility expenses	83,625	121,550
Repair and maintenance expenses	54,928	423,026
Counseling and consultation expenses	938,962	576,131
Rent expenses	203,332	165,910
Insurance expenses	511,442	627,907
Communication expenses	579,565	429,272
Subscription expenses	528,410	414,085
Taxes and other legal dues	1,726,823	3,814,324
Depreciation and amortization expenses	807,876	723,686
Employee severance indemnity expenses	263,181	255,818
Representation and accommodation expenses	237,662	328,248
Vehicle expenses	833,156	846,283
Other expenses	2,790,566	2,400,735
	20,816,590	**20,729,671**

Marketing Expenses

	01.01.-31.12.2015	**01.01.-31.12.2014**
Transportation expenses	3,412,005	4,425,077
Brand and registration expenses	444,780	410,561
Commission expenses	3,895,053	4,852,490
Harbor service expenses	262,651	104,178
Export expenses	941,572	1,404,138
Personnel expenses	1,086,077	1,142,568
Electricity sales expenses	2,847,162	-
Other expenses	397,810	942,663
	13,287,110	**13,281,675**

36. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Income from Operating Activities

	01.01.-31.12.2015	01.01.-31.12.2014
Rediscount income	1,281,461	1,478,266
Bunker	15,313,426	16,070,686
Reversal of unnecessary provisions	124,118	209,304
Warehouse income	893,715	576,484
Indemnity income	3,488,647	27,888,564
Finance income over sales with maturity	2,085,223	1,689,571
Incomes from customs charges	826,425	761,897
Income from carriage	1,149,078	969,394
Income from ship operating charges	-	136,901
Income from electricity sales charges	534,565	-
Other income and profits	1,712,477	1,230,441
	27,409,135	**51,011,508**

Other Expenses from Operating Activities

	01.01.-31.12.2015	01.01.-31.12.2014
Litigation expenses	-	(6,077,019)
Foreign exchange losses -net	(27,037,647)	(12,923,778)
Cost of bunker	(13,863,202)	(12,652,871)
Rediscount expenses	(2,047,278)	(1,803,435)
Warehouse expenses	(1,061,783)	(1,072,550)
Customs charges	(1,002,831)	(835,834)
Carriage expenses	(1,412,248)	(875,264)
Ship operating charges	-	(136,901)
Doubtful receivables	(46,240)	(716,955)
Idle capacity expenses	(4,709,021)	-
Electricity sales liability expenses	(914,429)	(630,980)
Electricity sales charges	(551,684)	-
Other expense and losses	(1,410,794)	(560,265)
	(54,057,157)	**(38,285,852)**

37. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from Investing Activities

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Changes in the fair value of derivative financial instruments	519,220	15,656,540
Premium income from option contracts	633,884	609,199
Gain on sales of property, plant and equipment	-	271,073
Increase in Value in investment properties	-	1,822,000
	1,153,104	**18,358,812**

Expenses from Investing Activities

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Changes in the fair value of derivative financial instruments	(2,347,914)	(1,169,941)
Foreign exchange losses	(5,525,215)	(1,628,013)
Loss on sales of property, plant and equipment	(11,775)	-
Impairment of fixed asset	(6,793,885)	-
	(14,678,789)	**(2,797,954)**

38. EXPENSES CLASSIFIED BY VARIETIES

Expenses are demonstrated by their function for the periods ended 31 December 2015 and 31 December 2014, and details of expenses are disclosed in Note 30, 33 and 35.

39. FINANCIAL INCOME AND EXPENSES

Financial Income

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Foreign exchange gains	47,989,355	200,507,838
Interest income	5,156,191	8,813,949
Premium income on letter of credits	2,167,013	395,042
	55,312,559	**209,716,829**

Financial Expenses

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Foreign exchange losses	(284,609,132)	(267,751,357)
Interest expenses	(54,837,293)	(35,098,669)
Commission expenses	(1,017,485)	(1,742,326)
Bank charges	(2,060,376)	(895,007)
	(342,524,286)	**(305,487,359)**

40. ANALYSIS OF OTHER COMPREHENSIVE INCOME COMPONENTS

The Group has other comprehensive expense amounted to TL 135,484 for the period ended 31 December 2015 not to be reclassified to profit or loss (31 December 2014: 503,770). The amount is composed of actuarial losses on re-measurement of employee benefits.

41. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None. (31.12.2014: None)

42. INCOME TAXES (INCLUDED DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax Payable	**31 December 2015**	**31 December 2014**
Provision for corporate tax payable	(1,345,783)	(15,678,048)
Prepaid taxes and funds	833,252	8,047,647
	(512,531)	**(7,630,401)**

Tax Provision for the Period	**01.01.- 31.12.2015**	**01.01.- 31.12.2014**
Corporate tax provision	(1,345,783)	(15,678,048)
Deferred tax income / (expense)	47,324,853	24,238,785
	45,979,070	**8,560,737**

Corporate Tax

The Company and its subsidiaries in Turkey, are subject to corporate tax in Turkey. The estimated tax liabilities, which is regarding Group's current period operating results, are recognized in the accompanying financial statements. Corporate tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are non-deductible from tax base and subtracting tax-exempt profit, tax-free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

Effective corporation tax rate applied in Turkey since 2005 is 20 %. Temporary tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20%. Losses may be carried forward for a maximum period of five years in order to be deducted from the taxable profit to be earned in the coming years.

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies submit their tax declarations between 1-25 April coming after the related year's balancing period (for the companies having special account period, between 1 and 25 of fourth month following the closing of period). These tax declarations and concerning accounting records may be inspected and changed by tax department in five years.

Withholding Tax:

In addition to Corporation Tax, it is required to calculate withholding tax from the dividends distributed by full pledge taxpayer enterprise and include in its income tax base and except dividends distributed by foreign companies to its subsidiary in Turkey. As of 23 July 2006 withholding tax rate was altered to 15%. Dividends that are added to capital without distribution are not subject to withholding tax. It is necessary to make tax withholding at 19.8% over investment allowance balance utilized based on investment incentive certificate received prior to 24 April 2003. 40% of company activities directly related to production investment certificate. Investment expenses made after this date can be deducted. Tax withholding cannot be made on investment expenses without incentive certificate.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported in accordance with CMB Communiqué Serial: II, No: 14.1 and the statutory tax financial statements. The differences which are explained below usually result in the recognition of revenue and expenses in different reporting periods for Account Standards Communiqué of CMB and tax purposes.

Timing differences arise from differences which occurred because of change in income and expense items between accounting and tax base. Time differences are being calculated based on tangible fixed assets (except land and area), intangible fixed assets, revaluation of stocks; rediscount of receivables and payables, financial liabilities, provision for employee severance indemnity and previous years' losses. The ratio of deferred tax applied is 20% in the reporting period.

Items that constitute base to deferred tax and corporate tax are presented below.

	31 December 2015		**31 December 2014**	
	Temporary Difference	**Deferred Tax**	**Temporary Difference**	**Deferred Tax**
Deferred Tax Assets				
Inventories	509,730	101,946	8,849,674	1,769,935
Employee severance indemnity	10,266,884	2,053,377	8,840,792	1,768,158
Trade receivables	1,928,455	385,691	1,140,075	228,015
Financial investments	445,357	89,071	445,357	89,071
Fair values of derivative financial instruments	785,716	157,143	(1,042,979)	(208,596)
Other non-current and current liabilities	3,446,179	689,237	2,894,397	578,879
Debt provisions	(589,703)	(117,941)	45,972	9,194
Tangible and intangible assets	145,419,567	29,083,911	150,493,551	30,098,710
Other current assets	4,180,571	836,114	1,949,495	389,899
Trade payables	(1,378,092)	(275,618)	(1,713,023)	(342,605)
Tax losses carried forward	403,886,090	80,777,218	162,953,660	32,590,732
Actuarial loss fund on severance indemnity	1,931,287	386,258	1,761,936	352,387
		114,166,407		**67,323,779**
Deferred Tax Liabilities				
Fair values of property, plant equipment	200,235,423	40,047,085	202,815,907	40,563,181
Investment properties	42,090,902	2,104,545	42,090,902	2,104,545
		42,151,630		**42,667,726**
Deferred Tax Assets		**72,014,777**		**24,656,053**

Movements in Deferred Tax Asset / (Liability)	**01.01.- 31.12.2015**	**01.01.- 31.12.2014**
Balance at the beginning of the period	24,656,053	291,326
Tax effect of actuarial loss /(gain) of severance indemnity	33,871	125,942
Deferred tax income	47,324,853	24,238,785
Balance at the end of the period	**72,014,777**	**24,656,053**

Movement of deferred tax assets and liabilities are presented below.

	1 January 2015	Current period deferred tax income	Recognized in other comprehensive income	31 December 2015
Deferred Tax Assets				
Inventories	1,769,935	(1,667,989)	-	101,946
Employee severance indemnity	1,768,158	285,219	-	2,053,377
Trade receivables	228,015	157,676	-	385,691
Financial investments	89,071	-	-	89,071
Fair values of derivative financial instruments	(208,596)	365,739	-	157,143
Other non-current and current liabilities	578,879	110,358	-	689,237
Debt provisions	9,194	(127,135)	-	(117,941)
Tangible and intangible fixed assets	30,098,710	(1,014,799)	-	29,083,911
Other current assets	389,899	446,215	-	836,114
Trade payables	(342,605)	66,987	-	(275,618)
Tax losses carried forwards	32,590,732	48,186,486	-	80,777,218
Actuarial loss fund on severance indemnity	352,387	-	33,871	386,258
	67,323,779	**46,808,757**	**33,871**	**114,166,407**
Deferred Tax Liabilities				
Fair values of property, plant equipment	40,563,181	(516,096)	-	40,047,085
Investment properties	2,104,545	-		2,104,545
	42,667,726	**(516,096)**	**-**	**42,151,630**
Net Deferred Tax Assets/ (Liabilities)	**24,656,053**	**47,324,853**	**33,871**	**72,014,777**

	1 January 2014	Current period deferred tax income	Recognized in other comprehensive income	31 December 2014
Deferred Tax Assets				
Inventories	288,852	1,481,083	-	1,769,935
Employee severance indemnity	1,662,814	105,344	-	1,768,158
Trade receivables	263,409	(35,394)	-	228,015
Financial investments	89,071	-	-	89,071
Fair values of derivative financial instruments	2,688,724	(2,897,320)	-	(208,596)
Other non-current and current liabilities	577,350	1,529	-	578,879
Debt provisions	9,194	-	-	9,194
Tangible and intangible fixed assets	17,990,622	12,108,088	-	30,098,710
Other current assets	(1,116,269)	1,506,168	-	389,899
Trade payables	(452,241)	109,636	-	(342,605)
Tax losses carried forwards	21,169,599	11,421,133	-	32,590,732
Actuarial loss fund on severance indemnity	226,445	-	125,942	352,387
	43,397,570	**23,800,267**	**125,942**	**67,323,779**
Deferred Tax Liabilities				
Fair values of property, plant equipment	41,092,799	(529,618)	-	40,563,181
Investment properties	2,013,445	91,100		2,104,545
	43,106,244	**(438,518)**	**-**	**42,667,726**
Net Deferred Tax Assets/ (Liabilities)	**291,326**	**24,238,785**	**125,942**	**24,656,053**

Reconciliation of tax provision that is presented in the profit or loss statement is as follows.

Reconciliation of tax provision	**01.01.- 31.12.2015**	**01.01.- 31.12.2014**
Net profit/(loss) for the period	(203,363,429)	(25,813,756)
Total tax income / (expense)	45,979,070	8,560,737
Profit /(loss) before tax	(249,342,499)	(34,374,493)
Tax on profit per statutory tax rate of the parent company	49,868,500	6,874,898
Discount on tax rate		273,300
Non-deductible expenses	(3,714,673)	(2,073,907)
Tax exempt income	16,174	3,886,518
Effect of consolidation transactions	(190,931)	(596,362)
Other	-	196,290
Total tax income	**45,979,070**	**8,560,737**

The maturity of the tax losses are as follows:

		31 December 2015	**31 December 2014**
Period of tax losses occurred	Maturity of tax losses	Tax losses carried forward	Tax losses carried forward
2012	2017	492,737	492,737
2013	2018	98,182,361	98,182,361
2014	2019	64,278,562	64,278,562
2015	2020	240,932,430	-
Total		**403,886,090**	**162,953,660**

43. EARNINGS PER SHARE

Weighted average number of the Company shares and calculated earnings per share are as follows

	01.01.- 31.12.2015	**01.01.- 31.12.2014**
Profit for the period attributable to parent company	(183,064,702)	(33,581,471)
Weighted average number of ordinary shares	375,000,000	375,000,000
Earnings / (losses) per share TL	(0.4881)	(0.0896)
Earnings / (losses) per share	(%4881)	(%8.96)

44. SHARE-BASED PAYMENT

None. (31.12.2014: None)

45. INSURANCE CONTRACTS

None. (31.12.2014: None)

46. EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

For the period ended 31 December 2015 and 2014, effects of changes in foreign exchange rates are disclosed in Note 50.

47. FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

The Group has ceased the proactive inflation accounting as of 1 January 2005 in accordance with CMB's related decision taken on 17 March 2005.

48. DERIVATIVE INSTRUMENTS

	31 December 2015	31 December 2014
Income accrual on derivative instruments	269,459	1,292,740
	269,459	**1,292,740**

Income accrual on derivative instruments consists of fair value differences of option contracts and future contracts recognized in profit or loss statement.

	31 December 2015	31 December 2014
Expense accrual on derivative instruments	1,055,175	249,761
	1,055,175	**249,761**

Expense accrual on derivative instruments consists of fair value differences of option contracts and future contracts recognized in profit or loss statement.

Forward exchange transactions

The Group's business operations are exposed to financial risk due to changes in currency rate and interest rate basically. The Group utilizes derivative financial instruments (primarily currency exchange forward contracts) to avoid fair value risks.

Derivative financial instruments are calculated at fair value on contract date and recalculated at their fair value at next reporting date. The variations on market values are accounted in the profit or loss statement of relevant period.

The Group does not adopt hedge accounting for derivative financial instruments. As of 31 December 2015, details of forward and option contracts entered by the Group are summarized below.

Forward contracts:

	Maturity	Exchange rate parity	To be handed over to bank	To be received from bank
USD Sale EUR Purchase	1-5 month	1.0709 -1.1449	9,373,347	8,400,000
EUR Sale USD Purchase	1-5 month	1.0669 -1.1584	8,723,000	9,758,034
USD Sale TL Purchase	3 month	2.8107 -2.8107	5,336,749	15,000,000
TL Sale USD Purchase	1 month	2.9117 -2.91971	17,511,700	6,000,000

Option contracts:

	Maturity	Exchange rate parity	To be handed over to bank	To be received from bank
USD Sale TL Purchase	1-12 month	3.50 -4.60	17,500,000	70,975,000

49. FINANCIAL INSTRUMENTS

	31 December 2015	31 December 2014
Financial assets		
Cash and cash equivalents (Note 7)	223,404,104	101,803,157
Trade receivables (Note 6 and 9)	239,964,802	163,560,858
Financial investments (Note 8)	858,859	672,543
Financial liabilities		
Financial liabilities	1,339,248,354	1,080,015,266
Trade payables (Note 6 and 9)	383,439,175	326,484,403

Financial Borrowings

	31 December 2015	31 December 2014
Short term borrowings	486,303,288	462,060,505
Short term portion of long term borrowings	160,247,826	98,815,991
Total short term financial borrowings	**646,551,114**	**560,876,496**
Long term borrowings	692,697,239	519,138,770
Total financial borrowings	**1,339,248,353**	**1,080,015,266**

As of 31 December 2015, there is interest expense accrual amounting to TL 14,788,105 on total financial borrowings (31 December 2014: TL 7,981,150). The mentioned accrual is included in short term borrowings.

The pledges and mortgages given by the Group against borrowings are disclosed in Note 16 and 28.

Breakdown of short term and long term financial borrowings in terms of currency are as follows.

31 December 2015

Currency	Short term	Long term	Total	TL equivalent
USD	210,263,980	235,462,589	445,726,569	1,295,994,573
EUR	1,692,308	2,538,462	4,230,769	13,443,692
TL	15,021,983	-	15,021,983	15,021,983
				1,324,460,248
Interest expense accrual				7,981,150
Total				**1,339,248,353**

31 December 2014

Currency	Short term	Long term	Total	TL equivalent
USD	219,431,343	218,726,568	438,157,911	1,016,044,379
EUR	4,032,308	4,230,769	8,263,077	23,307,662
TL	32,682,075	-	32,682,075	32,682,075
				1,072,034,116
Interest expense accrual				7,981,150
Total				**1,080,015,266**

The contractual interest rates at the statement of financial position date are as follows.

Short term	**31 December 2015**	**31 December 2014**
USD borrowings	%2.30 – Libor+1.5	%1.75 - Libor+1
TL borrowings	%10.55	%10.90 - %13.60

Long term	**31 December 2015**	**31 December 2014**
USD borrowings	%2.05 - Libor+3.40	%2.05 - Libor+3.40
EUR borrowings	Euribor+3	Euribor+2.2 - Euribor+3

As of the statement of financial position date, principal repayment plans of total borrowings are as follows. Interest accruals and factoring borrowings are excluded.

	31 December 2015	**31 December 2014**
2015	-	529,706,346
2016	631,763,009	105,098,332
2017	213,784,581	71,603,109
2018-2023	478,912,657	365,626,329
	1,324,460,247	**1,072,034,116**

50. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Credit risk

Registered values of financial assets show the maximum credit risk exposed. Maximum credit risk exposed as of the reporting date is as follows.

	Receivables						
	Trade Receivables		**Other Receivables**				
Current Period 31 December 2015	**Related Party**	**Other Party**	**Related Party**	**Other party**	**Bank Deposits**	**Derivate Instruments**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	**5,393,377**	**234,571,425**	**-**	**7,385,703**	**222,168,343**	**269,459**	**-**
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	4,161,078	134,480,208	-	7,385,703	222,168,343	269,459	-
B. Net book value of impaired assets	1,232,299	100,091,216	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	802,609	-	-	-	-	-
- Impairment (-)	-	(802,609)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

	Receivables						
	Trade Receivables		Other Receivables				
Current Period 31 December 2014	**Related Party**	**Other Party**	**Related Party**	**Other party**	**Bank Deposits**	**Derivate Instruments**	**Other**
Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	**74,952**	**163,485,906**	**37,891,021**	**5,940,182**	**101,723,711**	**1,292,740**	**-**
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	74,952	160,804,183	37,891,021	5,940,182	101,723,711	1,292,740	-
B. Net book value of impaired assets	-	2,681,723	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	756,369	-	-	-	-	-
- Impairment (-)	-	(756,369)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(*) Items that enhance the loan security such as collaterals were not taken into consideration in determining the amount.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Group mainly operates in production, sales, marketing, transportation of iron and steel, port services, ship operations and production, distribution and trading of energy, geographically the concentration of credit risk for the Group's entities operating in the mentioned businesses are mainly in Turkey.

The companies operating under these segments have set a credit policy under which each new customer is analyzed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

The Group establishes an allowance for impairment losses that represent its estimate of incurred losses in its receivables portfolio.

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss events had an impact on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired includes default or delinquency of a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

As of 31 December 2015, the ageing details of receivables of the Group overdue however not impaired are as follows with their due dates.

Current Period 31 December 2015	**Receivables**		**Bank Deposits**	**Derivate Instruments**	**Other**
	Trade Receivables	**Other Receivables**			
Past due 1-30 days	3,179,628	-	-	-	-
Past due 1-3 moths	27,115,069	-	-	-	-
Past due 3-12 months	66,646,891	-	-	-	-
Past due 1-5 years	3,149,628	-	-	-	-
Past due 5 years or more	-	-	-	-	-
	100,091,216	**-**	**-**	**-**	**-**

The significant amount of overdue receivable balance is related to the receivables of the customers from eastern countries. The finance and banking systems in these countries have been affected negatively due to the political disorder. Due to the fact that the group had difficulties to collect the receivables on time. Significant amount of overdue receivable balance has been collected subsequently as of reporting date.

Current Period 31 December 2014	**Receivables**		**Bank Deposits**	**Derivate Instruments**	**Other**
	Trade Receivables	**Other Receivables**			
Past due 1-30 days	1,605,422	-	-	-	-
Past due 1-3 moths	308,453	-	-	-	-
Past due 3-12 months	726,758	-	-	-	-
Past due 1-5 years	41,090	-	-	-	-
Past due 5 years or more	-	-	-	-	-
	2,681,723	**-**	**-**	**-**	**-**

Foreign Currency Risk

	Current Period 31 December 2015						Prior Period 31 December 2014					
	TL Equivalent (Functional currency)	USD	Euro	JPY	GBP	Other (TL Equivalent)	TL Equivalent (Functional currency)	USD	Euro	JPY	GBP	Other (TL Equivalent)
1. Trade receivables	96,953,199	31,774,063	1,437,227	-	-	-	69,013,724	29,761,406	-	-	-	-
2a. Monetary financial assets	212,497,812	72,317,604	564,482	809,063	24,007	310,720	42,966,899	18,169,337	253,770	4,969,686	1,338	17,237
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-	-	-
3. Other	9,597	3,300	-	-	-	-	-	-	-	-	-	-
4. Current Assets (1+2+3)	**309,460,608**	**104,094,967**	**2,001,709**	**809,063**	**24,007**	**310,720**	**111,980,623**	**47,930,743**	**253,770**	**4,969,686**	**1,338**	**17,237**
5. Trade receivables	-	-	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**309,460,608**	**104,094,967**	**2,001,709**	**809,063**	**24,007**	**310,720**	**111,980,623**	**47,930,743**	**253,770**	**4,969,686**	**1,338**	**17,237**
10. Trade payables	365,602,692	125,187,832	492,601	-	9,570	105	297,131,943	127,077,316	759,360	1,533,477	78,044	100
11. Financial liabilities	547,997,243	186,604,231	1,707,823	-	-	-	408,209,443	171,087,349	4,068,135	-	-	-
12a. Monetary other liabilities	109,819	37,770	-	-	-	-	87,584	37,770	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**913,709,753**	**311,829,833**	**2,200,424**	**-**	**9,570**	**105**	**705,428,970**	**298,202,435**	**4,827,495**	**1,533,477**	**78,044**	**100**
14. Trade payables	-	-	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	775,374,607	263,897,507	2,538,462	-	-	-	631,454,502	267,161,487	4,230,769	-	-	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**775,374,607**	**263,897,507**	**2,538,462**	**-**	**-**	**-**	**631,454,502**	**267,161,487**	**4,230,769**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**1,689,084,361**	**575,727,340**	**4,738,886**	**-**	**9,570**	**105**	**1,336,883,472**	**565,363,921**	**9,058,264**	**1,533,477**	**78,044**	**100**
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	1,928,469	663,251	-	-	-	-	(48,165,872)	(20,771,002)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	17,445,600	6,000,000	-	-	-	-	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	15,517,131	5,336,749	-	-	-	-	48,165,872	20,771,000	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**(1,377,695,284)**	**(470,969,122)**	**(2,737,177)**	**809,063**	**14,437**	**310,615**	**(1,273,068,721)**	**(538,204,179)**	**(8,804,494)**	**3,436,209**	**(76,707)**	**17,138**
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1,379,623,753)	(471,632,373)	(2,737,177)	809,063	14,437	310,615	(1,224,902,849)	(517,433,179)	(8,804,494)	3,436,209	(76,707)	17,138
22. Fair value of financial instruments used in foreign currency hedges	-	-	-	-	-	-	-	-	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-	-	-	-	-	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Foreign currency risk sensitivity analysis

In case of a fluctuation by 10% in TL against foreign currencies as shown below, the profit or loss statement is expected to be affected as below. While making the analysis, all other variables are assumed to remain unchanged.

Foreign Currency Risk Sensitivity Analysis				
Current Period 31 December 2015	**Profit / Loss**		**Equity**	
	Appreciation of foreign currency	Devaluation of foreign currency		Appreciation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(137,131,829)	137,131,829	-	-
2- USD risk hedged (-)	192,847	(192,847)	-	-
3- USD net effect (1+2)	**(136,938,982)**	**136,938,982**	**-**	**-**
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	(869,765)	869,765	-	-
5- EUR risk hedged (-)	-	-	-	-
6- EUR net effect (4+5)	**(869,765)**	**869,765**	**-**	**-**
Change in the other foreign currencies against TL by 10 %				
7- Net asset / liability of other currency	39,219	(39,219)	-	-
8- Other currency risk hedged (-)	-	-	-	-
9- Other currencies net effect (7+8)	**39,219**	**(39,219)**	**-**	**-**
TOTAL (3+6+9)	**(137,769,528)**	**137,769,528**	**-**	**-**

Foreign Currency Risk Sensitivity Analysis				
Current Period 31 December 2014	**Profit / Loss**		**Equity**	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(119,987,580)	119,987,580	-	-
2- USD risk hedged (-)	(4,816,587)	4,816,587	-	-
3- USD net effect (1+2)	**(124,804,167)**	**124,804,167**	**-**	**-**
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	(2,483,484)	2,483,484	-	-
5- EUR risk hedged (-)	-	-	-	-
6- EUR net effect (4+5)	**(2,483,484)**	**2,483,484**	**-**	**-**
Change in the other foreign currencies against TL by 10 % :				
7- Net asset / liability of other currency	(19,221)	19,221	-	-
8- Other currency risk hedged (-)	-	-	-	-
9- Other currencies net effect (7+8)	**(19,221)**	**19,221**	**-**	**-**
TOTAL (3+6+9) (*)	**(127,306,872)**	**127,306,872**	**-**	**-**

Interest rate sensitivity

Interest Position Table			
		Current Period	**Prior Period**
Financial instruments with fixed interest rate			
Financial Assets	Fair value through profit or loss assets	-	-
	Available for sale assets	-	-
Financial Liabilities		416,158,952	457,951,200
Financial instruments with floating interest rate			
Financial Assets		-	-
Financial Liabilities		908,301,296	614,833,162

If annual interest rate on bank loans received as of 31 December 2015 was higher/lower by 100 basis point (1%) with all other variables remain constant, the profit before tax and non-controlling interest would be lower/higher by TL 4,630,408.

The Group's financial liabilities expose the Group to interest rate risk. The Group's financial liabilities mainly consist of borrowings with floating rate. The Group attempts to acquire loans with lower interest rate to minimize interest rate risk.

Liquidity Risk

Liquidity risk is the probability of the Group defaulting on its liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources bring about liquidity risk. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

Funding risk of the current and future liabilities is managed by providing sustainability of the access to sufficient high quality creditors and the sustainability of the sufficient cash flows obtained from operating activities. The Group management, in order to ensure continuous liquidity, closely follows up the timely collection of receivables, allocates high intensity focus to prevent any financial burden sourcing from late collections and determines cash and non-cash credit limits to be activated in case of need by the Group. Besides, Group's liquidity management policy consists to prepare cash flow projections, follow up and evaluate actual liquidity rates by comparing to budgeted ratios.

The Group's liquidity risk table for the period ending at 31 December 2015 is as follows.

Contractual maturities	**Carrying Amount**	**Total contractual cash outflows (=I+II+III+IV)**	**Less than 3 months (I)**	**Between 3 – 12 months (II)**	**Between 1- 5 Year (III)**	**More than 5 Years (IV)**
Non-derivative Financial Liabilities						
Bank borrowings	1,339,248,354	1,446,570,781	370,384,808	301,017,359	555,326,553	219,842,061
Trade payables	383,439,175	383,640,553	25,465,682	358,174,871	-	-
Other payables *	1,541,724	1,541,724	1,541,724	-	-	-
Other current liabilities *	22,566,863	22,566,863	22,566,863	-	-	-
Derivative Financial Liabilities (Net) **						
Derivative cash inflows		158,484,899	112,837,916	45,646,983	-	-
Derivative cash outflows	(785,716)	(138,883,980)	(105,234,662)	(33,649,318)	-	-

31 December 2014

Contractual maturities	**Carrying Amount**	**Total contractual cash outflows (=I+II+III+IV)**	**Less than 3 months (I)**	**Between 3 – 12 months (II)**	**Between 1- 5 Year (III)**	**More than 5 Years (IV)**
Non-derivative Financial Liabilities						
Bank borrowings	1,080,015,266	1,176,530,732	298,259,632	254,579,407	375,359,593	248,332,100
Trade payables	326,484,403	328,197,426	230,319,098	97,878,328	-	-
Other payables *	210,304	210,304	210,304	-	-	-
Other current liabilities *	19,570,446	19,570,446	19,570,446	-	-	-
Derivative Financial Liabilities (Net) **						
Derivative cash inflows		75,638,618	53,722,900	21,915,718	-	-
Derivative cash outflows	1,042,979	(73,856,501)	(53,517,429)	(20,339,072)	-	-

(*) Non-financial assets such as deposits received, advances taken, deferred incomes are not included in other payables and other current liabilities.

(**) By their nature, option contracts that are mentioned in Note 48 are not included in the table above since the right is fully under the control of the bank.

Capital risk management

In capital management, the Group aims to enhance profitability while keeping a reasonable leverage and sustainability in its operations.

The Group monitors its capital with debt / total capital ratio. This ratio is defined as net debt divided by total capital. Net debt is calculated by deducting cash and cash equivalents from total debt, which includes bank borrowings and financial leases. Total equity is calculated by summing the total equity and net debt as pointed out in the consolidated statement of financial position.

The net debt / total equity ratio is as follows.

	31 December 2015	**31 December 2014**
Total debt (Note 49)	1,339,248,354	1,080,015,266
Less: Cash and cash equivalents (Note 7)	223,404,104	101,803,157
Net debt	1,115,844,250	978,212,109
Total shareholders' equity	266,169,049	469,667,962
Total equity	1,382,013,299	1,447,880,071
Net debt/Total equity ratio	%81	%68

As at 31 December 2015, Group's short terms liabilities exceed its current assets by TL 375,058,217. The current ratio is 0.67 and the account receivable turnover rate is 10.29. The increase in the receivable turnover rate has removed the deficit in the net working capital. Moreover, the Group's parent company Şahin–Koç Çelik Sanayi A.Ş. guarantees to support the entity to continue its operations as a going concern.

The Group management projects profit before tax for the coming years. Also a positive cash flow from operating activities is expected. Considering these two indicators, the Group considers that the net working capital deficit would be eliminated with the positive cash flow from operating activities.

51. FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

"IFRS 7 – Financial Instruments: Disclosure" requires the Companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial assets. The basis for the hierarchy is dependent on the conformity of the data used in fair value calculation. The independency of the source of the data, the assumptions used in calculation of the fair value effects the level of hierarchy.

In the following table, the valuation methodologies of financial instruments made valuation with their fair values are presented. They are described in terms of their levels as follows.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market (unobservable inputs).

31 December 2015	**Level 1**	**Level 2**	**Level 3**
Investment properties	-	-	46,034,000
Forward contracts	-	(785,716)	-
	-	**(785,716)**	**46,034,000**

31 December 2014	**Level 1**	**Level 2**	**Level 3**
Investment properties	-	-	46,034,000
Forward contracts	-	1,042,979	-
	-	**1,042,979**	**46,034,000**

52. SUBSEQUENT EVENTS

None. (31.12.2014: None)

53. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None. (31.12.2014: None)

54. DISCLOSURES IN RELATION TO STATEMENT OF CASH FLOW

As at 31 December 2015, the Group's cash flow generated from operating activities amounted to TL 142,118,,411 (31 December 2014: TL 53,238,386). Cash used in investing activities amounted to TL 13,922,658 (31 December 2014: TL 108,999,908). Cash used in financing activities amounted to (TL 6,594,806) (31 December 2014: TL 207,743,664).

55. DISCLOSURES IN RELATION TO STATEMENT OF CHANGES IN EQUITY

As at 31 December 2015, the Group's total equity amounted to TL 266,169,049 (31 December 2014: TL 469,667,962), which is the sum of TL 246,830,015 (31 December 2014: TL 430,047,730) and TL 19,339,034 (31 December 2014: TL 39,620,232) stands for equity attributable to owners of the company and non-controlling interests respectively.