

İSKENDERUN DEMİR VE ÇELİK A.Ş.

Annual Report for the period

1 January - 31 December 2015

**Independent Audit Report on Annual Report issued by the Board of Directors
To the Board of Directors of İskenderun Demir ve Çelik A.Ş.;**

We have audited the annual report of İskenderun Demir ve Çelik A.Ş. ("the Company"), for the period ended at 31 December 2015 pursuant to the Independent Audit Standards on Audit.

The responsibility of the Board of Directors on the Annual Report

In accordance with Article 514 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Company is responsible for the preparation and fair presentation of the annual report consistent with the financial statements and for the internal controls considered for the preparation of a report of such quality.

Responsibility of the Independent Auditor

Our responsibility is to express an opinion, based on the independent audit we have performed on the Company's annual report in accordance with article 397 of the TCC and the Communiqué, on whether the financial information provided in this annual report is presented fairly and consistent with the Company's financial statements thereon which auditor's report dated February 29, 2016 has been issued.

Our independent audit has been performed in accordance with the Independence Auditing Standards as endorsed by CMB and Independent Auditing Standards which are a part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report is free from material misstatement and consistent with the financial statements. This independent audit involves the application of auditing procedures in order to obtain audit evidence on the historical financial information. The selection of these procedures is based on the professional judgment of the independent auditor. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial information provided in the annual report of the Board of Directors is presented fairly and consistent with the audited financial statements in all material respects.

Independent auditor's responsibilities arising from other regulatory requirements

In accordance with paragraph third of Article 402 of the Turkish Commercial Code ("TCC") 6102, within the framework of the Independent Auditing Standards 570 "Going Concern" no material uncertainty has come to our attention which causes us to believe that the Company will not be able to continue as a going concern in the foreseeable future.

Güney Bağimsiz Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

**Ethem Kutucular, SMMM
Responsible Auditor**

**29 February 2016
Istanbul, Turkey**

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

A - General Information

1. Report Period

01.01.2015-31.12.2015

2. Information on the Company:

- Trade Title : İSKENDERUN DEMİR VE ÇELİK A.Ş.
- Trade Registry No : 1599
- Mersis No : 0879000967000028
- Head Office : Karayılan Mahallesi, 31319 İskenderun/HATAY
- Internet address : www.isdemir.com.tr

3. Shareholding Structure and Capital Distribution

Paid in Capital: 2.900.000 thousand TL

Shareholders	Share Value (TL)	%
Ereğli Demir ve Çelik Fabrikaları T.A.S.	2.756.978	95,07
Natural Persons to whom shares are distributed by İskenderun Demir ve Çelik A.Ş. Çalışanları Yardımlaşma Sandığı Vakfı (Employees Assistance Fund Foundation)	143.022	4,93
General Total	2.900.000	100,00

No change has been made in the partnership and capital structure for the period.

ANNUAL REPORT

(amounts in (“Thousand TL”) unless otherwise stated.)

4. Organization Scheme

ANNUAL REPORT

{amounts in ("Thousand TL") unless otherwise stated.}

5. Explanations related to 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 election of the members of the Board of Directors is carried out by the General Assembly within the framework of the provisions of the Company's Articles of Association in accordance with the Turkish Commercial Code and related regulations. For positions that are open if there is vacancy in the Board of Directors membership during the term, elections shall be held within the framework of the provisions of the Turkish Commercial Code and the Company's Articles of Association; and persons assigned are presented to the approval of the General Assembly. Amendments made during the period are made by the Board of Directors Resolution to be approved at the next Ordinary General Assembly. The Ordinary General Meeting of the Company for the year 2014 was held on 30 March 2015.

In accordance with Articles 9 and 10 of the Company's Articles of Association, the number of members of the Board of Directors has been determined as 9 directors at the Ordinary General Assembly Meeting held on March 30, 2015, within the framework of the provisions of the Turkish Commercial Code and the Capital Markets Law, and 6 Board members are elected to hold office 1 year and 3 independent board members are elected to hold office 1 year.

Board of Directors as of 31/12/2015:

Board of Directors	Position	Date of Commence ment
ATAER Holding A.Ş. (Representative: Ali Aydın PANDIR) Chairman and Executive member	Chairman of the Board-Executive Member	15/11/2013
Erdemir Mühendislik, Yönetim ve Danışmanlık Hizmetleri A.Ş. (Representative: Dinç KIZILDEMİR) Başkan Vekili	Deputy Chairman of the Board	27/02/2006
T.C. Başbakanlık Özelleştirme İdaresi Başkanlığı (Representative: Mustafa YURDABAK)	Board Member	18/03/2014
Erdemir Çelik Servis Merkezi Sanayi ve Ticaret A.Ş. (Representative: Nihat KARADAĞ)	Board Member	30/09/2009
OYAK Pazarlama Hizmet ve Turizm AŞ (Representative: Ertuğrul AYDIN)	Board Member	18/03/2008
Erdemir Madencilik Sanayi ve Ticaret A.Ş. (Representative: Fatma CANLI)	Board Member	08/03/2010
Emin Hakan EMİNSOY	Independent Board Member	18/03/2014
Hakkı Cemal ERERDİ	Independent Board Member	30/03/2015
Ali Tuğrul ALPACAR	Independent Board Member	30/03/2015

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated,)

Number of personnel of İskenderun Demir ve Çelik A.Ş. as of 31 December 2014 and 31 December 2015:

	31 December 2015	31 December 2014
	# of Personnel	# of Personnel
Blue Collar	3.446	3.795
White Collar	1.816	1.818
	5.262	5.613

Changes in the Board of Directors within the Year

The office periods of Nazmi DEMİR, Atilla Tamer ALPTEKİN and Emin Hakan EMİNSOY, who were elected as Independent Members of the Board of Directors on 18 March 2014 for one year, were ceased; and therefore, Emin Hakan EMİNSOY, Cemal ERERDİ and Ali Tuğrul ALPACAR were elected as Independent Members of the Board of Directors to serve for 1 year at the Ordinary General Assembly Meeting dated March 30, 2015.

Duties and Powers of the Board members

The Board members and the Chairman of the Board have the powers and authorities indicated in the applicable articles of the Turkish Commercial Code and the articles of Association.

Number of Meetings of the Board within a Year and Attendance of the Board Members in the cited Meetings

The Board of Directors held 6 meetings within 2015. All of the Board members attended such meetings regularly.

Top Management

Top Management	Position	Starting Date	Education	Professional Experience
Recep ÖZHAN	General Manager	21/11/2012	Hacettepe University - Business Administration	43 years
Şafak ÇAPAR	Deputy General Manager (Businesses)	02/07/2012	Middle East Technical University - Faculty of Metallurgy and Material	33 years
Kemal Emre GÜLDEN	Deputy General Manager (Financial Affairs)	30/04/2013	Middle East Technical University - Economics	21 years
Yener Burtay KORALTAN	Deputy General Manager (Human Resources)	02/04/2012	Dokuz Eylül University -BA (English)	20 years
Ali BUĞDAY	Deputy General Manager (Procurement)	08/07/2015	Middle East Technical University - Faculty of metallurgy	20 years

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated)

Mr. Coskun OKUTAN, Deputy General Manager, Purchase, retired due to maximum age limit on 5 January 2015.

Mr. Ali BUGDAY has been elected as the Deputy General Manager (acting capacity) as per the Board Resolution No 349 dd. July 8, 2015.

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 2015 as per the applicable articles of the Turkish Commercial Code (TCC) in the ordinary general Assembly held on 30 March 2015 held for the operations of the Company in 2014.

No transaction was made within the scope of this article.

B - Financial Interests provided to Board Members and Key Managers

1. Total salary, presence fee, bonuses, dividend payment are:

At the ordinary general Assembly held on March 30, 2015 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 2,360 TL per month to any of the Board members elected to represent the Group A Shares of the Company and net salary of 4,400 TL per month to any of the Independent Board members, being effective from 01.04.2015.

Individual Accident and Death insurance was taken out for each of the Board of Directors and the Chairman of the Board.

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.

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated)

2. Information on the total amount of allowances, travel, accommodation and representation expenses, and cash and non-cash payments, insurance and similar guarantees

Total annual expenses of 4.933 thousand TL were recorded related to the company managers including salary, premium and similar other benefits for the year ended on 31 December 2015. (31 December 2014: 4.208 Thousand TL).

C - Research and Development Studies

The official opening of the R & D Center in Erdemir Group, to which our company is affiliated, was realized on May 22, 2015 by the Minister of Science, Industry and Technology.

Laboratory equipment procurement and pilot scale simulators have been continued to build the infrastructure of the R & D Center. With the development of 19 new flat product qualities during the year, the number of cold product quality in the product portfolio has increased to 167, the number of hot product quality has risen to 252, and the total quality in flat steel has risen to 419 thanks to the studies conducted with the quality and business groups involved in the new product development process. The number of qualities of the products is 261 in long products where 11 new qualities are produced.

63 projects have been carried out in the R & D Center in total, 19 of which were completed, and all projects have been transferred to the electronic environment for the systematic management of the projects. Of 9 projects developed to benefit from the incentives within the scope of TÜBİTAK / TEYDEB Projects (1501 program), 1 project was approved as 1 was rejected, and application and approval processes for 7 other projects are currently in progress.

D - Activities and Significant Developments related to the Activities

1. Investment Operations

At İskenderun Demir ve Çelik A.Ş., 3 Blast Furnace Refractor Exchange Projects were completed in 2015 and the plant was commissioned; filed studies are in progress for the 3rd and 4th Blast Furnace TRT Plants and 2nd Blast Furnace Re-line and Modernization projects. 13 out of the Environment Package projects consisting of 25 proposals for the surrounding area were completed; and in others the field activities are pending. Tender process and evaluation studies are ongoing for the 8th Air Separation Plant, Establishment of Hot Slab Marking Machine, Electrical Station Dust Holding and Water Cooling System, and Hot Rolling Mill Harmonic Filter / Compensation System Projects,.

Total investment expenses amount is 103,020 Thousand USD as of 31 December 2015 (31 December 2014: 69.513 Bin USD).

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

2. Internal control system and internal audit activities

Our company does not have an Internal Audit Department. However, in Erdemir Group our company is included; the Internal Audit Directorate is available reporting to the Chairman of the Board and CEO to evaluate and improve effectiveness of Risk Management, Control and Governance processes.

3. Direct and Indirect Affiliates

The scope and proportion of the company in which the Company participates in its capital is as follows:

Company name	Country of Operation	Area of Operation	2015 Part. Ratio %	2014 Part. Ratio %
Teknopark Hatay A.Ş.	Turkey	R&D Center	5	5

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

None.

5. Explanations related to independent audit and public audit

It is resolved to contract with the independent audit company "Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) for the independent audit services in 2015 for one (1) year.

The Company has been subject to limited audit by the Turkish Large-scale Taxpayers Group Presidency of the Ministry of Finance, the Tax Inspection Board of the Ministry of Finance for the period 2010-2011 and the tax and penalty notices have been notified to the Company in the amount of TRY 91 Thousand in total. We filed a lawsuit for cancellation of notifications.

Our company was subjected to limited audit for 2013 and 2014 periods on the grounds of request for refund of 212 thousand TL of Special Consumption Tax (SCT). It is currently in review.

6. Legal Issues

a) Lawsuits

Taking into account the opinions of legal counsel and non-profit specialist attorneys, the Company Management determines the allowance amounts related to the ongoing lawsuits through possible cash outflows based on management's best estimate of the probability of loss and the liabilities to be incurred in case of loss. As of 31 December 2017, there is a provision amounting to TL 21,196 thousand in the statement of financial position.

ANNUAL REPORT

{amounts in ("Thousand TL") unless otherwise stated.}

b) Administrative-Legal Sanctions

None.

7. General Assemblies

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.

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 given in the below table:

(bin TL)	1 January- 31 December	1 January- 31 December
	2015	2014
Cooperation Developed with Public Institutions and Organizations	504	8.148
Education and Training Activities	527	387
Cooperation Activities for Voluntary Work and Charity Works	126	94
Foundation, Association, Chamber and Ens. Cooperation Activities with	144	-
Sports Activities	125	8
Cultural and Artistic Activities	26	26
Support Activities in Health and Financial Issues	3	.
Grand total	1.455	8.663

9. Affiliated Companies (Related Party transactions)

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 2015, 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 2015, that this report is prepared in accordance with the proper and honest accountability principles, in the resolution no 370 dd. 29 February 2016.

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

b) Explanation related to the transactions

İskenderun Demir ve Çelik A.Ş. produces sales to third parties using the information systems infrastructure and marketing management systems with Erdemir's staff for flat products. The products produced at Isdemir plants are sold by Erdemir without being included in the flow of production at all. In terms of Erdemir, these goods are "Commercial Inventory". Erdemir realizes the sale of the ordering customer based on the price and date purchased from Isdemir without adding any profit. As it is found the commercial operation in continues nature between our main shareholder Ereğli Demir Çelik Fabrikaları T.A.Ş. and our Company exceeds 10% of the total cost of sales in 2015, it is considered reasonable that the same transactions in 2016 will continue in accordance with the specified principles and that the transactions in question are compared with market conditions compatible with previous years.

E - Financial Situation

1. Summary of Financial Statements

Financial statements are prepared in accordance with financial reporting standards issued by the Capital Market Board.

Summary Balance Sheet

	(Audited) Current Period	(Audited) Previous Period
(Bin TL)	31 December 2015	31 December 2014
Current Assets	2,652.319	2.921.542
Fixed Assets	6.216.997	5.010.466
Total Assets	8.869.316	7.932.008
Short term liabilities	934.292	1.153.782
Long term liabilities	1.339 911	1.239.354
Equity	6.595.113	5.538.872
Total Assets	8.869.316	7.932.008

Summary Income Statement

	(Audited) Current Period	(Audited) Previous Period
(Bin TL)	1 January 31 December 2015	1 January 31 December 2014
Revenues	5.916.385	6.269.340
Gross Profit	915.622	1.349.969
Operating Profit	775.043	1.207.640
Profit Before Tax	720.535	1.122.525
Net Profit for the Period	575.243	997 011
EBITDA	1.056.338	1.429.538

ANNUAL REPORT

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The company is making the budget within the framework of its annual strategic targets and the prepared budget is approved by the Board of Directors.

The current status of the Company is reviewed in regular meetings of the Board of Directors, and Company activities are compared with previous periods and budget targets.

2. Important Business Indicators and Financial Ratios

(%)	1 January 31 December 2015	1 January 31 December 2014
Gross Profit Margin	%15,5	%21,5
Operating profit Margin	%13,1	%19,3
EBITDA Margin	%17,9	%22,8
Net Profit Margin	%9,7	%15,9

3. Financial Strength

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

In principle, the Company has adopted a policy of distributing the entire cash distributable profit for the full amount of the distributable profit for the period allowed by the prospective free cash creation expectation, including market lease and financial leverage ratios and investment / financing requirements, within the framework of applicable legislation and the Company's Articles of Association. The profit distribution policy is reviewed every year by the Board of Directors according to national and global economic conditions, the projects on the agenda and the status of funds. Dividends shall be paid in full and in cash, within the framework of the provisions of the legislation, by the Board of Directors at the General Assembly meeting decided to be distributed until 15 December of the relevant calendar year in one time.

The General Assembly is authorized to distribute Advance Dividend within the framework of the relevant legislative provisions.

It is resolved to pay out dividend 870 Million TL in cash from the profit for the year 2014 at the Ordinary General Assembly Meeting held on 30 March 2015 (dividend payment per gross share: 0.30 TL). The dividend payment is started on 16 June 2015.

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

6. Information on the Industry of the Firm

World crude steel production reached 1.6 Billion Tons in 2015, down 2.9%. In 2015, China's crude steel production amounted to 803.8 million tons, down 2.3%, Japan's 5% down 105.1 million tons and South Korea's to 69.7 million tons by 2.6%, so that crude steel production in Asia amounted to 1.09 Billion Tons, down 2.3 percent year per annum. Germany, one of the European Union's major producers of steelmakers, recorded 42.7 million tons of crude steel production down 0.6% from last year, Italy as 22 million tons down 7.1% and France 14.9 million tons, down 7.2%; and 166.1 million tons of crude steel production in the EU-28 region, down 1.8 percent year on year. The Commonwealth of Independent States countries produced 101.2 million tons of crude steel in 2015, indicating a slip of 4.3 percent on yearly basis; and in the same year North America produced 110.7 million tons of crude steel by annual reduction of 8.6 percent.

In the South America, the production of crude steel was reduced to 43.9 million Tons by 2.5% slip. In 2015, the average capacity usage rate is recorded as 69.7%.
World hot product price change is given in the chart below:

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

Turkey's crude steel production in 2015 was recorded as 31.5 million tons, with the decrease of 7.4% compared to last year. The crude steel production of electric arc furnace plants decreased by 13.8% to 20.48 million tons in 2015 while crude steel production of integrated plants increased by 7.3% to 11.3 million tons.

7. Business Units and Productivity of the Firm

Capacity utilization rates of İskenderun Demir ve Çelik A.Ş. are provided below:

Capacity Utilization ratios (%)	1 January-31 December 2015	1 January-31 December 2014
Liquid Steel	%100	%92
Slab	%71	%73
Ingot	%63	%45

8. Products

Below is a list of the main products produced in İskenderun Demir ve Çelik A.Ş. :

İsdemir

Billet
Coil
Slab
Hot Roll

9. Production (quantity)

Finished Product (000 Ton)	1 January -31 December 2015	1 January -31 December 2014
Slab	455	693
Flat products	3.040	2.840
Long products	1.563	1.153

10. Improvements in Sales

Iron-steel industry is the driving force for the economy of a country. Turkey is one of the leading countries in this sector in the world in terms of both production and consumption. Our country which is the 8th largest steel consumer in the world, the rate of increase in consumption was realized above the world average with the large investments such as manufacturing industry production, TANAP, 3rd Bridge and 3rd Airport especially in 2015

Along with the increasing consumption in the sector, İskenderun Demir ve Çelik A.Ş.'s total flat product sales in 2015 decreased by 6% and reached 3.4 million tons. Domestic flat product sales decreased by 11.4% to 2.9 million tons compared to the previous year. Long product sales increased by 33% to 1.6 million tons. Domestic long product sales increased by 49% to 1.4 million tons compared to the previous year.

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

İskenderun Demir ve Çelik A.Ş. exported 627 thousand tons of final products, composed of 161 thousand tons of flat products and 466 thousand tons of long products. This amount accounts for 13% of total final product sales. It exported 27 flat products and 8 long products.

Despite the geopolitical problems in our geography, our company continues to deliver shipments in packaging, automotive, steel pipe, construction and manufacturing industries in line with its targets.

We continued to organize customer events, customer visits, national and international congresses, fair attendances, sector associations and official organizations, meetings with customers, to develop our relations with the customers who became the focus point by rebuilding the marketing and sales organization. With our new quality and product development studies aimed at end users, we continued to develop our product range dynamically managed in line with customer expectations and the improvements made have helped İskenderun Demir ve Çelik A.Ş. increase the power of the market.

In addition, in 2015 during which difficult market conditions prevailed, our company has implemented additional 30-day maturity campaign for 30 days to increase the shipment speed of goods waiting for a stake in order to offer customers financially advantageous conditions. In addition, the maximum maturity being 90 days under normal conditions, was extended up to 150 days for some products. The 150-day maturity campaign was finalized on 31.12.2015.

11. Sales (quantity)

Final product (000 Ton)	1 January - 31 December 2015	1 January - 31 December 2014
Slab		
Long product	481	697
Flat product	2.920	2.908
Final product (000 Ton)	1.552	1.163

(*) Slab sales are composed of intragroup sales

F - Risks and Evaluation by the Board of Directors

1. Risk management policy

Risk is monitored and managed in accordance with the regulation on the development of hedging methods and the rules on managing market risks and receivables risks so that the risks faced by Isdemir may be measured and kept within the prescribed risk tolerances. In order to manage the interest risks exposed to Isdemir, the durations are calculated on the basis of the loan portfolio and cash flow projections and the gain / loss amounts to be experienced in possible interest changes are measured by sensitivity analysis.

In addition, applications are being made to ensure that the rate of the variable rate loans in İskenderun Demir ve Çelik A.Ş. 's total loan portfolio is monitored and kept within a certain limit. According to the needs of the company and the market, derivative instrument options are evaluated and detailed analyzes are carried out and appropriate actions are taken within limits. Similarly, for liquidity risk management, the use of credit and repayments and cash flow projections are followed, and necessary action plans are prepared.

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

The feasibility report, which includes the financial and technical evaluations of all investments planned to be made in the middle / long term strategic road map of Isdemir, is prepared by the System Development Directors within the scope of Technical Services Deputy General Director and presented to the Assistant General Manager of Financial Affairs. The Vice Chief Financial Officer reviews the financial feasibility of the feasibility report and presents the financial valuation report to the Group Financial Coordinator, which reviews and evaluates the profitability, net present value, internal rate of return, return on investment and return on investment ratios.

Investment proposals that are not approved by the Group's Financial Affairs Coordinator are not submitted to the Board of Directors.

2. Early Detection of Risk Committee

None.

3. Prospective Risks

1) Market risks: The price risks that started in commodity markets after 2008 are still continuing as of 2015. In particular, over capacity from Europe is exerting pressure on steel prices. However, fluctuations in iron ore prices formed according to China's iron ore needs, also cause fluctuations in raw material prices as iron ore is subject to contracts in quarterly terms. The fluctuations in the prices of iron ore and coking coal, which are the production inputs of our company, the fluctuations in the price of steel products as production output, and the periods between supply and delivery times are longer in the iron and steel sector than in other sectors and therefore fluctuations in profit margins are the most important market risks.

2) Macroeconomic risks: Due to the fact that the raw material prices and sales prices are based on US Dollars and the sales collections are started to be made in US Dollars as of September 1, 2013, Erdemir changed the functional currency of Isdemir and Ersemhas been changed to US Dollars, and accordingly the depreciation risks of Turkish Lira have been avoided. However, the most important macroeconomic risks faced at the beginning of our company is the recent rapid decline in emerging markets and the liquidity contraction occurring as a result of the reduction in commodity prices, FED's asset purchases occurring due to contraction in demand causing to the possibility of Turkey steel.

Operational and financial risks that may arise in addition to these risks are continuously monitored by the Group Risk Management Department and are reported to the Board of Directors by the risk early detection committee operating within the Group Management.

ANNUAL REPORT

(amounts in ("Thousand TL") unless otherwise stated.)

G – Other Matters

1. Subsequent Events – Information to Stakeholders

Due to the number of shareholders exceeding 500, our Company has gained the publicly traded company status and became subject to the Capital Markets legislation in accordance with the first paragraph of the 16th article of the Capital Markets Law No. 6362.

Our board adopted a decision with number 333 on 12.01.2015 for application to the Capital Markets Board (CMB) for trading of our shares in Pre-Market Trading Platform (Free Trade Platform) of BİST A.Ş. and the draft explanation prepared on 11.06.2015 was approved by CMB on 02.10.2015. The brokerage house Oyak Yatırım started to work for the dematerialization of the shares representing the Company's capital on 09.11.2015.

The vast majority of the shares representing the shares of our shareholders are taken over by Oyak Yatırım and studies on dematerialization and shares are pending to ensure trading of the shares at BİST A.Ş. the pre-market trading platform Work.

In order to support the company's production, a letter of intent for a 50% -50% partnership with the German Linde Group was signed to establish a new gas separation plant to meet the additional industrial gas needs and to reduce costs with effective and efficient management. This agreement, as the first international partnership of Erdemir Group in its 50 years of history, will enable Isdemir to increase its oxygen production capacity by 14% and its nitrogen production capacity by 45% thanks to this new facility, which will operate in less than 20 months.