

ANNUAL REPORT

A- General Information

1. Report Period : 01/01/2013-31/12/2013
2. Trade Title : İskenderun Demir ve Çelik Anonim Şirketi
- Trade Registry No : 1599
- Merkez : The head office of the Company is in Iskenderun Hatay.
Address: Karayılan Beldesi, 31319 İskenderun.
- Telephone : 0326 758 4040
- Fax : 0326 758 3838
- Web address : www.isdemir.com.tr
- Mersis No : 3368-6941-7365-8346

3. Shareholding Structure and Capital Distribution, Organization

Paid in Capital : 2.900.000.000,00 TL

Shareholders	Share Value (TL)	%
T.C. Prime Ministry Privatization Administration T.C./Ziya Gökalp Cad. No:80 Kurtuluş/ANKARA	20,00	Usufructuary right
Ereğli Demir ve Çelik Fabrikaları A.Ş. T.C./ Eskişehir Devlet Yolu No:12 Söğütözü/ANKARA	2.756.976.163,06	95,0681436
İskenderun Demir ve Çelik A.Ş. Çalışanları Yardımlaşma Sandığı Vakfı (Employees Assistance Fund Foundation)/T.C./ Süleymaniye Mah. I.Sokak. No:3 İskenderun/HATAY	143.022.284,84	4,9318029
Erdemir Müh.Yön.ve Danışmanlık Hizmetleri A.Ş. T.C./ T.C./Merdivenköy Yolu Cad.No:2 Küçükbakkalköy/Ataşehir/İSTANBUL	387,06	0,0000133
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. T.C./ T.C.Gebze Organize Sanayi Bölgesi 700.Sokak No: 724 Gebze/KOCAELİ	774,14	0,0000267
Erdemir- Romania S.R.L./ROMANIA/ Soseaua Gaesti Nr 18 Targoviste/ROMANIA	387,06	0,0000133
Erdemir Madencilik Sanayi ve Ticaret A.Ş. T.C./ Cürek Yolu 5.Km. 58330 Divriği-SİVAS	1,92	0,0000001
OYAK Pazarlama Hizmet ve Turizm A.Ş. T.C./ Genel Müdürlük-Kemeraltı Cad.Çullaş İş Merkezi No:26 Arka Blok K:4 Karaköy 34425 İSTANBUL	1,92	0,0000001
General Total	2.900.000.000,00	%100

At the extraordinary general assembly held on June 24, 2013;

In accordance with Article 22 of the Law No. 6103 on the "Enforcement of the Turkish Commercial Code and Implementation Scheme" and in order to harmonize the Turkish Commercial Code numbered 6102all articles of the Articles of Incorporation have been amended.

In order to enable the Company's General Assembly Meetings to be held in Istanbul, paragraph 1 of the 6th Article of the Internal Directive on the Principles and Procedures of General Assembly of Iskenderun Demir ve Çelik Anonim Şirketi has been amended to read as "The meetings are held in the district where the company headquarters is located, in Ankara, in Istanbul or in Karadeniz / Ereğli".

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At the extraordinary general assembly held on October 30, 2013;

The report that includes the reduction of the Company's capital from TL 1.505.950.000 to TL 483.126.252.12, the reasons for the reduction of the capital and the purpose of the reduction and how the reduction of the capital will be carried out was approved by the General Assembly in accordance with Article 473/1 of the Turkish Commercial Code.

In the article 6 of the Articles of Incorporation of the Company it is stated that:

“The capital of the Company was reduced from its former value of 1.505.950.000,00 TL to 483.126.252,12.-TL by the reduction of 1.022.823.747,88 TL, and this capital is divided into 48.312.625.212 shares with 1 (one) Kurush par value per share, registered to the name and having a note thereon stipulating that any share transfer is subject to the prior approval of the Company.”

The required changes are made in the article 6 of the Articles of Incorporation of the Company on capital and the new share structure of the Company is as follows:

Shareholders	Share Value (TL)	Share Ratio	Number of Shares
T.C. Prime Ministry Privatization Administration T.C./Ziya Gökalp Cad. No:80 Kurtuluş/ANKARA	20,00	Usufructuary right	2.000
Ereğli Demir ve Çelik Fabrikaları A.Ş. T.C./Eskişehir Devlet Yolu No:12 Söğütözü/ANKARA	448.878.780,96	92,9112792	44.887.878.096
İskenderun Demir ve Çelik A.Ş. Çalışanları Yardımlaşma Sandığı Vakfı (Employees Assistance Fund Foundation)/T.C./Süleymaniye Mah. I.Sokak. No:3 İskenderun/HATAY	34.247.212,59	7,0886673	3.424.721.259
Erdemir Müh.Yön.ve Danışmanlık Hizmetleri A.Ş. T.C./T.C./Merdivenköy Yolu Cad.No:2 Küçükbakkalköy/Ataşehir/İSTANBUL	64,48	0,0000133	6.448
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş.T.C./T.C.Gebze Organize Sanayi Bölgesi 700.Sokak No: 724 Gebze/KOCAELİ	128,97	0,0000267	12.897
Erdemir- Romania S.R.L./ROMANIA/Soseaua Gaesti Nr 18 Targoviste/ROMANIA	64,48	0,0000133	6.448
Erdemir Madencilik Sanayi ve Ticaret A.Ş. T.C./ Cürekl Yolu 5.Km. 58330 Divriği-SİVAS	0,32	0,0000001	32
OYAK Pazarlama Hizmet ve Turizm A.Ş. T.C./Genel Müdürlük-Kemeraltı Cad.Çullaş İş Merkezi No:26 Arka Blok K:4 Karaköy 34425 İSTANBUL	0,32	0,0000001	32
TOTAL CAPITAL	483.126.252,12	100,00	48.312.625.212

At the extraordinary general assembly held on November 28, 2013;

The capital of the company has been increased from 483.126.252,12 TL to 2.900.000.000,00 TL by the capital increase of 2.416.873.747,88 TL.

It has been decided that the portion of 1.435.751.841,28 TL of the capital will be provided by the internal sources and the remaining portion of 981.121.906,60 TL will be provided from the existing shareholders; and the Board of Directors has been authorized to make decisions on the principles of using the shareholders' right to exercise pre-emptive rights for the shares to be issued for the capital increase, and on the matters on which the unused preemptive rights may be used by other shareholders willing to use such right. On the same day, the Board of Directors decided to determine the principles and procedures for the capital increase.

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The required changes are made in the article 6 of the Articles of Incorporation of the Company on capital and the new share structure of the Company is as follows:

Shareholders	Share Value (TL)	%
T.C. Prime Ministry Privatization Administration T.C./Ziya Gökalp Cad. No:80 Kurtuluş/ANKARA	20,00	Usufructuary right
Ereğli Demir ve Çelik Fabrikaları A.Ş. T.C./ Eskişehir Devlet Yolu No:12 Söğütözü/ANKARA	2.756.976.163,06	95,0681436
İskenderun Demir ve Çelik A.Ş. Çalışanları Yardımlaşma Sandığı Vakfı (Employees Assistance Fund Foundation) /T.C./ Süleymaniye Mah. I.Sokak. No:3 İskenderun/HATAY	143.022.284,84	4,9318029
Erdemir Müh.Yön.ve Danışmanlık Hizmetleri A.Ş. T.C./Merdivenköy Yolu Cad.No:2 Küçükbakkalköy/Ataşehir/İSTANBUL	387,06	0,0000133
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. T.C./Gebze Organize Sanayi Bölgesi 700.Sokak No: 724 Gebze/KOCAELİ	774,14	0,0000267
Erdemir- Romania S.R.L./ROMANIA/ Soseaua Gaesti Nr 18 Targoviste/ROMANIA	387,06	0,0000133
Erdemir Madencilik Sanayi ve Ticaret A.Ş. T.C./ Cürek Yolu 5.Km. 58330 Divriği-SİVAS	1,92	0,0000001
OYAK Pazarlama Hizmet ve Turizm A.Ş. T.C./ Genel Müdürlük-Kemeraltı Cad.Çullaş İş Merkezi No:26 Arka Blok K:4 Karaköy 34425 İSTANBUL	1,92	0,0000001
General Total	2.900.000.000,00	100

4. Organization Structure of the Company

The Company Organization Structure is attached (as Annex-1). In 2013, the Environment Directorate was established reporting directly to the Deputy Director General, Operations, and the Directorate of Protection and Security, reporting directly to the General Directorate, was closed.

5. Privileged shares and voting rights of the shares

On the A Group shares, a usufruct has been established on behalf of the Privatization Administration to be valid until otherwise decided by the Higher Council for Privatization.

Our company does not have any privileged share

6. Information on the Board of Directors, Key Managers and number of personnel

The Board Members as of 31/12/2013:

Board of Directors	Position	Date of Commencement
Ali Aydın PANDIR	Chairman of the Board-Executive Member	15/11/2013
Dinç KIZILDEMİR	Deputy Chairman of the Board-Executive Member	27/02/2006
Veliyüddin Bahadır ÖZKAN	Board Member	25/03/2013
Nihat KARADAĞ	Board Member-Executive Member	30/09/2009
Ertuğrul AYDIN	Board Member	18/03/2008
Fatma CANLI	Board Member	08/03/2010
Nazmi DEMİR	Independent Board Member	28/06/2012
Atilla Tamer ALPTEKİN	Independent Board Member	28/06/2012
	Independent Board Member	Vacant

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Changes in the Board of Directors within the period:

At the Ordinary General Assembly held on March 25, 2013;

Mr. Veliyüddin Bahadır ÖZKAN was elected as representative of the President of the Privatization Administration for 1 year instead of Ms. Yeşim KURNA the former Representative of Privatization Administration.

Ereğli Demir ve Çelik Fabrikaları TAŞ., A Board Member of the Company (Representative: Fatih Osman TAR) resigned from the Board of Directors on 27.05.2013 ATAER Holding A.Ş. (Representative: Fatih Osman TAR) has been elected as a Board member for the vacant chair, pursuant to the Article 363 of the Turkish Commercial Code and Article 11 of the Company's Articles of Association in order to be presented to the approval of the shareholders at the first General Assembly Meeting to be held on 27.05.2013.

Independent Board Member Ali Aydın PANDIR resigned from his position Independent Board Member being effective from 14.11.2013.

ATAER Holding A.Ş. (Representative: Fatih Osman TAR) has been elected as the Chairman of the Board - Executive Member effective from 15.11.2013, instead of the former Chairman of the Board - Executive Member ATAER Holding A.Ş. Representative: Fatih Osman TAR resigned being effective from 14.08.2013, pursuant to the Article 363 of the Turkish Commercial Code and Article 11 of the Company's Articles of Association.

Members of Supervisory Board of the Company as of 31/12/2013:

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited)

Changes in the Supervisory Board of the Company within the year:

Yonca EKE and Ahmet Türker ANAYURT served as Members of the Supervisory Board until 24.03.2013.

In the Ordinary General Meeting of our Company held on 25.03.2013, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) has been elected as the independent auditor of the company for the accounting year 2013 in accordance with the Turkish Commercial Code and related legislation and it was resolved to conclude a 1 (one) year contract with such firm.

Key Manager

Key Managers	Position	Starting Date
Recep ÖZHAN	General Manager	21.11.2012
Kemal Emre GÜLDEN	Deputy General Manager (Financial Affairs)	30.04.2013
Şafak ÇAPAR	Deputy General Manager (Operations)	02.07.2012
Yener Bürtay KORALTAN	Deputy General Manager (Human resources)	02.04.2012
Coşkun OKUTAN	Deputy General Manager (Procurement)	02.04.2012
Erkan ESER	Deputy General Manager (Technical Services)	19.06.2012

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Changes in the Senior Management within the period:

Kemal Emre GÜLDEN was assigned, on 30.04.2013, to serve in the position of Deputy General Manager (Financial Affairs) which became vacant after promotion of Mr. Recep ÖZHAN (former Deputy General Manager (Financial Affairs)) to General manager position on 21.11.2012.

The number of personnel of our company is 5,526 people in aggregate consisting of 4,271 personnel within the scope and 1,255 personnel outside the scope.

7. The activities of members of the board directly or on behalf of other parties, with the company and activities within the scope of competition prohibition:

The Board members are granted with the permission to conduct the transactions with the company for year 2013 as per the applicable articles of the Turkish Commercial Code (TCC) in the ordinary general Assembly held on 25.03.2013 held for the operations of the Company in 2012.

No transaction was made within the scope of this article.

8. Personnel and labor Mobility and Collective Bargaining Applications and Rights and Interests provided to the Employees

The 25th Period Collective Labor Negotiations between our company and Çelik-İş Trade Union affiliated to Hak-İş Confederation resulted in disagreement; and on 15 July 2013 Çelik-İş Trade Union started strike. On August 5, 2013, the parties reached an agreement and to end the strike. The rights granted by the 25th Period Collective Labor Agreement, which was valid from January 1, 2013, were put into effect.

B- Financial Interests provided to Board Members and Key Managers

At the ordinary general Assembly held on March 25, 2013 related to the Board Members it was resolved to:

- not to pay any salary to any of the Board members elected to represent the Group B Shares of the Company
- pay net salary of 2,200 TL per month to any of the Board members elected to represent the Group A Shares of the Company and net salary of 4,000 TL per month to any of the Independent Board members, being effective from 01.04.2013.

No bonus payment was made to any of the Board members as a reward for performance recognition.

No debt was given to any of the board members and the managers within the period, or no guarantee or collateral was given for any of them to allow them to obtain any loan.

The salaries of the senior managers of our company are determined by the Board of Directors. Performance based additional payments are made to the personnel out of scope, including the senior managers of the company.

Total annual expenses of 3,157,710.71 TL were recorded related to the company managers. (The cited amount is calculated in the functional currency).

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C- Research and Development Studies

No R&D activity was occurred in the applicable period of the Company.

D- Activities and Significant Developments related to the Activities**1- Investment Activities**

Modernization and Transformation Investments (MTI), being the largest industrial investment made in our Republic's history, were completed. In 2013, USD 7.513 thousand was spent on investments.

8 projects from 10 projects under Environmental Investments initiated following MTI projects have been completed. In this context, in the 2 projects for the modernization of dust collecting systems of the 1st Sinter Plant, the first phase of the studies has been completed and the second part of the studies are currently in progress.

In the Beam Replacement Project planned to be completed in 2013, the operation interruption required for beam replacement will be made in 2014 depending on the production conditions.

In addition, the Hot Slitting Line Project, which is one of the targeted investments in order to increase the product variety and reach the last customer more efficiently, is currently in progress.

2- Internal control system and internal audit activities

None.

3- Direct and Indirect Affiliates

İSKENDERUN DEMİR VE ÇELİK A.Ş. İŞTİRAK SERMAYE PAYI BİLGİLERİ				
NO	İŞTİRAK'İN UNVANI	İŞTİRAK'DEKİ İSDEMİR PAYI BİLGİLERİ		
		HİSSE ADEDİ	SERMAYE PAYI (TL)	SERMAYESİ
1	ERDEMİR ÇELİK SERVİS MERKEZİ A.Ş.	150	150,00	39.952.781,00
2	ERENCO A.Ş.	375	374,50	7.500.000,00
3	ERDEMİR MADENCİLİK A.Ş.	100	100,00	120.000.000,00
				SERMAYE ORANI
				0,000375
				0,004993
				0,000083

The above-mentioned participation shares were transferred to Ereğli Demir ve Çelik Fabrikaları T.A.Ş. in accordance with the decision no 295 of our Board of Directors dated 17.12.2013.

4- Information on the shares of company purchased back by the Company

None.

5- Explanations related to independent audit and public audit

Denet Yeminli Mali Müşavirlik A.Ş. (BDO) conducted audits during the 18-22 February 2013, 23-27 September 2013, 23-27 December 2013, whether the legal books of our company were maintained as per the applicable laws, communiques and regulations, tax returns and other obligations related to taxpayer status of the Company were fulfilled within due time and properly,

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Our company was also audited by Güney Bağımsız Denetim ve SMMM A.Ş. (E&Y) an independent audit firm, during 13-25 January 2013, 17-26 July 2013, and 8-18 December 2013.

The accounts of our company for the accounting period 2008 are reviewed by the Tax Audit Board.

6- Legal Issues

a) Lawsuits

There is no lawsuit filed against the company which may affect the financial situation and operations of the company.

b) Administrative- Judicial Sanctions

No administrative or judicial action is available applied about the company and any of the board members due to any act of the company violating any of the provisions of the applicable legislations.

7- General Assembly

The ordinary general assembly meetings of our company are held in March every year in accordance with the applicable provisions of the Turkish Commercial Code and the Articles of Association of the Company, and any decision made in such meetings are performed within due times.

The following resolutions are made in summary at the Extraordinary General Assembly Meeting held on 24 June 2013:

- 1- Ereğli Demir ve Çelik Fabrikaları TAŞ., A Board Member of the Company (Representative: Fatih Osman TAR) resigned from the Board of Directors on 27.05.2013; and accordingly it is resolved to approve selection of ATAER Holding A.Ş. (Representative: Fatih Osman TAR) as a Board member for the vacant chair, pursuant to the Article 363 of the Turkish Commercial Code and Article 11 of the Company's Articles of Association in order to be presented to the approval of the shareholders at the first General Assembly Meeting to be held on 27.05.2013..
- 2- In accordance with Article 22 of the Law No. 6103 on the "Enforcement of the Turkish Commercial Code and Implementation Scheme" and in order to harmonize the Turkish Commercial Code numbered 6102all articles of the Articles of Incorporation have been amended.
- 3- In order to enable the Company's General Assembly Meetings to be held in Istanbul, the 6th Article of the Internal Directive on the Principles and Procedures of General Assembly of Iskenderun Demir ve Çelik Anonim Şirketi has been amended to include necessary changes.
- 4- Since no one asked permission to speak as per the article six of the agenda, the General Assembly was adjourned with the thank speech of Mr. Fatih Osman TAR the Chairman of the Board as six articles on the agenda were completed.

The following resolutions are made in summary at the Extraordinary General Assembly Meeting held on 30 October 2013:

- 1- The report that includes the reduction of the Company's capital from TL 1.505.950.000 to TL 483.126.252.12, the reasons for the reduction of the capital and the purpose of the reduction and how the reduction of the capital will be carried out was approved by the General Assembly in accordance with Article 473/1 of the Turkish Commercial Code.

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- 2- The capital of the Company is set as 483.126.252,12.-TL upon amendment to the article 6 of the Articles of Association of the Company, and this capital is divided into 48.312.625.212 shares with 1 (one) Kurush par value per share, registered to the name and having a note thereon stipulating that any share transfer is subject to the prior approval of the Company.
- 3- Since no one asked permission to speak as per the article five of the agenda, the General Assembly was adjourned with the thank speech of Mr. Dinç KIZILDEMİR the Council president as six articles on the agenda were completed.

The following resolutions are made in summary at the Extraordinary General Assembly Meeting held on 28 November 2013;

- 1-
 - a) It is decided to increase the capital of the company from 483.126.252,12 TL to 2.900.000.000,00 TL by the capital increase of 2.416.873.747,88 TL.
 - b) It has been decided that the portion of 1.435.751.841,28 TL of the capital will be provided by the internal sources and the remaining portion of 981.121.906,60 TL will be provided from the existing shareholders,
 - c) the Board of Directors has been authorized to make decisions on the principles of using the shareholders' right to exercise pre-emptive rights for the shares to be issued for the capital increase, and on the matters on which the unused preemptive rights may be used by other shareholders willing to use such right ,
 - d) approve the declaration of the Board the Board of Directors for availability of the internal resources to be included in the capital.
- 2- It is resolved to make the required amendments in the article 6 of the Articles of Association of the Company.
- 3- Since no one asked permission to speak as per the article five of the agenda, the General Assembly was adjourned with the thank speech of Mr. Ali Aydın PANDIR the Council president as six articles on the agenda were completed.

8- Grants and Social Responsibility Projects

The total amount of grants made by the Company to the public entitles and institutions for training, food and maintenance-repair is 7.483.900,90 TL.

9- Affiliated Companies

a) Transactions

Our Company was not involved in any transaction with or as directed by or by the instructions of Ordu Yardımlaşma Kurumu (OYAK) and/ or OYAK's affiliates as the controlling shareholder of our company, in 2013, and there was no legal transaction committed or avoided by our company for the interests of OYAK or any of its affiliates. It was resolved that all commercial operations of our controlling party and its affiliates with our company are in accordance with arm's length principle in 2013, that this report is prepared in accordance with the proper and honest accountability principles, in the resolution no 84/300 dd. 13.02.2014 .

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b) Explanation related to the transactions

None.

E- Financial situation

1. Summary of Financial Statements

Financial statements were prepared in accordance with the financial reporting standards published in the Capital Market Board.

(TL)	31/12/2013	31/12/2012	Budget as approved by Board of Directors 2013
Current Assets	2.146.726.348	1.753.164.225	1.595.597.469
Fixed Assets	4.745.246.737	4.347.901.724	4.358.384.581
Total Assets	6.891.973.085	6.101.065.949	5.953.982.050

Short term liabilities	1.546.001.182	1.695.716.725	1.839.674.329
Long term liabilities	1.199.869.374	1.993.918.408	1.714.867.822
Equity	4.146.102.529	2.411.430.816	2.399.439.899
Total Assets	6.891.973.085	6.101.065.949	5.953.982.050

Summary Income Statement (TL)

(TL)	31/12/2013	31/12/2012	Budget as approved by Board of Directors 2013
Sales Income	5.204.272.872	5.399.863.645	4.559.761.800
Operating Profit/ Loss	865.196.253	422.044.009	273.830.890
Profit/ Loss before Tax	512.356.375	298.671.705	75.168.590
Profit/ Loss for the Period	388.144.857	178.053.719	8.424.180

- In the budget of 2013 as it had been estimated to sell 4,312 thousand tons at 533 US\$/ ton (960 TL/ ton) the amount of actual sales was occurred as 4,300 thousand tons in total at the average price of 586 USD/Ton (1.108 TL/Ton).
- The difference in the net profits between the amount in the budget and the net profits realized is caused by 53 US\$/ton increase in the sale price.

2. Key operation Indicators and Financial Ratios

(%)	31/12/2013	31/12/2012
Operating profit Margin	16.6	7.8
Net Profit Margin	7.5	3.3
EBITDA Margin	20.0	11,2
Total Liabilities/ Total Equity	0.7	1.5
Sales (Ton/units)	4.299.700	4.446.062

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Productivity

Capacity Utilization Ratio (%)	31/12/2013	31/12/2012
Liquid Steel	87	90
Ingot	56	62
Coil	96	95
Hot Roll	73	68
Production		
(One Thousand Ton)	31/12/2013	31/12/2012
Finished Product	4.363	4.533
Ingot	775	945
Coil	581	575
Slab	488	662
Hot	2.519	2.351
Sales		
(One Thousand Ton)	31/12/2013	31/12/2012
Finished Product	4.300	4.446
Ingot	754	913
Coil	591	555
Slab	458	650
Hot	2.497	2.328

3. Financial power

It is not foreseen that the capital of the company may be lost considering the calculations made based on the ratios defined in the article 376 of TCC.

4. Financial Structure

It is foreseen that the Company will pay its loans with the cash generated internally.

5. Dividend Payment

It is decided to propose the general Assembly not to pay out any dividend and that the amount of 134,377,082,754.-TL net profit obtained in the year 2013 will be allocated to investments to be made in the coming periods, to meet cash requirements of the company, to keep operating at a time when things are not going well, and not to be distributed in order to take appropriate measures to prevent unemployment and mitigate the consequences.

F- Risks and Evaluation by the Board of Directors

1. Risk management policy

The Company applies an effective and sustainable risk management policy in order to reduce all risks that may be and may not be controlled.

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Sales, procurement, human resources and financial procedures and production, sales, stock programs and policies, transactions are under a certain discipline. Business planning is based on the fact that the person doing the job should be different from the person who controls it and the necessary auto control and reporting systems have been developed. Authorizations, especially in administrative, financial and commercial transactions, are implemented in a procedure with the approval of the Board of Directors. In this way, it is aimed to reduce the intra-company operational risks to the minimum level.

The effects of the financial risks that may arise due to volatility and uncertainties in the financial markets are attempted to be minimized by the use of financial instruments and company policies by the company. This includes applications, currency, liquidity and interest risks. In addition, hazards and risks such as work accidents, natural disasters, etc. are assessed and necessary precautions are taken within the scope of work security within the company and danger risks is covered under a wide range of insurance policies. Apart from all these risks, legal risks that our Company may be exposed to are monitored regularly and opinions and support may be obtained from our main shareholders ERDEMİR and OYAK in related issues.

2. Early Detection of Risk Committee

None.

3. Prospective Risks

The company's 2014 budget has been approved; no significant financial or non-financial risk is anticipated for 2014 in sales, productivity, profitability, debt / equity ratio and similar financial issues.

G- Other Issues

None.