

**(CONVENIENCE TRANSLATION OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH - SEE NOTE 18)**

**ERE L DEM R VE ÇEL K
FABR KALARI T.A. . AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD 1 JANUARY - 31 MARCH 2015**

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(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ó See Note 18)

ERE L DEM R VE ÇEL K FABR KALARI T.A. . AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (óTRY Thousandö) unless otherwise indicated.)

	Note	Current Period	(Unaudited)	Previous Period	(Audited)
		31 March	Current Period	31 December	Previous Period
		2015	31 March	31 December	31 December
ASSETS		USD'000	TRY'000	USD'000	TRY'000
Current Assets		2.908.090	7.590.696	3.178.814	7.371.353
Cash and Cash Equivalents		833.285	2.175.040	943.038	2.186.810
Financial Derivative Instruments		20.569	53.689	15.795	36.628
Trade Receivables		633.440	1.653.404	757.626	1.756.860
<i>Due From Related Parties</i>	3	14.735	38.460	15.701	36.409
<i>Other Trade Receivables</i>		618.705	1.614.944	741.925	1.720.451
Other Receivables		1.152	3.007	1.639	3.800
Inventories	4	1.365.060	3.563.080	1.405.144	3.258.389
Prepaid Expenses		17.634	46.028	16.094	37.320
Other Current Assets		36.950	96.448	39.478	91.546
Non Current Assets		3.658.438	9.549.256	3.692.406	8.562.321
Other Receivables		7.368	19.231	10.237	23.738
Financial Investments		27	71	27	63
Financial Derivative Instruments		25.684	67.040	24.013	55.684
Investment Properties		24.879	64.939	24.879	57.691
Property, Plant and Equipment	5	3.505.231	9.149.355	3.535.882	8.199.357
Intangible Assets	5	69.008	180.124	72.689	168.559
Prepaid Expenses		16.126	42.093	10.931	25.348
Deferred Tax Assets	11	10.115	26.403	13.748	31.881
TOTAL ASSETS		6.566.528	17.139.952	6.871.220	15.933.674

The details of US Dollar amounts explained in Note 2.1.

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ö See Note 18)

ERE L DEM R VE ÇEL K FABR KALARI T.A. . AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (öTRY Thousandö) unless otherwise indicated.)

	Note	(Unaudited)		(Audited)	
		Current Period 31 March 2015 USD'000	Current Period 31 March 2015 TRY'000	Previous Period 31 December 2014 USD'000	Previous Period 31 December 2014 TRY'000
LIABILITIES					
Current Liabilities		1.363.783	3.559.747	1.339.179	3.105.422
Financial Liabilities	6	44.719	116.726	274.948	637.577
Short Term Portion of Long Term Fin. Liab.	6	339.616	886.466	615.918	1.428.252
Financial Derivative Instruments		974	2.543	2.629	6.096
Trade Payables		172.526	450.327	180.076	417.579
<i>Due to Related Parties</i>	3	<i>6.754</i>	<i>17.629</i>	<i>7.904</i>	<i>18.329</i>
<i>Other Trade Payables</i>		<i>165.772</i>	<i>432.698</i>	<i>172.172</i>	<i>399.250</i>
Other Payables	7	560.921	1.464.115	13.623	31.591
Deferred Revenue		33.969	88.667	32.972	76.458
Current Tax Liabilities	11	57.211	149.333	55.935	129.708
Short Term Provisions	8	91.967	240.051	101.138	234.528
Payables for Employee Benefits	9	27.658	72.193	42.917	99.520
Other Current Liabilities		34.222	89.326	19.023	44.113
Non Current Liabilities		1.160.095	3.028.079	1.085.836	2.517.945
Financial Liabilities	6	602.497	1.572.638	581.269	1.347.905
Financial Derivative Instruments		17.771	46.385	10.280	23.839
Provisions for Employee Benefits	9	188.444	491.877	210.326	487.724
Deferred Tax Liabilities	11	351.241	916.808	283.803	658.110
Other Non Current Liabilities		142	371	158	367
EQUITY		4.042.650	10.552.126	4.446.205	10.310.307
Equity Attributable to Equity Holders of the Parent		3.928.565	10.254.342	4.313.813	10.003.303
Share Capital		1.818.371	3.500.000	1.818.371	3.500.000
Inflation Adjustment to Capital		81.366	156.613	81.366	156.613
Treasury Shares (-)		(60.387)	(116.232)	(60.387)	(116.232)
Share Issue Premium		55.303	106.447	55.303	106.447
Other Comprehensive Income/Expense Not to be Reclassified to Profit/ (Loss)		(45.374)	(98.960)	(44.682)	(101.563)
<i>Revaluation Reserve of Tangible Assets</i>		<i>9.713</i>	<i>26.754</i>	<i>10.405</i>	<i>24.151</i>
<i>Actuarial (Loss)/ Gain funds</i>		<i>(55.087)</i>	<i>(125.714)</i>	<i>(55.087)</i>	<i>(125.714)</i>
Other Comprehensive Income/Expense to be Reclassified to Profit/ (Loss)		114.050	2.891.013	(4.007)	1.623.162
<i>Cash Flow Hedging Reserves</i>		<i>9.502</i>	<i>24.803</i>	<i>3.088</i>	<i>7.160</i>
<i>Foreign Currency Translation Reserves</i>		<i>104.548</i>	<i>2.866.210</i>	<i>(7.095)</i>	<i>1.616.002</i>
Restricted Reserves Assorted from Profit		441.058	950.831	313.307	617.355
Retained Earnings		1.386.769	2.527.180	1.422.232	2.616.106
Net Profit for the Period		137.409	337.450	732.310	1.601.415
Non-Controlling Interests		114.085	297.784	132.392	307.004
TOTAL LIABILITIES AND EQUITY		6.566.528	17.139.952	6.871.220	15.933.674

The details of US Dollar amounts explained in Note 2.1.

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ó See Note 18)

ERE L DEM R VE ÇEL K FABR KALARI T.A. . AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (óTRY Thousandó) unless otherwise indicated.)

		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Note	Current Period 1 January - 31 March 2015 USD'000	Current Period 1 January - 31 March 2015 TRY'000	Previous Period 1 January - 31 March 2014 USD'000	Previous Period 1 January - 31 March 2014 TRY'000
OPERATING INCOME					
Revenue	12	1.179.144	2.895.741	1.324.414	2.934.637
Cost of Sales (-)	12	(938.358)	(2.304.419)	(1.052.376)	(2.331.854)
GROSS PROFIT		240.786	591.322	272.038	602.783
Marketing, Sales and Distribution Expenses (-)	13	(12.702)	(31.194)	(12.813)	(28.390)
General Administrative Expenses (-)	13	(27.088)	(66.522)	(21.396)	(47.410)
Research and Development Expenses (-)	13	(805)	(1.976)	(627)	(1.389)
Other Operating Income	13	18.040	44.303	17.107	37.905
Other Operating Expenses (-)	13	(12.213)	(29.993)	(11.526)	(25.540)
OPERATING PROFIT		206.018	505.940	242.783	537.959
Finance Income	14	6.992	17.172	9.825	21.772
Finance Expense (-)	14	(31.728)	(68.877)	(21.232)	(47.790)
PROFIT BEFORE TAX		181.282	454.235	231.376	511.941
Tax Expense	11	(40.345)	(108.121)	(27.988)	(61.272)
- Current Corporate Tax Expense		(58.546)	(152.818)	(28.674)	(62.791)
- Deferred Tax Income		18.201	44.697	686	1.519
NET PROFIT FOR THE PERIOD		140.937	346.114	203.388	450.669
- Non-Controlling Interests		3.528	8.664	8.255	18.292
- Equity Holders of the Parent		137.409	337.450	195.133	432.377
EARNINGS PER SHARE			0,0964		0,1235
(TRY 1 Nominal value per share)					

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

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ERE L DEM R VE ÇEL K FABR KALARI T.A. . AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OTHER COMPREHENS VE INCOME FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (óTRY Thousandó) unless otherwise indicated.)

	Note	(Unaudited)		(Unaudited)	
		Current Period 1 January - 31 March 2015 USD'000	Current Period 1 January - 31 March 2015 TRY'000	Previous Period 1 January - 31 March 2014 USD'000	Previous Period 1 January - 31 March 2014 TRY'000
PROFIT FOR THE PERIOD		140.937	346.114	203.388	450.669
Other Comprehensive Income/(Expense):					
Not to be reclassified subsequently to profit or loss					
Change in Revaluation Reserve of Tangible Assets		(692)	2.603	357	792
Change in Actuarial (Loss)/ Gain		-	-	(1.658)	(3.674)
Tax Effect of Changes in Actuarial (Loss)/ Gain		-	-	332	734
To be reclassified subsequently to profit or loss					
Change in Cash Flow Hedging Reserves		7.946	21.739	(460)	(1.020)
Tax Effect of Change in Cash Flow Hedging Reserves		(1.589)	(4.348)	92	203
Change in Foreign Currency Translation Reserves		(10.317)	1.284.816	97.118	215.193
OTHER COMP. INCOME/ EXPENSE FOR THE PERIOD (AFTER TAX)		(4.652)	1.304.810	95.781	212.228
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		136.285	1.650.924	299.169	662.897
Distribution of Total Comprehensive Income					
- Non-controlling Interests		1.703	43.020	10.569	23.418
- Equity Holders of the Parent		134.582	1.607.904	288.600	639.479

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ERE L DEM R VE ÇEL K FABR KALARI T.A. . AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (óTRY Thousandó) unless otherwise indicated.)

(Unaudited)	Note					Other comprehensive income/expense not to be reclassified subsequently to profit or loss		Other comprehensive income/expense to be reclassified subsequently to profit or loss		Retained Earnings		Equity Attributable to the Parent	Non-controlling Interests	Total Shareholders' Equity	
		Share Capital	Inflation Adjustment to Capital	Treasury Shares (-)	Share Issue Premium	Revaluation Reserve of Tangible Assets	Actuarial loss/(gain) funds	Cash Flow Hedging Reserves	Foreign Currency Translation Reserves	Restricted Reserves Assorted from Profit	Retained Earnings				Net Profit For The Period
1 January 2015		3.500.000	156.613	(116.232)	106.447	24.151	(125.714)	7.160	1.616.002	617.355	2.616.106	1.601.415	10.003.303	307.004	10.310.307
Net profit for the period		-	-	-	-	-	-	-	-	-	337.450	337.450	8.664	346.114	
Other comprehensive income/(loss)		-	-	-	-	2.603	-	17.643	1.250.208	-	-	-	1.270.454	34.356	1.304.810
Total comprehensive income/(loss)		-	-	-	-	2.603	-	17.643	1.250.208	-	-	337.450	1.607.904	43.020	1.650.924
Dividend payable (*)		-	-	-	-	-	-	-	-	-	(1.356.865)	-	(1.356.865)	(52.240)	(1.409.105)
Transfers		-	-	-	-	-	-	-	-	333.476	1.267.939	(1.601.415)	-	-	-
31 March 2015		3.500.000	156.613	(116.232)	106.447	26.754	(125.714)	24.803	2.866.210	950.831	2.527.180	337.450	10.254.342	297.784	10.552.126
(Unaudited)															
1 January 2014		3.500.000	156.613	(116.232)	106.447	23.255	(66.809)	(9.344)	844.663	500.949	2.607.273	919.974	8.466.789	240.030	8.706.819
Net profit for the period		-	-	-	-	-	-	-	-	-	432.377	432.377	18.292	450.669	
Other comprehensive income/(loss)		-	-	-	-	792	(1.676)	(780)	208.766	-	-	-	207.102	5.126	212.228
Total comprehensive income/(loss)		-	-	-	-	792	(1.676)	(780)	208.766	-	-	432.377	639.479	23.418	662.897
Dividend payable (*)		-	-	-	-	-	-	-	-	-	(794.735)	-	(794.735)	(11.840)	(806.575)
Transfers		-	-	-	-	-	-	-	-	116.406	803.568	(919.974)	-	-	-
31 March 2014		3.500.000	156.613	(116.232)	106.447	24.047	(68.485)	(10.124)	1.053.429	617.355	2.616.106	432.377	8.311.533	251.608	8.563.141

(*) Annual General Assembly dated 31 March 2015, dividend distribution (gross dividend per share: TRY 0,4000 (2014: TRY 0,2343)) amounting to TRY 1.400.000 thousand (31 March 2014: TRY 820.000 thousand) from 2014 net profit was approved. As the Company holds 3,08% of its shares with a nominal value of TRY 1 as of 31 March 2015, dividends for treasury shares are netted off under dividends paid. The dividend payment will be completed at 26 May 2015.

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

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ERE L DEM R VE ÇEL K FABR KALARI T.A. . AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015**

(Amounts are expressed in thousands of Turkish Lira (öTRY Thousandö) unless otherwise indicated.)

	Note	(Unaudited)		(Unaudited)	
		Current Period 1 January 31 March 2015 US'000	Current Period 1 January 31 March 2015 TRY'000	Previous Period 1 January 31 March 2014 US'000	Previous Period 1 January 31 March 2014 TRY'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax and non-controlling interests		181.282	454.235	231.376	511.941
Adjustments to reconcile net profit before tax to net cash provided by operating activities:					
Depreciation and amortization expenses	12/13	47.971	117.808	47.123	104.416
Provision for employee termination benefits		8.115	19.929	5.978	13.247
Provision for seniority incentive premium		529	1.298	408	903
(Gain)on sale of property plant and equipment	13	(39)	(96)	(253)	(560)
Loss on write off of property plant and equipment	13	220	541	5	11
Increase in provision for doubtful receivables		884	2.172	301	666
Decrease in the allowance for inventories	4	(764)	(1.877)	(434)	(961)
Increase/ (decrease) in provision for unpaid vacations	9	(925)	(2.272)	673	1.491
Increase in provision for pending claims and lawsuits	8	618	1.517	2.007	4.448
Increase in penalty prov. for obligatory empl.t shortage of disabled people	8	134	330	135	300
Increase in provision for state right on mining activities	8	324	795	314	695
Increase in provision for civil defense fund	8	35	85	-	-
Interest expenses	14	15.601	38.312	17.863	39.580
Interest income from bank deposits	14	(6.992)	(17.172)	(5.037)	(11.161)
Interest income from overdue sales	13	(6.521)	(16.015)	(5.044)	(11.177)
Unrealized foreign currency loss of financial liabilities		(10.476)	(25.726)	341	756
Loss/(gain) on fair value changes of derivative financial instruments	14	3.929	9.650	(4.257)	(9.432)
Net cash provided by operating activities before changes in working capital					
		233.925	583.514	291.499	645.163
Changes in working capital	17	173.375	452.543	166.717	365.077
Interest income from overdue sales collected		8.653	21.250	6.335	14.036
Lawsuits paid	8	(775)	(1.903)	(1.052)	(2.332)
Penalty paid for the employment shortage of disabled people	8	(900)	(2.209)	(403)	(892)
Corporate tax paid	11	(54.236)	(133.193)	(21.420)	(47.462)
Employee termination benefits paid	9	(5.495)	(13.495)	(2.240)	(4.963)
Unused vacation paid	9	(584)	(1.433)	(556)	(1.231)
Net cash provided by operating activities					
		353.963	905.074	438.880	967.396
CASH FLOWS FROM INVESTING ACTIVITIES					
Changes in financial investments		-	(8)	-	-
Payments for investment property		-	-	(681)	(1.508)
Cash used in the purchase of tangible assets	5	(25.954)	(63.738)	(34.832)	(77.180)
Cash used in the purchase of intangible assets	5	(11)	(27)	(458)	(1.014)
Cash provided by sales of tangible assets	5/13	4.249	10.435	2.978	6.599
Net cash used in investing activities					
		(21.716)	(53.338)	(32.993)	(73.103)
CASH FLOWS FROM FINANCING ACTIVITIES					
New borrowings		163.868	427.727	349.884	766.176
Repayment of borrowings		(639.469)	(1.669.141)	(142.520)	(312.090)
Interest paid		(15.017)	(36.878)	(9.768)	(21.645)
Interest received on bank deposits		8.015	19.684	4.130	9.151
Dividends paid to non-controlling interests		-	-	(5.343)	(11.840)
Net cash used in by financing activities					
		(482.603)	(1.258.608)	196.383	429.752
NET CHANGES IN CASH AND CASH EQUIVALENTS					
		(150.356)	(406.872)	602.270	1.324.045
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE					
		940.865	2.181.773	355.997	759.804
Currency translation difference, net		41.781	397.542	5.390	26.367
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD					
		832.290	2.172.443	963.657	2.110.216
Accrued interest income		995	2.597	1.515	3.317
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD INCLUDING ACCRUED INTEREST INCOME					
		833.285	2.175.040	965.172	2.113.533

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(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ö See Note 18)

ERE L DEM R VE ÇEL K FABR KALARI T.A. . AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (öTRY Thousandö) unless otherwise indicated.)

NOTE 1 ö GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Erdemir Grubu (öGroupö), is composed of Ere li Demir ve Çelik Fabrikalar, T.A. . (öErdemirö or öthe Companyö), and its subsidiaries which it owns the majority of their shares or has a significant influence on their management structure.

The immediate parent and ultimate controlling party of the Group are Ataer Holding A. . and Ordu Yard,mla ma Kurumu (OYAK/Armed Forces Pension Fund), respectively.

OYAK was incorporated on 1 March 1961 under the Act No. 205 as a private entity under its own law subject to Turkish civil and commercial codes and autonomous in financial and administrative matters. OYAK, being an öaid and retirement fundö for Turkish Armed Forcesö members, provides various services and benefits within the framework of social security concept anticipated by Turkish Constitution. OYAK has nearly sixty direct and indirect subsidiaries in industry, finance and service sectors. The detailed information about OYAK can be found on its official website (www.oyak.com.tr).

The Company was incorporated in Turkey as a joint stock company in 1960. The principal activities of the Company are production of iron and steel rolled products, alloyed and non-alloyed iron, steel and pig iron castings, cast and pressed products, coke and their by-products.

The Company's shares have been traded in Istanbul Stock Exchange since the establishment of the Istanbul Stock Exchange (year 1986).

The main operations of the companies included in the consolidation and the share percentage of the Group for these companies are as follows:

<u>Name of the Company</u>	<u>Country of Operation</u>	<u>Operation</u>	<u>2015 Share %</u>	<u>2014 Share %</u>
skenderun Demir ve Çelik A. .	Turkey	Integrated Steel Production	95,07	95,07
Erdemir Madencilik San. ve Tic. A. .	Turkey	Iron Ore and Pellet	90,00	90,00
Erdemir Çelik Servis Merkezi San. ve Tic. A. .	Turkey	Steel Service Center	100	100
Erenco Erdemir Müh. Yön. ve Dan. Hiz. A. .	Turkey	Management and Consultancy	100	100
Erdemir Romania S.R.L.	Romania	Silicon Steel Production	100	100
Erdemir Asia Pacific Private Limited	Singapore	Trading	100	100

The registered address of the Company is Merdivenköy Yolu Cad. No: 2, 34750 Küçükbakkalköy /İSTANBUL.

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ERE Lİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (öTRY Thousandö) unless otherwise indicated.)

NOTE 1 ö GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (cont'd)

The number of the personnel employed by the Group as at 31 March 2015 and 31 December 2014 are as follows:

	Paid Hourly Personnel	Paid Monthly Personnel	31 March 2015 Personnel
Ere li Demir ve Çelik Fab.T.A.Ş.	4.580	1.870	6.450
İskenderun Demir ve Çelik A.Ş.	3.647	1.775	5.422
Erdemir Madencilik San. ve Tic. A.Ş.	130	129	259
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	63	74	137
Erenco Erdemir Müh. Yön. ve Dan. Hiz. A.Ş.	-	115	115
Erdemir Romania S.R.L.	228	50	278
Erdemir Asia Pacific Private Limited	-	5	5
	<u>8.648</u>	<u>4.018</u>	<u>12.666</u>

	Paid Hourly Personnel	Paid Monthly Personnel	31 December 2014 Personnel
Ere li Demir ve Çelik Fab.T.A.Ş.	4.593	1.861	6.454
İskenderun Demir ve Çelik A.Ş.	3.795	1.818	5.613
Erdemir Madencilik San. ve Tic. A.Ş.	137	139	276
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	61	73	134
Erenco Erdemir Müh. Yön. ve Dan. Hiz. A.Ş.	-	114	114
Erdemir Romania S.R.L.	227	51	278
Erdemir Asia Pacific Private Limited	-	3	3
	<u>8.813</u>	<u>4.059</u>	<u>12.872</u>

NOTE 2 ö BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company and all its subsidiaries in Turkey maintain their legal books of account and prepare their statutory financial statements (öStatutory Financial Statementsö) in accordance with accounting principles issued by the Turkish Commercial Code (öTCCö) and tax legislation.

The Group's condensed consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 öCommuniqué on the Principles of Financial Reporting In Capital Marketsö (öthe Communiquéö) announced by the Capital Markets Board (öCMBö) (hereinafter will be referred to as öthe CMB Accounting Standardsö) on 13 June 2013 which is published on Official Gazette numbered 28676. The financial statements are prepared on cost basis, except the derivative financial instruments and iron ore and silicon steel used in the production of fixed assets carried on fair value measured at business at acquisition date.

In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and its interpretations issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (öPOAö).

In accordance with the Turkish Accounting Standard No: 34 öInterim Financial Reportingö, entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare condensed interim consolidated financial statements in the interim period. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014.

ERDEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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NOTE 2 ö BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Functional and reporting currency

The functional currency of the Company and its subsidiaries ö skenderun Demir ve Çelik A.Ş. ö sdemirö and Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. öErsemö are US Dollars; Erdemir Madencilik San. ve Tic. A.Ş. öErmadenö and Erdemir Mühendislik Yönetim ve Danışmanlık Hizmetleri A.Ş. öEreencoö are TRY.

Functional and reporting currency for the subsidiary abroad

The functional currency of the foreign subsidiaries Erdemir Asia Pacific Private Limited is US Dollars; Erdemir Romania S.R.L is EUR.

Presentation currency translation

Presentation currency of the consolidated financial statements is TRY. According to IAS 21 (öThe Effects of Changes in Foreign Exchange Ratesö) financial statements, that are prepared in USD Dollars for the Company, sdemir, Ersem and EAPPL; in Euro for Erdemir Romania, have been translated in TRY as the following method:

- a) The assets and liabilities on financial position as of 31 March 2015 are translated from USD Dollars into TRY using the Central Bank of Turkey's exchange rate which is TRY 2,6102=US \$ 1 and TRY 2,8309=EUR 1 on the balance sheet date (31 December 2014: TRY 2,3189= US \$ 1, TRY 2,8207=EUR 1).
- b) For the three months period ended 31 March 2015, income statements are translated from the average TRY 2,4558 = US \$ 1 and TRY 2,7702=EUR 1 rates of 2015 January - March period (31 March 2014: TRY 2,2158 = US \$ 1 TRY 3,0356 = 1 EUR).
- c) Exchange differences are shown in other comprehensive income as of foreign currency translation reserve.
- d) The differences between presentation of statutory and historical figures are recognised as translation differences under equity. All capital, capital measures and other measures are represented with their statutory figures in the accompanying financial statements.

USD amounts presented in the financial statements

The figures in USD amounts presented in the accompanying condensed interim consolidated financial statements comprising the statements of financial position as of 31 March 2015 and 31 December 2014, consolidated statement of income and other comprehensive income and consolidated statement of cash flows for the interim period ended 31 March 2015 represent the consolidated financial statements prepared according to USD reporting currency within the frame of functional currency change that the Company has made, which is effective as of July 1, 2013, prepared in accordance with the TAS 21- Effects of Changes in Foreign Exchange Rates.

Going concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (contöd)

2.1 Basis of Presentation (contöd)

Approval of the consolidated financial statements

The condensed interim consolidated financial statements have been approved and authorized to be published on 27 April 2015 by the Board of Directors. The General Assembly has the authority to revise the financial statements.

2.2 Comparative Information and Restatement of Consolidated Financial Statements with Prior Periods

The Groupö condensed interim consolidated financial statements are presented in accordance with the communiqué numbered II-14,1 öCommuniqué on the Principles of Financial Reporting In Capital Marketsö (öthe Communiquéö) announced by the Capital Markets Board (öCMBö). The Groupö condensed interim consolidated financial statements are prepared in comparison with the previous period in order to allow for the determination of the financial position and performance trends in accordance with a new illustrative financial statements and guidance that has been effective from the interim periods ended after 30 June 2013.

Reclassifications of balance sheet are as follows:

Account	(Previously Reported)	(Restated)	(Difference)
	<u>31 December 2014</u>	<u>31 December 2014</u>	<u>31 December 2014</u>
Short Term Other Payables ⁽¹⁾	7.389	31.591	24.202
Short Term Payables for Employee Benefits ⁽¹⁾	123.722	99.520	(24.202)
Trade Payables ⁽²⁾	417.255	417.579	324
Other Current Liabilities ⁽²⁾	44.437	44.113	(324)
			<u>-</u>

(1) TRY 24.202 thousand employee's income tax payables that was reported under öShort Term Payables for Employee Benefitsö, is reclassified under öShort Term Other Payablesö in consolidated financial statements as of 31 December 2014.

(2) TRY 324 thousand expense accruals that was reported under öOther Current Liabilitiesö, is reclassified under öTrade Payablesö in consolidated financial statements as of 31 December 2014.

Reclassifications of income statement are as follows:

Account	(Previously Reported)	(Restated)	(Difference)
	<u>1 January - 31 March 2014</u>	<u>1 January - 31 March 2014</u>	<u>1 January - 31 March 2014</u>
Other Operating Income ⁽¹⁾	27.944	37.905	9.961
Other Operating Expenses (-) ⁽¹⁾	(22.200)	(25.540)	(3.340)
Financial Income ⁽¹⁾	28.393	21.772	(6.621)
			<u>-</u>

(1) Out of (net) TRY 6.621 thousand discount income that was reported under öFinancial Incomeö, is reclassified under öOther Operating Incomeö TRY 9.961 thousand as discount income and under öOther Operating Expenses (-)ö TRY (3.340) thousand as discount expenses in consolidated income statement for the three months period ended 31 March 2014.

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish 6 See Note 18)

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont6d)

2.3 Adoption of New and Revised Financial Reporting Standards

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements as at 31 March 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of 1 January 2015 summarized below.

Standards, amendments and interpretations effective as of 1 January 2015:

- TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

Annual Improvements to TAS/TFRSs

In September 2014, POA has issued the below amendments to the standards in relation to 6Annual Improvements - 201062012 Cycle6 and 6Annual Improvements - 201162013 Cycle. The changes are effective for annual reporting periods beginning on or after 1 July 2014.

Annual Improvements - 201062012 Cycle

- TFRS 2 Share-based Payment:
- TFRS 3 Business Combinations
- TFRS 8 Operating Segments
- TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets
- TAS 24 Related Party Disclosures

Annual Improvements 6 201162013 Cycle

- TFRS 3 Business Combinations
- Amendment to the Basis for Conclusions on TFRS 13 Fair Value Measurement
- TAS 40 Investment Property

The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted:

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the condensed interim consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the condensed interim consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- TFRS 9 Financial Instruments 6 Classification and measurement
- TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)
- TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)
- TAS 16 Property, Plant and Equipment and TAS 41 Agriculture (Amendment) 6 Bearer Plants

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ó See Note 18)

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (contó)

2.3 Adoption of New and Revised Financial Reporting Standards (contó)

Standards issued but not yet effective and not early adopted (contó):

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)
- TAS 1: Disclosure Initiative (Amendments to TAS 1)

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ó changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures ó clarification on the assessment of servicing contracts for the continuing involvement of financial assets
- IAS 19 Employee Benefits ó regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting ó disclosure of information elsewhere in the interim financial reportó

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (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 by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its condensed interim consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements ó 2010ó2012 Cycle

- IFRS 13 Fair Value Measurement

Annual Improvements ó 2011ó2013 Cycle

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments - Final standard (2014)

ERE Lİ DEMİR VE ÇELİK FABRİKALARI T.A.Ş. AND ITS SUBSIDIARIES

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NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies

The condensed interim consolidated financial statements for the three months period ended 31 March 2015 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements for the period ended 31 March 2015 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2014. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2014.

There has been no change in total ownership interests and effective interests of the subsidiaries, included in the scope of consolidation as of 31 March 2015, from the interests reported as of 31 December 2014.

2.5 Segment Reporting

The operations of the Group in skenderun and Ere li have been defined as geographical segments. However, the segments with similar economic characteristics have been combined into a single operating segment considering the nature of the products and the production processes, methods to allocate the products and the type of customers or to provide services.

NOTE 3 6RELATED PARTY DISCLOSURES

The immediate parent and ultimate controlling parties of the Group are Ataer Holding A.Ş. and Ordu Yardımları Kurumu respectively (Note 1).

The transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated in the consolidation and therefore are not disclosed in this note.

The details of transactions between the Group and other related parties are disclosed below:

<u>Due from related parties (short term)</u>	31 March 2015	31 December 2014
Oyak Renault Otomobil Fab. A.Ş. ⁽²⁾	30.210	27.886
Bolu Çimento Sanayi A.Ş. ⁽¹⁾	3.659	3.887
Adana Çimento Sanayi T.A.Ş. ⁽¹⁾	4.179	4.071
Other	412	565
	<u>38.460</u>	<u>36.409</u>

The trade receivables from related parties mainly arise from sales of iron, steel and by-products.

⁽¹⁾ Subsidiaries of the parent company

⁽²⁾ Joint venture

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NOTE 3 óRELATED PARTY DISCLOSURES (contóđ)

<u>Due to related parties (short term)</u>	31 March 2015	31 December 2014
Omsan Lojistik A. . ⁽¹⁾	3.115	3.306
Omsan Denizcilik A. . ⁽¹⁾	5.767	4.982
Oyak Pazarlama Hizmet ve Turizm A. . ⁽¹⁾	4.418	5.361
Oyak Savunma ve Güvenlik Sistemleri A. . ⁽¹⁾	2.668	2.876
Other	1.661	1.804
	<u>17.629</u>	<u>18.329</u>

Trade payables to related parties mainly arise from purchased service transactions.

<u>Major sales to related parties</u>	1 January - 31 March 2015	1 January - 31 March 2014
Oyak Renault Otomobil Fab. A. . ⁽²⁾	38.556	30.178
Adana Çimento Sanayi T.A. . ⁽¹⁾	4.431	4.994
Bolu Çimento Sanayi A. . ⁽¹⁾	3.832	4.440
Aslan Çimento A. . ⁽¹⁾	293	1.025
Other	772	511
	<u>47.884</u>	<u>41.148</u>

The major sales to related parties are generally due to the sales transactions of iron, steel and by-products.

<u>Major purchases from related parties</u>	1 January - 31 March 2015	1 January - 31 March 2014
Omsan Denizcilik A. . ⁽¹⁾	22.644	19.131
Oyak Pazarlama Hizmet ve Turizm A. . ⁽¹⁾	14.352	5.813
Omsan Lojistik A. . ⁽¹⁾	7.775	8.303
Oyak Savunma ve Güvenlik Sistemleri A. . ⁽¹⁾	6.476	6.192
Omsan Logistica SRL ⁽¹⁾	533	1.761
Other	2.264	3.027
	<u>54.044</u>	<u>44.227</u>

The major purchases from related parties are generally due to the purchased service transactions.

⁽¹⁾ Subsidiaries of the parent company

⁽²⁾ Joint venture

The terms and policies applied to the transactions with related parties:

The period end balances are un-secured, interest free and their collections will be done in cash. As of 31 March 2015, the Group provides no provision for doubtful receivables from related parties (31 December 2014: None).

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NOTE 3 6RELATED PARTY DISCLOSURES (cont6d)

Salaries, bonuses and other benefits of the key management:

For the three months period ended 31 March 2015, the total compensation consisting of short term benefits such as salaries, bonuses and other benefits of the key management of the Group is TRY 11.547 thousand (31 March 2014: TRY 3.133 thousand).

NOTE 4 6INVENTORIES

As of the balance sheet date, the details of the Group6s inventories are as follows:

	31 March 2015	31 December 2014
Raw materials	798.541	773.832
Work in progress	575.183	648.460
Finished goods	978.249	877.211
Spare parts	543.865	480.502
Goods in transit	552.883	361.212
Other inventories	237.797	228.924
Allowance for impairment on inventories (-)	(123.438)	(111.752)
	<u>3.563.080</u>	<u>3.258.389</u>

The movement of the allowance for impairment on inventories:

	1 January - 31 March 2015	1 January - 31 March 2014
Opening balance	111.752	88.739
Provision for the period	4.393	3.625
Provision released (-)	(6.270)	(4.586)
Translation difference	13.563	2.344
Closing balance	<u>123.438</u>	<u>90.122</u>

The Group has provided an allowance for the impairment on the inventories of finished goods, work in progress and raw materials in the cases when their net realizable values are lower than their costs. The provision released has been recognized under cost of sales (Note 12).

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ó See Note 18)

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NOTE 5 ó TANGIBLE AND INTANGIBLE ASSETS

The movement of tangible assets for the periods 1 January ó 31 March 2015 and 1 January ó 31 March 2014 is as follows:

	31 March 2015	31 March 2014
<u>Opening balance as of 1 January</u>		
Cost	19.275.851	17.487.681
Accumulated depreciation	(11.076.494)	(9.814.125)
Net book value	<u>8.199.357</u>	<u>7.673.556</u>
Net book value at the begin.of the period	8.199.357	7.673.556
Additions (*)	63.738	77.180
Disposals (-)	(10.880)	(6.050)
<i>Cost disposals</i>	(39.999)	(14.950)
<i>Accumulated depreciation disposals</i>	29.119	8.900
Transfers	-	(652)
Currency translation difference	1.017.012	204.603
<i>Cost currency translation difference</i>	2.367.392	444.449
<i>Accumulated depreciation currency translation difference</i>	(1.350.380)	(239.846)
Current period depreciation (-)	(119.872)	(104.660)
Net book value at the end of the period	<u>9.149.355</u>	<u>7.843.977</u>
<u>Closing balance as of</u>		
Cost	21.666.982	17.993.708
Accumulated depreciation	(12.517.627)	(10.149.731)
Net book value	<u>9.149.355</u>	<u>7.843.977</u>

(*) The amount of capitalized financial expense is TRY 353 thousand for the current period (The capitalized financial expenses for the three months period ended 31 March 2014 is TRY 937 thousand).

As of 31 March 2015, the Group has no collaterals or pledges upon its tangible assets. (31 March 2014: None).

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ó See Note 18)

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NOTE 5 ó TANGIBLE AND INTANGIBLE ASSETS (contød)

The movement of intangible assets for the periods 1 January ó 31 March 2015 and 1 January ó 31 March 2014 is as follows:

	31 March 2015	31 March 2014
<u>Opening balance as of 1 January</u>		
Cost	358.050	319.317
Accumulated amortisation	(189.491)	(160.167)
Net book value	<u>168.559</u>	<u>159.150</u>
Net book value at the begin.of the period	168.559	159.150
Additions	27	1.014
Disposals (-)	-	-
<i>Cost disposals</i>	-	(15)
<i>Accumulated depreciation disposals</i>	-	15
Transfers	-	652
Currency translation difference	16.734	3.267
<i>Cost currency translation difference</i>	31.799	5.875
<i>Accumulated depreciation currency translation difference</i>	(15.065)	(2.608)
Current period amortisation (-)	(5.196)	(5.035)
Net book value at the end of the period	<u>180.124</u>	<u>159.048</u>
<u>Closing balance as of</u>		
Cost	389.876	326.843
Accumulated amortisation	(209.752)	(167.795)
Net book value	<u>180.124</u>	<u>159.048</u>

As of 31 March 2015, the Group has no collaterals or pledges upon its intangible assets. (31 March 2014: None).

The breakdown of depreciation expenses related to tangible and intangible assets are as follows:

	31 March 2015	31 March 2014
Associated with cost of production	118.467	103.061
General administrative expenses	2.334	3.169
Marketing, sales and distribution expenses	4.120	3.465
Research and development expenses	147	-
	<u>125.068</u>	<u>109.695</u>

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ó See Note 18)

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NOTE 6 ó FINANCIAL LIABILITIES

Breakdown of financial liabilities is as follows:

	31 March 2015	31 December 2014
Short term financial liabilities	116.726	637.577
Current portion of long term financial liabilities	886.466	1.222.019
Corporate bonds issued	-	206.233
Total short term financial liabilities	<u>1.003.192</u>	<u>2.065.829</u>
Long term financial liabilities	<u>1.572.638</u>	<u>1.347.905</u>
Total long term financial liabilities	<u>1.572.638</u>	<u>1.347.905</u>
	<u>2.575.830</u>	<u>3.413.734</u>

As of 31 March 2015, the breakdown of the Group's loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Interest (%)	31 March 2015	
			Short Term Portion	Long Term Portion
No interest	TRY	-	40.832	-
Fixed	TRY	9,16	192.022	125.323
Fixed	US Dollars	2,76	55.249	61.485
Fixed	EURO	3,29	2.136	41.044
Floating	US Dollars	Libor+2,43	580.409	1.113.776
Floating	EURO	Euribor+0,32	104.330	178.925
Floating	Japanese Yen	JPY Libor+0,22	28.214	52.085
			<u>1.003.192</u>	<u>1.572.638</u>
			<u>2.575.830</u>	<u>2.575.830</u>

As of 31 December 2014, the breakdown of the Group's loans with their original currency and their weighted average interest rates is presented as follows:

Interest Type	Type of Currency	Weighted Average Rate of Interest (%)	31 December 2014	
			Short Term Portion	Long Term Portion
No interest	TRY	-	24.300	-
Fixed	TRY	9,10	196.110	166.462
Fixed	US Dollars	1,68	396.802	58.794
Fixed	EURO	5,50	955	2.971
Floating	TRY	Trlibor+1,5	206.233	-
Floating	US Dollars	Libor+2,18	1.113.305	889.051
Floating	EURO	Euribor+0,32	103.141	185.311
Floating	Japanese Yen	JPY Libor+0,22	24.983	45.316
			<u>2.065.829</u>	<u>1.347.905</u>
			<u>2.065.829</u>	<u>3.413.734</u>

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NOTE 6 6 FINANCIAL LIABILITIES (cont6d)

Breakdown of financial liabilities is as follows:

	31 March 2015	31 December 2014
Within 1 year	1.003.192	2.065.829
Between 1-2 years	689.544	588.577
Between 2-3 years	610.737	522.255
Between 3-4 years	160.672	137.072
Between 4-5 years	13.672	16.680
Five years or more	98.013	83.321
	<u>2.575.830</u>	<u>3.413.734</u>

NOTE 7 6 OTHER PAYABLES

The Group6s short term other payables are as follows:

	31 March 2015	31 December 2014
Taxes payable	18.951	951
Employee's income tax payables	29.201	24.202
Deposits and guarantees received	5.663	5.248
Dividend payables to shareholders (*)	1.410.300	1.190
	<u>1.464.115</u>	<u>31.591</u>

(*) The Ordinary General Meeting held on March 31, 2015 it was resolved to distribute TRY 1.400.000 thousand dividend from 2014 profit in cash. Dividend distribution will be start until the May 26, 2015. Dividend payables to shareholders is the sum of total dividend decided to be distributed after dividends for treasury shares are netted off, dividend payables to non-controlling interests and uncollected dividend by shareholders related to previous periods.

NOTE 8 6 PROVISIONS

The Group6s short term provisions are as follows:

	31 March 2015	31 December 2014
Provision for lawsuits	221.322	214.722
Penalty prov. for employment shortage of disabled pers.	3.264	5.223
Provision for state right on mining activities (*)	5.279	4.484
Provision for civil defense fund (**)	10.186	10.099
	<u>240.051</u>	<u>234.528</u>

(*) According to 6Mining Law6 numbered 3213 and regulation on 6Mining Law Enforcement6 published in the Official Gazette, numbered 25716 on 3 February 2005, the Group is obliged to pay state right on mining activities based on the sales profit.

(**) According to law number 5217, it is a provision of the enterprises that were subjected to 6Natural Disaster Fund6 ile 6Civil Defense Fund6. It is calculated through 2004 revenue of the company.

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish ó See Note 18)

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NOTE 8 ó PROVISIONS (contød)

The movement of the provisions is as follows:

	1 January 2015	Provision for the period	Payments	Provision released	Translation difference	31 March 2015
Provision for lawsuits	214.722	12.331	(1.903)	(10.814)	6.986	221.322
Penalty prov. for employment shortage of disabled pers.	5.223	1.038	(2.209)	(708)	(80)	3.264
Provision for state right on mining activities	4.484	795	-	-	-	5.279
Provision for civil defense fund	10.099	85	-	-	2	10.186
	<u>234.528</u>	<u>14.249</u>	<u>(4.112)</u>	<u>(11.522)</u>	<u>6.908</u>	<u>240.051</u>

	1 January 2014	Provision for the period	Payments	Provision released	Translation difference	31 March 2014
Provision for lawsuits	194.475	7.925	(2.332)	(3.477)	1.872	198.463
Penalty prov. for employment shortage of disabled pers.	4.568	578	(892)	(278)	19	3.995
Provision for state right on mining activities	2.642	695	-	-	-	3.337
Provision for civil defense fund	3.341	-	-	-	-	3.341
	<u>205.026</u>	<u>9.198</u>	<u>(3.224)</u>	<u>(3.755)</u>	<u>1.891</u>	<u>209.136</u>

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish 6 See Note 18)

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NOTE 8 6 PROVISIONS (cont6d)

As of 31 March 2015 and 31 December 2014, lawsuits filed by and against the Group are as follows:

	31 March 2015	31 December 2014
Lawsuits filed by the Group	320.993	300.304
Provision for lawsuits filed by the Group	5.920	5.872

The provision for the lawsuits filed by the Group represents the doubtful trade receivables.

	31 March 2015	31 December 2014
Lawsuits filed against the Group	267.785	242.347
Provision for lawsuits filed against the Group	221.322	214.722

Company6 Shareholders6 General Assembly, which was held at 30 March 2006, decided dividend distribution according to the consolidated financial statements as of 31 December 2005, which was prepared according to IFRS. Privatization Administration, who has a usufruct right over 1 (one) equity share among the Company shares it transferred to Ataer Holding A. ., filed a lawsuit at 1 May 2006 the 3th Commercial Court of Ankara against the aforementioned General Assembly decision, and claimed that, dividend distribution decision must be abolished and TRY 35.673 thousand allegedly unpaid dividend must be paid to itself (E. 2006/218). The Court rejected the case on 23 October 2008; Privatization Administration appealed this rejection on 7 January 2009. Court of Appeals6 11th Chamber reversed this rejection judgment on 30 November 2010; this time the Company appealed the Chamber6 decision on 18 February 2011. However, the Chamber rejected the Company6 appeal on 14 July 2011. The case file, sent back to 3th Commercial Court of Ankara once again. Therefore the case is still pending (E. 2011/551). The next hearing day is 26 June 2015.

Had the Company started to prepare its consolidated financial statements in accordance with IFRS after 31 December 2005, it would also have to present the comparative consolidated financial statements in accordance with IFRS based on 6IFRS 1: First-time adoption of International Financial Reporting Standards6 and the previously recognized negative goodwill would be transferred directly to retained earnings on 1 January 2005 instead of recognizing in the consolidated income statement in accordance with 6IFRS 3: Business Combinations6. Therefore, the net profit for the periods ended 31 March 2015 and 31 March 2014 will not be affected from the above mentioned disputes.

The Company, based on the above mentioned reasons, did not make any adjustments in the accompanying consolidated financial statements for the possible effects of changes in the net profit for the year ended 31 December 2005 due to the lawsuits mentioned above and waits for the resolution of the pending lawsuit opened by Privatization Administration.

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NOTE 8 6 PROVISIONS (cont6d)

Enerjia Metal Maden Sanayi ve Ticaret A. . initiated a debt collection proceeding that might end with a bankruptcy judgment against the Company based on the Export Protocol No. 69187 of 2 July 2009 and 6Additional Terms to the Erdemir-Enerjia Export Protocol No. 681976 drafted by and between Enerjia and the Company. However the process stopped upon the Company6s objection to Enerjia6s request, and that led Enerjia to file a lawsuit against the Company before the 7th Commercial Court of Ankara on 27 March 2010 claiming that the objection should be overruled and USD 68.312.520 should be paid to itself (E. 2010/259). The Court dismissed the case, in favor of the Company, on 23 June 2011.

Enerjia appealed this rejection. 23rd Chamber of the Court of Appeals accepted this rejection on 6 April 2012 (E. 2011/2915) and after this, the case file was sent back to the 7th Commercial Court of Ankara. The case file was sent to the 4th Commercial Court of Ankara due to the the case shall seen by delegation according to the regulatory framework regarding the commercial courts. Therefore the case is still pending (E. 2014/734) and the next court hearing is on 9 September 2015.

An action of debt was instituted by Messrs. Bor-San Is, Sistemleri 6retim ve Pazarlama A. . against our company at the 3rd Civil Court of Kdz. Ere li on 17 April 2013 under file no 2013/253 Esas claiming for the compensation of the loss arising from the sales contract of TRY 18 thousand, reserving the rights for surplus. The Company was informed from the amendment petition, which was served to the company on 1 November 2013 that the plaintiff pleaded from the court to raise the claim to TRY 10.838 thousand as assessed by the expert opinion submitted to the court. The Company contested to the expert opinion and the amendment petition within the statutory period. The court has given the judgment of dismissal on 11 March 2014. The plaintiff, Bor-San Is, Sistemleri 6retim ve Pazarlama A. . has appealed against the judgment. Upon the reversal of judgment, the Company appealed the decision of Supreme Court of Appeal. The rejection decision of Supreme Court of Appeal has been notified to the Company on 28 January 2015. Case is still ongoing with the Kdz. Ere li Civil Court of First Instance 3rd (2015/16 Docket Number). Next hearing shall take place on the date of 26 May 2015.

Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.) located at Illinois state of United States of America and the Company executed a contract in 2008. The company fulfilled all its performances arisen from this contract in January and February in 2009. Corus International Trading Ltd. Co. sold to third parties the products supplied from our company but thereafter alleged that they directed claim to some compensation and that these claims must be covered by Erdemir. Parties could not reach an exact agreement about this matter and then Corus International Trading Ltd. Co filed an action for compensation at amount of USD 4.800 thousand together with accessory against the Company in Illinois State District Court of USA. It is learnt through a notified made to the Company on 21 July 2010. After the subject case is dismissed by the court from jurisdiction aspect; this time a lawsuit is re-filed by Tata Steel International (North America) Ltd.) in Texas State District Court. This case is also dismissed by the court from jurisdiction aspect.

It is learnt through a notified made to the Company on 31 October 2012 that Corus International Trading Ltd. Co. (new trading title: Tata Steel International (North America) Ltd.) filed an action for compensation at amount of TRY 8.669 thousand (USD 4.800 thousand) together with accessory against the Company before Ankara 14th Commercial Court of First Instance. As a result of adjudication made; the court adjudged to dismiss the case on procedural grounds because of non-competence and to send the file to commissioned and competent Karadeniz Ere li Commercial Court of First Instance in Duty when the judgment becomes definite and in case of request. The case still continues on file no. 2013/63 in Karadeniz Ere li 2nd Civil Court of First Instance. The court file has been entrusted to the expert. Date of next hearing of the case is 8 September 2015.

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NOTE 9 6 EMPLOYEE BENEFITS

The Group6s payables for short term employee benefits are as follows:

	31 March 2015	31 December 2014
Due to personnel	44.134	74.611
Social security premiums payable	28.059	24.909
	<u>72.193</u>	<u>99.520</u>

Long term provision of the employee termination benefits of the Group is as follows:

	31 March 2015	31 December 2014
Provisions for employee termination benefits	399.928	393.478
Provisions for seniority incentive premium	26.700	25.389
Provision for unpaid vacations	65.249	68.857
	<u>491.877</u>	<u>487.724</u>

According to the articles of Turkish Labor Law in force, there is an obligation to pay the legal employee termination benefits to each employee whose employment contracts are ended properly entitling them to receive employee termination benefits. Also, in accordance with the effective laws of the Social Insurance Act No: 506 No: 2422 on 6 March 1981 and No: 4447 on 25 August 1999 and with the amended Article 60 of the related Act, it is obliged to pay the employees their legal employee termination benefits, who are entitled to terminate.

As of 31 March 2015, the amount payable consists of one month6s salary limited to a maximum of TRY 3.541,37 (31 December 2014: TRY 3.438,22).

The employee termination benefit legally is not subject to any funding requirement.

The employee termination benefit has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. TAS 19 (6Employee Benefits6) requires actuarial valuation methods to be developed to estimate the Group6s obligation under defined benefit plans. The obligation as of 31 March 2015 has been calculated by an independent actuary. The actuarial assumptions used in the calculation of the present value of the future probable obligation are as follows:

Discount rates are determined considering the expected duration of the retirement obligations and the currency in which the obligations will be paid. In calculations as of 31 March 2015, a fixed discount rate is used. Long term inflation estimates are made using an approach consistent with discount rate estimates and long term inflation rate fixed over years is used.

The anticipated rate of resignation which do not result in the payment of employee benefits is also considered in the calculation. The anticipated rate of resignation is assumed to be related with the past experience, therefore past experiences of employees are analyzed and considered in the calculation. In the actuarial calculation as of 31 March 2015, the anticipated rate of resignation is considered to be inversely proportional to the past experience. The anticipated rate of resignation is between 2%-0% for the employees with past experience between 0-15 years or over.

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NOTE 9 6 EMPLOYEE BENEFITS (cont6d)

The movement of the provision for employee termination benefits is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
Opening balance	393.478	307.528
Service cost	12.526	6.568
Interest cost	7.403	6.679
Termination benefits paid	(13.495)	(4.963)
Translation difference	16	87
Closing balance	<u>399.928</u>	<u>315.899</u>

According to the current labor agreement, employees completing their 10th, 15th and 20th service years receive seniority incentive premium payments.

The movement of the provision for seniority incentive premium is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
Opening balance	25.389	17.667
Service cost	786	509
Interest cost	512	394
Translation difference	13	7
Closing balance	<u>26.700</u>	<u>18.577</u>

The movement of the provision for unused vacation is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
Opening balance	68.857	67.037
Provision for the period	8.007	9.449
Vacation paid during the period (-)	(1.433)	(1.231)
Provisions released (-)	(10.279)	(7.958)
Translation difference	97	(39)
Closing balance	<u>65.249</u>	<u>67.258</u>

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NOTE 10 6 COMMITMENTS AND CONTINGENCIES

The guarantees received by the Group are as follows:

	31 March 2015	31 December 2014
Letters of guarantees received	1.487.686	1.538.130
	<u>1.487.686</u>	<u>1.538.130</u>

The Collaterals, Pledges and Mortgages (CPM) given by the Group are as follows:

	31 March 2015	31 December 2014
A. Total CPM given for the Company's own legal entity	78.070	73.574
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis	1.184.539	1.155.440
C. Total CPM given in favour of other 3rd parties for ordinary trading operations	-	-
D. Other CPM given	-	-
i. Total CPM given in favour of parent entity	-	-
ii. Total CPM given in favour of other Group companies out of the scope of clause B and C	-	-
iii. Total CPM given in favour of other 3rd parties out of the scope of clause C	-	-
	<u>1.262.609</u>	<u>1.229.014</u>

As of 31 March 2015, the ratio of the other CPM given by the Group to shareholders equity is 0% (31 December 2014: 0%). Total CPM given in favor of subsidiaries consolidated on line-by-line basis amounting to TRY 1.184.539 thousand has been given as collateral for financial liabilities explained in Note 6.

The breakdown of the Group's collaterals, pledges and mortgages according to their original currency is as follows:

	31 March 2015	31 December 2014
US Dollars	803.743	771.816
TRY	148.197	144.474
EURO	267.996	274.778
Japanese Yen	42.673	37.946
	<u>1.262.609</u>	<u>1.229.014</u>

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NOTE 11 6 TAX ASSETS AND LIABILITIES

	31 March 2015	31 December 2014
<u>Corporate tax payable:</u>		
Current corporate tax provision	152.818	266.045
Prepaid taxes and funds (-)	(3.485)	(136.337)
	<u>149.333</u>	<u>129.708</u>
	1 January - 31 March 2015	1 January - 31 March 2014
<u>Taxation:</u>		
Current corporate tax expense	152.818	62.791
Deferred tax income	(44.697)	(1.519)
	<u>108.121</u>	<u>61.272</u>

Corporate tax

The effective corporate tax rate in Turkey is 20%, 16% in Romania in Singapore 17% as of 31 March 2014 (31 December 2014: in Turkey 20%, in Romania 16%, in Singapore 17%). The total amount of the corporate tax paid by the Group in 2015 is TRY 133.193 thousand (31 March 2014: TRY 47.462 thousand).

Deferred tax

Tax rate used in the calculation of deferred tax assets and liabilities (excluding land) are 20% for the subsidiaries in Turkey, 16% for the subsidiary in Romania and 17% for the subsidiary in Singapore (31 December 2014: in Turkey 20%, in Romania 16%, in Singapore 17%). Deferred tax related with the temporary differences arising from land parcels is calculated with the tax rate of 5% (December 2014: 5%).

As the companies in Turkey cannot give a consolidated corporate tax declaration, subsidiaries that have deferred tax assets are not netted off with subsidiaries that have deferred tax liabilities and disclosed separately.

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NOTE 11 6 TAX ASSETS AND LIABILITIES (cont6d)

	31 March 2015	31 December 2014
<u>Deferred tax assets:</u>		
Carry forward tax losses	3.175	2.056
Provisions for employee benefits	98.282	97.545
Provision for lawsuits	38.956	37.598
Inventories	11.020	15.601
Provision for other doubtful receivables	12.823	12.481
Tangible and intangible fixed assets	11.081	9.901
Other	21.985	21.606
	<u>197.322</u>	<u>196.788</u>
<u>Deferred tax liabilities:</u>		
Tangible and intangible fixed assets	(1.005.838)	(788.481)
Fair values of the derivative financial instruments	(14.369)	(13.399)
Amortized cost adjustment on loans	(5.176)	(6.199)
Inventories	(54.967)	(10.828)
Other	(7.377)	(4.110)
	<u>(1.087.727)</u>	<u>(823.017)</u>
	<u>(890.405)</u>	<u>(626.229)</u>

In the financial statements which are prepared according to the TAS, of Ere li Demir ve 7elik Fabrikalar, T.A.Ş. and its affiliates that are separate taxpayer entities, the net deferred tax assets and liabilities of the related companies are classified separately within the accounts of deferred tax assets and liabilities of Ere li Demir ve 7elik Fabrikalar, T.A.Ş. and its subsidiaries6 consolidated financial statements. The temporary differences disclosed above besides the deferred tax asset and liabilities, have been prepared on the basis of the gross values and show the net deferred tax position.

Presentation of deferred tax assets/(liabilities):

	31 March 2015	31 December 2014
Deferred tax assets	26.403	31.881
Deferred tax (liabilities)	(916.808)	(658.110)
	<u>(890.405)</u>	<u>(626.229)</u>

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NOTE 11 ó TAX ASSETS AND LIABILITIES (contd)

<u>Deferred tax asset/(liability) movements:</u>	<u>1 January - 31 March 2015</u>	<u>1 January - 31 March 2014</u>
Opening balance	(626.229)	(409.266)
Deferred tax income	44.697	1.519
The amount in comprehensive (expense)/income	(4.348)	937
Translation difference	(304.525)	(53.109)
Closing balance	<u>(890.405)</u>	<u>(459.919)</u>
	<u>1 January - 31 March 2015</u>	<u>1 January - 31 March 2014</u>
<u>Reconciliation of tax provision:</u>		
Profit before tax	454.235	511.941
Statutory tax rate	20%	20%
Calculated tax acc. to effective tax rate	90.847	102.388
Reconciliation between the tax provision and calculated tax:		
- Non-deductible expenses	3.182	3.546
- Effect of tax losses unrecognised deferred tax assets in prior years	-	(41.776)
- Effect of currency translation to non taxable assets	14.906	(904)
- Investment incentives	-	(2.443)
- Effect of non-taxable adjustments	(657)	283
- Effect of the different tax rates due to foreign subsidiaries	(157)	178
Tax expense in reported in the consolidate stat. of income	<u>108.121</u>	<u>61.272</u>

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NOTE 12 ó SALES AND COST OF SALES

	1 January - 31 March 2015	1 January - 31 March 2014
<u>Sales Revenue</u>		
Domestic sales	2.658.776	2.514.763
Export sales	185.033	334.530
Other revenues (*)	57.761	89.096
Sales returns (-)	(4.386)	(2.220)
Sales discounts (-)	(1.443)	(1.532)
	<u>2.895.741</u>	<u>2.934.637</u>
<u>Cost of goods sold (-)</u>	<u>(2.304.419)</u>	<u>(2.331.854)</u>
Gross profit	<u>591.322</u>	<u>602.783</u>

(*) The total amount of by product exports in other revenues is TRY 15.222 thousand (31 March 2014: TRY 51.579 thousand).

The breakdown of cost of goods sales for the periods 1 January ó 31 March 2015 and 1 January ó 31 March 2014 is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
Raw material usage	(1.640.456)	(1.712.013)
Personnel costs	(275.899)	(247.272)
Energy costs	(165.042)	(147.970)
Depreciation and amortization expenses	(111.207)	(97.782)
Factory overheads	(68.694)	(50.006)
Other cost of goods sold	(20.372)	(36.653)
Non-operating costs (*)	(4.918)	(23.426)
Freight costs for sales delivered to customers	(16.661)	(12.467)
Inventory write-downs within the period (Note 4)	(4.393)	(3.625)
Reversal of inventory write-downs (Note 4)	6.270	4.586
Other	(3.047)	(5.226)
	<u>(2.304.419)</u>	<u>(2.331.854)</u>

(*) Due to the planned/ unplanned halt production of plant of the Groupø, operations were suspended temporarily in the current period. As a result of this, unallocated overheads, TRY (4.918) thousand, has been accounted directly under cost of goods sold (31 March 2014: TRY (23.426) thousand).

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NOTE 13 ó OPERATING EXPENSES AND OTHER OPERATING INCOME/(EXPENSES)

The breakdown of marketing, sales and distribution expenses according to their nature for the periods 1 January ó 31 March 2015 and 1 January ó 31 March 2014 is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
Personnel expenses (-)	(16.639)	(15.293)
Depreciation and amortization(-)	(4.120)	(3.465)
Service expenses (-)	(663)	(5.695)
Other (-)	(9.772)	(3.937)
	<u>(31.194)</u>	<u>(28.390)</u>

The breakdown of general administrative expenses for the periods 1 January ó 31 March 2015 and 1 January ó 31 March 2014 is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
Personnel expenses (-)	(37.147)	(28.012)
Depreciation and amortization (-)	(2.334)	(3.169)
Service expenses (-)	(5.214)	(4.536)
Tax, duty and charges (-)	(1.563)	(1.144)
Provision for doubtful receivables (-)	(1.746)	-
Other (-)	(18.518)	(10.549)
	<u>(66.522)</u>	<u>(47.410)</u>

The breakdown of other operating income for the periods 1 January ó 31 March 2015 and 1 January ó 31 March 2014 is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
<u>Other operating income</u>		
Interest income from on credit sales	16.015	11.177
Discount income	5.574	9.961
Provisions released	11.644	3.753
Service income	3.315	3.261
Maintenance repair and rent income	1.851	1.838
Warehouse income	973	1.696
Indemnity and penalty detention income	339	1.217
Insurance indemnity income	66	231
Gain on sale of tangible assets	96	560
Other income and gains	4.430	4.211
	<u>44.303</u>	<u>37.905</u>

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**NOTE 13 6 OPERATING EXPENSES AND OTHER OPERATING INCOME/(EXPENSES)
(cont'd)**

The breakdown of other operating expenses for the periods 1 January 6 31 March 2015 and 1 January 6 31 March 2014 is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
<u>Other operating expenses (-)</u>		
Provisions expenses	(11.006)	(6.736)
Donation expenses	(328)	(6.615)
Discount expenses	(9.388)	(3.340)
Port facility pre-licence expenses	(2.066)	(1.611)
Lawsuit compensation expenses	(810)	(1.177)
Penalty expenses	(1.051)	(908)
Service expenses	(591)	(669)
Rent expenses	(162)	(173)
Loss on disposal of tangible assets	(541)	(11)
Other expenses and losses	(4.050)	(4.300)
	<u>(29.993)</u>	<u>(25.540)</u>

NOTE 14 6 FINANCIAL INCOME / EXPENSES

The breakdown of financial income for the periods 1 January 6 31 March 2015 and 1 January 6 31 March 2014 is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
<u>Financial incomes</u>		
Interest income on bank deposits	17.172	11.161
Foreign exchange gains (net)	-	1.179
Fair value differences of derivative financial instruments (net)	-	9.432
	<u>17.172</u>	<u>21.772</u>

The breakdown of financial expense for the periods 1 January 6 31 March 2015 and 1 January 6 31 March 2014 is as follows:

	1 January - 31 March 2015	1 January - 31 March 2014
<u>Financial expenses (-)</u>		
Interest expenses on financial liabilities	(38.312)	(39.580)
Foreign exchange loss (net)	(12.435)	-
Interest cost of employee benefits	(7.915)	(7.073)
Fair value differences of derivative financial instruments (net)	(9.650)	-
Other financial expenses	(565)	(1.137)
	<u>(68.877)</u>	<u>(47.790)</u>

During the period, the interest expenses of TRY 353 thousand have been capitalized as part of the Group's property, plant and equipment (1 January - 31 March 2014: TRY 937 thousand).

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(Amounts are expressed in thousands of Turkish Lira (6TRY Thousand6) unless otherwise indicated.)

NOTE 15 6 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Additional information about financial instruments

Foreign currency risk management

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Foreign currency position table represents foreign currencies other than each entity's functional currency. As of 31 March 2015, the foreign currency position of the Group in terms of original currency is calculated as it as follows:

	31 March 2015			
	TRY (Total in currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)
1. Trade Receivables	124.610	33.689	28.987	646
2a. Monetary financial assets	90.830	42.698	16.599	18.207
2b. Non- monetary financial assets	-	-	-	-
3. Other	216.762	216.309	160	-
4. Current assets (1+2+3)	432.202	292.697	45.746	18.854
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non- monetary financial assets	-	-	-	-
7. Other	39.344	30.394	3.134	3.611
8. Non-current assets (5+6+7)	39.344	30.394	3.134	3.611
9. Total assets (4+8)	471.546	323.091	48.880	22.464
10. Trade payables	286.142	255.833	6.323	461.296
11. Financial liabilities	366.941	232.261	37.609	1.296.762
12a. Other monetary financial liabilities	600.609	600.139	166	-
12b. Other non-monetary financial liabilities	143.328	143.328	-	-
13. Current liabilities (10+11+12)	1.397.020	1.231.561	44.098	1.758.059
14. Trade payables	-	-	-	-
15. Financial liabilities	397.377	125.323	77.703	2.393.940
16a. Other monetary financial liabilities	489.004	489.004	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	886.381	614.327	77.703	2.393.940
18. Total liabilities (13+17)	2.283.401	1.845.888	121.800	4.151.999
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(270.482)	8.434	(98.526)	-
19a. Off-balance sheet foreign currency derivative financial assets	244.952	126.792	41.739	-
19b. Off-balance sheet foreign currency derivative financial liabilities	515.433	118.357	140.265	-
20. Net foreign currency asset/liability position (9-18+19)	(2.082.337)	(1.514.363)	(171.446)	(4.129.535)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(1.924.633)	(1.626.173)	(76.214)	(4.133.145)
22. Fair value of derivative financial instruments used in foreign currency hedge	142.553	-	50.356	-
23. Hedged foreign currency assets	515.433	118.357	140.265	-
24. Hedged foreign currency liabilities	244.952	126.792	41.739	-
25. Exports	200.255	-	-	-
26. Imports	1.222.490	-	-	-

(Convenience Translation into English of Condensed Interim Consolidated Financial Statements Originally Issued in Turkish 6 See Note 18)

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NOTE 15 6 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont6d)

Additional information about financial instruments (cont6d)

Foreign currency risk management (cont6d)

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). As of 31 December 2014, the foreign currency position of the Group in terms of original currency is calculated as it as follows:

	31 December 2014			
	TRY (Total in currency)	TRY (Original currency)	EURO (Original currency)	Jap. Yen (Original currency)
1. Trade Receivables	105.778	19.224	30.458	7.433
2a. Monetary financial assets	382.516	370.877	3.608	6.603
2b. Non- monetary financial assets	-	-	-	-
3. Other	105.294	105.193	36	-
4. Current assets (1+2+3)	593.588	495.293	34.103	14.036
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non- monetary financial assets	-	-	-	-
7. Other	36.867	31.348	1.956	-
8. Non-current assets (5+6+7)	36.867	31.348	1.956	-
9. Total assets (4+8)	630.455	526.642	36.059	14.036
10. Trade payables	254.101	230.220	4.047	533.504
11. Financial liabilities	555.509	426.430	36.904	1.203.596
12a. Other monetary financial liabilities	633.869	632.979	316	-
12b. Other non-monetary financial liabilities	127.120	127.120	-	-
13. Current liabilities (10+11+12)	1.570.599	1.416.750	41.267	1.737.100
14. Trade payables	-	-	-	-
15. Financial liabilities	399.791	166.194	66.750	2.183.187
16a. Other monetary financial liabilities	483.582	483.582	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities (14+15+16)	883.373	649.776	66.750	2.183.187
18. Total liabilities (13+17)	2.453.972	2.066.525	108.017	3.920.287
19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)	(578.049)	(335.054)	(86.147)	-
19a. Off-balance sheet foreign currency derivative financial assets	326.618	208.885	41.739	-
19b. Off-balance sheet foreign currency derivative financial liabilities	904.667	543.939	127.886	-
20. Net foreign currency asset/liability position (9-18+19)	(2.401.566)	(1.874.938)	(158.104)	(3.906.251)
21. Net foreign currency asset / liability position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	(1.838.558)	(1.549.305)	(73.950)	(3.906.251)
22. Fair value of derivative financial instruments used in foreign currency hedge	66.168	18.777	16.801	-
23. Hedged foreign currency assets	904.667	543.939	127.886	-
24. Hedged foreign currency liabilities	326.618	208.885	41.739	-
25. Exports	1.370.112			
26. Imports	5.301.714			

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NOTE 15 6 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont6d)

Additional information about financial instruments (cont6d)

Foreign currency risk management (cont6d)

The following table shows the Group6s sensitivity to a 10% (+/-) change in the TRY, USD, EUR and Japanese Yen. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management6s assessment of the possible change in foreign exchange rates.

As of 31 March 2015 asset and liability balances are translated by using the following exchange rates: TRY 2,6102 = US \$ 1, TRY 2,8309 = EUR 1 and TRY 0,0218= JPY 1 (31 December 2014: TRY 2,3189 = US \$ 1, TRY 2,8207 = EUR 1 and TRY 0,0193= JPY 1)

31 March 2015	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
1- TRY net asset/liability	(152.280)	152.280
2- Hedged portion from TRY risk (-)	12.679	(12.679)
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(139.601)	139.601
5- US Dollars net asset/liability	726	(726)
6- Hedged portion from US Dollars risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- US Dollars net effect (5+6+7)	726	(726)
9- Euro net asset/liability	(20.643)	20.643
10- Hedged portion from Euro risk (-)	11.816	(11.816)
11- Effect of capitalization (-)	-	-
12- Euro net effect (9+10+11)	(8.827)	8.827
13- Jap. Yen net asset/liability	(8.985)	8.985
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(8.985)	8.985
TOTAL (4+8+12+16)	(156.687)	156.687

In addition to the Group6s foreign currency sensitivity to a 10% (+/-) change in TRY, TRY 196.266 thousands of income / (TRY (79.913) thousand expense) will occur due to the decrease/ (increase) in deferred tax base.

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NOTE 15 6 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont6d)

Additional information about financial instruments (cont6d)

Foreign currency risk management (cont6d)

	Profit/(loss) after capitalization on tangible assets and before tax and non-controlling interest	
	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2014		
1- TRY net asset/liability	(153.988)	153.988
2- Hedged portion from TRY risk (-)	20.889	(20.889)
3- Effect of capitalization (-)	-	-
4- TRY net effect (1+2+3)	(133.099)	133.099
5- US Dollars net asset/liability	64	(64)
6- Hedged portion from US Dollars risk (-)	-	-
7- Effect of capitalization (-)	-	-
8- US Dollars net effect (5+6+7)	64	(64)
9- Euro net asset/liability	(20.297)	20.297
10- Hedged portion from Euro risk (-)	11.773	(11.773)
11- Effect of capitalization (-)	-	-
12- Euro net effect (9+10+11)	(8.524)	8.524
13- Jap. Yen net asset/liability	(8.108)	8.108
14- Hedged portion from Jap. Yen risk (-)	-	-
15- Effect of capitalization (-)	-	-
16- Jap. Yen net effect (13+14+15)	(8.108)	8.108
TOTAL (4+8+12+16)	(149.667)	149.667

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2015

(Amounts are expressed in thousands of Turkish Lira (6TRY Thousand6) unless otherwise indicated.)

NOTE 16 6 SUBSEQUENT EVENTS

According to the decision of Board of Directors of the Company, dated 10 April 2015 and numbered 9350; the investment properties of the Group carried at cost value amounting to USD 208.601 with a total area of 43,467.20 m2 and located in Bal,kesir, Edremit District, Alt,noluk town, are sold to Okullu G,da Maddeleri n aat Sanayi ve Ticaret Ltd. ti. on 15 April 2015 in return for the value of TRY 46.000.000.

NOTE 17 6 ADDITIONAL INFORMATION FOR CASH FLOW STATEMENTS

Details of changes in working capital for the periods between 1 January 6 31 March 2015 and 1 January 6 31 December 2014 are as follows:

	1 January- 31 March 2015	1 January- 31 March 2014
Current trade receivables	330.110	89.651
Inventories	114.696	290.927
Other short term receivables / current assets	(8.611)	22.820
Other long term receivables / non current assets	(4.770)	5.985
Current trade payables	(19.707)	(129.235)
Other short term payables / liabilities	21.314	84.269
Other long term payables / liabilities	19.511	660
	<u>452.543</u>	<u>365.077</u>

Changes in 1 January 6 31 March 2015 period in working capital represents differences in functional currencies converted to presentation currency, which is TRY.

NOTE 18 6 OTHER ISSUES AFFECTING THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS MATERIALLY OR THOSE REQUIRED TO BE DISCLOSED FOR A CLEAR, UNDERSTANDABLE AND INTERPRETABLE PRESENTATION

Convenience translation to English

As of 31 March 2015, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (6IFRS6) issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.