BORUSAN MANNESMANN BORU
SANAYİ VE TİCARET
ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
TOGETHER WITH INDEPENDENT AUDITORS REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş.

Introduction

1. We have audited the accompanying consolidated financial statements of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 December 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

5. The Group have prepared a separate set of consolidated financial statements for the year ended 31 December 2015 in accordance with Turkish Accounting Standards, on which we issued a separate auditor's report to the shareholders of the Group dated 29 February 2016.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Baki Erdal, SMMM
Partner

Istanbul, 29 February 2016

BORUSAN MANNESMANN BORU SANAYİ VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONTENTS

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 DECEMBER 2015**

(Amounts expressed in US Dollars unless otherwise stated**)**

		Audited	Audited
ASSETS		**31 December 2015**	**31 December 2014**
Current assets	**Note**	**408,749,003**	**471,546,053**
Cash and cash equivalents	6	82,805,192	48,298,640
Trade receivables		75,956,950	127,854,975
- Due from related parties	37	11,306,084	13,805,723
- Trade receivables from other parties	10	64,650,866	114,049,252
Other receivables	11	1,113,791	6,662,659
Derivative financial instruments	12	19,994	71,105
Inventories	13	179,244,915	198,796,359
Prepaid expenses	14	15,069,280	10,201,702
Current income tax assets	15	-	1,056,576
Other current assets	26	24,310,888	24,126,044
Total current assets		**378,521,010**	**417,068,060**
Assets held for sale	34	30,227,993	54,477,993
Non-current assets		**673,933,589**	**685,479,897**
Available-for-sale financial assets	7	38,144,179	38,145,767
Property, plant and equipment	18	633,705,065	645,386,127
Intangible assets	19	765,950	1,179,949
Prepaid expenses	14	1,247,106	709,498
Other non-current assets	26	71,289	58,556
TOTAL ASSETS		**1,082,682,592**	**1,157,025,950**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2015

(Amounts expressed in US Dollars unless otherwise stated)

LIABILITIES	Note	Audited 31 December 2015	Audited 31 December 2014
Current liabilities		**409,347,217**	**462,830,574**
Short-term borrowings	8	88,193,491	161,218,900
Short-term portion of long-term borrowings	8	19,383,591	9,848,202
Trade payables		266,791,334	265,523,652
- Due to related parties	37	3,210,016	4,487,654
- Trade payables to other parties	10	263,581,318	261,035,998
Employee benefit obligations	17	1,940,684	1,206,404
Other payables	11	14,186,526	17,251,790
Deferred revenue	16	2,889,158	-
Current income tax liabilities	35	6,484,757	-
Other current liabilities	26	9,477,676	7,781,626
		409,347,217	**462,830,574**
Non-current liabilities		**244,227,389**	**263,667,834**
Long-term borrowings	8	185,198,429	206,287,440
Other financial liabilities	9	-	251,588
Provisions for employee benefits	24	7,087,960	9,001,791
Deferred tax liabilities	35	51,941,000	48,127,015
Total liabilities		**653,574,606**	**726,498,408**
EQUITY		**429,107,986**	**430,527,542**
Equity attributable to equity holders of the parent		**428,715,352**	**430,277,278**
Paid -in capital	27	68,996,872	68,996,872
Revaluation reserve	27	233,081,598	249,252,830
Reserve for actuarial loss on employee termination benefits		(785,578)	(1,151,671)
Currency translation differences		(1,848,577)	(1,096,243)
Investment revaluation reserves	27	19,173,976	19,173,976
Cash flow hedge reserve		19,994	(180,482)
Retained earnings		103,047,671	83,802,153
Net profit for the period		7,029,396	11,479,843
Non-controlling Interest	27	**392,634**	**250,264**
TOTAL LIABILITIES AND EQUITY		**1,082,682,592**	**1,157,025,950**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in US Dollars unless otherwise stated)

	Note	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
Revenue	28	716,516,620	748,975,667
Cost of sales (-)	28	(634,665,320)	(670,865,392)
Gross profit		**81,851,300**	**78,110,275**
General administrative expenses (-)	29	(42,558,678)	(36,090,788)
Marketing expenses (-)	29	(10,133,803)	(13,640,352)
Other operating income	31	6,877,756	7,559,038
Other operating expenses (-)	31	(562,646)	(778,608)
Operating profit		**35,473,929**	**35,159,565**
Income from investing activities	32	2,929,906	3,065,685
Operating profit before financial income and expense		**38,403,835**	**38,225,250**
Financial income	33	4,574,688	1,218,784
Financial expense (-)	33	(24,062,325)	(22,472,910)
Profit before tax from continued operations		**18,916,198**	**16,971,124**
Tax expense from continued operations		**(11,884,322)**	**(5,535,747)**
- Current tax (expense)/ income	35	(7,986,135)	(2,302,954)
- Deferred tax (expense)/ income	35	(3,898,187)	(3,232,793)
Profit for the period		**7,031,876**	**11,435,377**
Attributable to:		**7,031,876**	**11,435,377**
- Non-controlling interest	27	2,480	(44,466)
- Equity holders of the parent		7,029,396	11,479,843
Earnings per share			
Earnings per share from continuing operations	36	0.00005	0.00008

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in US Dollars unless otherwise stated)

	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
Profit for the period	7,031,876	11,435,377
Other comprehensive income:		
Items not to be reclassified to profit or loss	**366,093**	**89,272,571**
Increase in carrying value of property, plant and equipment	-	89,288,120
Remeasurement of employee benefit obligations	366,093	(15,549)
Items to be reclassified to profit or loss	**(559,453)**	**336,477**
Cash flow hedging reserve	200,476	738,809
Currency translation differences	(759,929)	(402,332)
Other comprehensive (loss)/income	**(193,360)**	**89,609,048**
Total comprehensive income	**6,838,516**	**101,044,425**
Attributable to:		
- Non-controlling interest	(5,115)	19,057
- Equity holders of the parent	6,843,631	101,025,368

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

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and its Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts expressed in US Dollars unless otherwise stated**)**

		Other comprehensive income/expense not to be reclassified to profit or loss		Other comprehensive income/expense to be reclassified to profit or loss						
	Share capital	Revaluation reserve	Reserve for actuarial loss on employment termination benefits	Currency translation differences	Investment revaluation reserve	Cash flow hedge reserve	Legal reserves and retained earnings	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 1 January 2014	**68,996,872**	**161,751,236**	**(1,136,122)**	**(697,935)**	**19,173,976**	**(919,291)**	**90,492,949**	**337,661,685**	**231,207**	**337,892,892**
Transfer of 2013 depreciation difference (net of deferred tax) between the revalued and original value of assets realized from revaluation reserve into retained earnings	-	(1,718,979)	-	-	-	-	1,718,979	-	-	-
Total comprehensive income / (loss) for the period	-	89,220,573	(15,549)	(398,308)	-	738,809	11,479,843	101,025,368	19,057	101,044,425
Dividends paid	-	-	-	-	-	-	(8,409,775)	(8,409,775)	-	(8,409,775)
Balance at 31 December 2014	**68,996,872**	**249,252,830**	**(1,151,671)**	**(1,096,243)**	**19,173,976**	**(180,482)**	**95,281,996**	**430,277,278**	**250,264**	**430,527,542**
Balance at 1 January 2015	**68,996,872**	**249,252,830**	**(1,151,671)**	**(1,096,243)**	**19,173,976**	**(180,482)**	**95,281,996**	**430,277,278**	**250,264**	**430,527,542**
Transfer of 2014 depreciation difference (net of deferred tax) between the revalued and original value of assets realized from revaluation reserve into retained earnings	-	(16,171,232)	-	-	-	-	16,171,232	-	-	-
Total comprehensive income / (loss) for the period	-	-	366,093	(752,334)	-	200,476	7,029,396	6,843,631	(5,115)	6,838,516
Effect of capital increase in subsidiaries	-	-	-	-	-	-	-	-	147,485	147,485
Dividends paid	-	-	-	-	-	-	(8,405,557)	(8,405,557)	-	(8,405,557)
Balance at 31 December 2015	**68,996,872**	**233,081,598**	**(785,578)**	**(1,848,577)**	**19,173,976**	**19,994**	**110,077,067**	**428,715,352**	**392,634**	**429,107,986**

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

(Amounts expressed in US Dollars unless otherwise stated)

	Notes	Audited 1 January - 31 December 2015	Audited 1 January - 31 December 2014
Cash flows from operating activities:			
Profit before tax		18,916,198	16,971,124
Reconciliation of profit before tax to operating profit before changes in working capital			
Depreciation and amortization expenses	18, 19	22,711,297	21,275,897
Provision for employee termination benefits	24	1,285,482	1,666,811
Interest income	33	(4,574,688)	(1,218,784)
Interest expense	33	24,062,325	22,472,910
Provision for doubtful receivables	10	104,103	-
Impairment of assets held for sale	34	-	150,000
Provision for impairment of invesments in associates and financial assets	7	45,088	71,969
Unincurred interest income over due from related parties		(522)	98,276
Unincurred interest income over trade receivables		(40,383)	(152,400)
Gain on sale of property, plant and equipment and intangibles	32	(2,120,853)	(349,944)
Provision for impairment on inventories	13	9,495,613	-
Currency translation differences		1,445,992	3,363,892
Dividend income	32	(2,120,853)	(2,715,741)
Operating profit before changes in working capital		**69,208,799**	**61,634,010**
Changes in working capital:			
Trade receivables		51,795,318	(76,680,737)
Inventories		10,055,832	(15,580,914)
Other current assets and liabilities, net		2,750,670	(9,147,682)
Trade payables		1,267,682	8,349,689
Other non-current assets and liabilities, net		(550,341)	11,345,517
Collection of doubtful receivables	10	39,508	42,417
Taxes paid	35	(1,501,378)	(2,839,571)
Employee benefit obligations paid	24	(1,116,440)	(1,714,042)
Net cash provided by/(used in) operating activities		**133,849,933**	**(24,591,313)**
Cash flow from investing activities:			
Purchase of property, plant and equipment and intangible assets	18, 19	(14,528,020)	(68,413,672)
Proceeds from sale of property, plant and equipment and intangibles		1,329,512	-
Proceeds from sale of available held for sale assets		24,206,500	3,833,771
Dividend received		2,120,853	2,715,741
Net cash provided by/(used in) investing activities		**13,128,845**	**(61,864,160)**
Cash flow from financing activities:			
Redemption of borrowings		(7,293,666,053)	(6,779,187,648)
Proceeds from borrowings		7,208,886,545	6,869,920,508
Dividends paid		(8,405,557)	(8,409,775)
Interest paid		(23,861,849)	(21,734,101)
Interest received		4,574,688	1,218,784
Net cash (used in)/provided by financing activities		**(112,472,226)**	**61,807,768**
Net increase/(decrease) in cash and cash equivalents		34,506,552	(24,647,705)
Cash and cash equivalents at the beginning of the year		48,298,640	72,946,344
Cash and cash equivalents at the end of the period		**82,805,192**	**48,298,639**

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

(Amounts expressed in US Dollars unless otherwise stated)

1. CORPORATE INFORMATION

General

Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (together, the "Group") are manufacturing steel pipes. The Company's shares are traded in Istanbul Stock Exchange since 1994. The Company is registered in Turkey and the address of the registered office is as follows:

Meclis-i Mebusan Caddesi No: 35 - 37
34427 Fındıklı – İstanbul

The avarege number of the personnel in the reported period in terms of category is as follows :

Period	Worker	Official	Manager	Executive	Total
31 December 2015	1,352	282	40	7	1,679
31 December 2014	1,035	254	39	7	1,335

Consolidated financial statements covering accounting period of 1 January – 31 December 2015 are approved with Board of Directors' decision dated on 29 February 2016. General assembly has the authority to amend the financial statements.

In the extraordinary General Assembly meeting of Borusan Birleşik Boru Fabrikaları A.Ş. ("Borusan Boru") held on 25 November 2004, the merger with Mannesmann Boru Endüstrisi T.A.Ş. ("Mannesmann Boru") was approved. The merger of these entities under common control is effected legally through dissolution without liquidation and takeover of Mannesmann Boru by Borusan Boru by transferring all its assets, liabilities, rights and obligations. Following the merger, the registered name of Borusan Boru has been changed to Borusan Mannesmann Boru Sanayi ve Ticaret A.Ş. and the change was registered on the Trade Registry Gazette dated 13 December 2004.

The parent and the ultimate parent of the Company are Borusan Mannesmann Boru Yatırım Holding A.Ş. and Borusan Holding A.Ş., respectively.

Business segments, the location and the Group's ultimate effective shareholding in its subsidiaries' equity are as follows:

Business Segment	Subsidiary	Location	(%) of Ownership
Holding	Borusan Mannesmann Holding BV ("BM Holding BV")	Netherlands	100.0
Steel Pipe	Borusan Mannesmann Pipe US Inc. ("BM Pipe")	USA	100.0
Steel Pipe	Borusan Mannesmann Vobarno Tubi SPA ("BM Vobarno")	Italy	99.0
Engineering Services	Borusan Mühendislik İnşaat ve Sanayi Makinaları İmalat A.Ş. ("Borusan Mühendislik")	Turkey	96.9

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of preparation

2.1.1. Accounting policies

The consolidated financial statements of the Company as at 31 December 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company maintains its accounting records and prepares its statutory accounting reports in Turkish Lira ("TRY") in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the Turkish Standard Chart of Accounts issued by the Ministry of Finance (collectively referred to as "Turkish statutory accounts" or "local GAAP"). The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

These financial statements are based on the statutory records, which are maintained under historical cost convention, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

As the Company is listed in Borsa Istanbul and is subject to requirements of Capital Markets Board of Turkey, it also prepares and published consolidated financial statements in accordance with Turkish Financial Reporting Standards. Due to financial reporting requirements of Capital Markets Board of Turkey, companies need to conform to specified presentation formats for their primary financial statements and use Turkish Lira as their presentation currency. The Company has applied those presentation formats in presenting these consolidated financial statements prepared in accordance with IFRS.

2.2. Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency. Each subsidiary in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The US Dollar ("USD") is used to a significant extent, or has a significant impact on the operations of the Company, BM Pipe and Borusan Mühendislik and reflects the economic substance of the underlying events and circumstances relevant to these companies. Therefore, the Company, BM Pipe and Borusan Mühendislik use the USD as functional currency. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to translation gain / (loss) in the consolidated income statement. Non-monetary items and equity balances (excluding profit or loss) that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The functional currency of the subsidiaries, Borusan Mannesmann Holding BV and Borusan Mannesmann Vobarno Tubi SPA is Euro. As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (USD) at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation reserve. On disposal of such subsidiaries, the deferred cumulative amount recognized in equity relating to that particular subsidiary is recognized in the income statement.

(Amounts expressed in US Dollars unless otherwise stated)

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. Functional and presentation currency (Continued)

The TRY exchange rates for the purchases of USD announced by the Central Bank of the Republic of Turkey for the last five years were as follows:

Year	Year-end USD/TRY rates	Average USD/TRY rates
2011	1.8889	1.6697
2012	1.7826	1.7922
2013	2.1343	1.9021
2014	2.3189	2.1878
2015	2.9076	2.7200

Consolidated subsidiaries, BM Holding BV and BM Vobarno's functional currency is Euro. In accordance with IAS 21, monetary items in the financial statements are converted via using prevailing Euro exchange rates at 31 December 2014 (1 Euro=3.1776); income and expense and cash flows are converted with twelve-month average of the exchange rates (1 Euro=3.0182) (As of 31 December 2014 1 Euro=2.8207; 31 December 2014 twelve-month average exchange rate 1 Euro=2.9059).

2.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are the companies which are controlled by the Group. The Group's control has been provided with exposure to variable returns from these companies, having rights in this return and directing of the power. Subsidiaries have been consolidated by the method of full consolidation from the date that controlling by the Group. Subsidiaries have been exculuded from scope of consolidation as of disappearing of the Group's control.

(i) The balance sheets and statements of income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity accounts. Intercompany transactions and balances between the Company and its subsidiaries and unrealized gains and losses on transactions among them are eliminated.

(ii) Subsidiaries are consolidated from the date on when control is transferred to the Company.

(iii) Non-controlling share in the net assets of the consolidated subsidiaries is separately classified in the consolidated financial statements as non-controlling interest.

2.4. Amendments in International Financial Reporting Standards ("IFRS")

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015:

- Amendment to IAS 19, regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-2012 cycle of the annual improvements project that affect 7 standards:

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Amendments in International Financial Reporting Standards ("IFRS") (Continued)

a) The new standards, amendments and interpretations which are effective for the financial statements as of 31 December 2015 (Continued)

- IFRS 2, "Share-based payment"
- IFRS 3, "Business Combinations"
- IFRS 8, "Operating segments"
- IFRS 13, "Fair value measurement"
- IAS 16, "Property, plant and equipment" and IAS 38,'Intangible assets'
- IFRS 9, "Financial instruments", IAS 37, "Provisions, contingent liabilities and contingent assets", and
- IAS 39, "Financial instruments - Recognition and measurement"

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-2012-2013 cycle of the annual improvements project that affect 4 standards:

- IFRS 1, "First time adoption"
- IFRS 3, "Business combinations"
- IFRS 13, "Fair value measurement"
- IAS 40, "Investment property".

b) Standards and amendments issued but not yet effective as of 31 December 2015:

- Amendment to IFRS 11, "Joint arrangements" on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendments to IAS 16, "Property, plant and equipment", and IAS 41, "Agriculture", regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

- Amendment to IAS 16, "Property, plant and equipment" and IAS 38, "Intangible assets", on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment, it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- IFRS 14, "Regulatory deferral accounts", effective from annual periods beginning on or after 1 January 2016. IFRS 14, "Regulatory deferral accounts" permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4. Amendments in International Financial Reporting Standards ("IFRS") (Continued)

b) Standards and amendments issued but not yet effective as of 31 December 2015 (Continued)

- IAS 27, "Separate financial statements", effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments to IFRS 10, "Consolidated financial statements" and IAS 28, "Investments in associates and joint ventures", effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

- • IFRS 5, "Non-current assets held for sale and discontinued operations" regarding methods of disposal.
- • IFRS 7, "Financial instruments: Disclosures", regarding servicing contracts.
- • IAS 19, "Employee benefits" regarding discount rates.
- • IAS 34, "Interim financial reporting" regarding disclosure of information.

- IAS 1, "Presentation of Financial Statements"; effective from annual periods beginning on or after 1 January 2016. These amendments are as part of the IASB initiative to improvepresentation and disclosure in financial reports.

- IFRS 10, "Consolidated Financial Statements" and IAS 28, "Investments in Associates and Joint Ventures"; effective from annual periods beginning on or after 1 January 2016. These amendments clarify to address issues that have arisen in the context of applying the consolidation exception for investment entities and their subsidiaries.

- IFRS 15, "Revenue from contracts with customers", effective from annual periods beginning on or after 1 January 2018. IFRS 15, "Revenue from contracts with customers" is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

- IFRS 9, "Financial instruments", effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

- IFRS 16, "Leases", effective from annual periods beginning on or after 1 January 2019. All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. A company can choose to apply IFRS 16 before that date but only if it also applies TFRS 15, "Revenue from Contracts with Customers". Early adoption of IFRS 16 is allowed.

Group evaluates the effects of new and revised standards and interpretations on its operations currently. None of these amendments or new standards were applied before their respective effective dates.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of significant accounting policies

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Comparative information and restatements on prior year's financial statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

Changes in accounting policies and errors

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. There is no material changes in accounting policies of the Group in current year.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

Trade receivables

Trade receivables are arised from product sales or service providing to the customers. If the expected time for the collection of trade receivables is one year or less, these receivables are classified as short-term receivables. Otherwise, they are classified as long-term receivables. Trade receivables are recognized at original invoice amount and are carried at amortized cost less an allowance for any uncollectible amounts. Interest rates used for amortized cost computation for TRY denominated trade receivables is 12% (2014: 12%) and for foreign currency denominated trade receivables Libor rate is used (2014: Libor). The average collection period of trade receivables is 57 days (2014: 55 days). Trade receivables for which risks and rewards are transferred to third parties as part of factoring transaction are derecognized.

Related parties

If an entity has control over another entity or an entity has significant influence on another entity's financial and operational decisions, these two entities are considered as related parties. In consolidated financial statements, shareholders, available for sale investments and related parties of the shareholders are presented as related parties. Related parties also include the ultimate parent, key management personnel, board members and their families.

Inventories

Inventories are valued at the lower of cost and net realizable value after provision for obsolete stock. Cost is determined by using the monthly weighted average cost. Cost of work in progress and finished goods includes materials, direct labor and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. Provision for slow moving items is recognized in cost of sales at the time it is incurred. Obsolete inventories are written off accounting records.

(Amounts expressed in US Dollars unless otherwise stated)

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment is initially recorded at cost. At 31 December 2014, the Group's land, buldings, machineries and equipments were revalued based on a valuation exercise performed by an independent valuation firm and as a result of this valuation the Group has adjusted its assets to the asset's fair values. Fair values were determined by the methods of imputed price, discounted cash flow, replacement cost, etc. The value increases or decreases were reflected to "revaluation reserve" account located in equity (Note 27). Depreciation of these assets are recognized over the fair value and related depreciation expenses are recognized in the income statement. All other tangible assets are stated at historical cost less accumulated depreciation and any accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement. On disposal of revalued assets, amounts in revaluation reserves relating to that asset are transferred to retained earnings. Further, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is realized from the revaluation reserve to retained earnings on an annual basis as the asset is used by the Group.

The cost value of the property, plant and equipment consists of the purchase price, import taxes if any, non-refundable taxes and expenses made in order to make the property, plant and equipment ready to use. The repair and maintenance expenses, which arise after arise after the property, plant and equipment is started to be used, are recorded as expense in the period they arise. If the expenses made, create an economic value increase for the tangible fixed asset in the future use, these expenses can be added to the cost of the asset.

Property, plant and equipment are capitalized and depreciated when they are fully commissioned and in a physical state to meet their designed production capacity.

For the assets which requires a significant amount of time to be used and ready to be sold, the borrowing costs are capitalised.

The depreciation periods for property plant and equipment, which approximate the estimated economic useful lives of the related assets and the depreciation methods applied, are as follows:

	Years	Method
Land improvements	10 – 50	Straight-line
Buildings	25 – 50	Straight-line
Machinery and equipment	12 – 40	Straight-line
Furniture and fixtures	5 – 17	Straight-line
Motor vehicles	5	Straight-line

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of the property, plant and equipment.

Intangible assets

Intangible assets comprising software licenses and rights are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses and intangible assets are amortized on a straight line basis over the estimated useful life of the asset (5 years). Amortization expenses are recognized in selling, general and administrative expenses in the consolidated income statement.

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of significant accounting policies (Continued)

Impairment of assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income. The recoverable amount is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit. If the impairment provision is not valid or has been decreased, the related impairment is reversed and recorded in income statements. Impairment loss related to the land, buildings and machinery and equipment which are carried at revalued amounts are treated as a revaluation decrease to the extent that impairment loss does not exceed the amount held in revaluation surplus.

Finance leases

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (Leased assets are included in related line item in consolidated financial statements). When calculating the present value of the minimum lease payments rate of interest on leasing agreement is used if it can be calculated practically; otherwise interest rate on borrowings is used as discount rate. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Expenses incurred during the acquisition of leased asset are included in cost. Lease payments are apportioned between finance charges and reduction of the lease obligation. Interest charges are calculated by using the constant interest rate and charged directly against income.

The Group has an option to buy the leased asset for nominal amount at the end of lease period.

The Group's financial lease agreements are mainly subject to car and computer rentals.

Trade payables

Trade payables which generally have an average repayment period of 33 days (2014: 34 days) are carried at amortized cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Group. Interest rate used for TRY denominated trade payables is 12% (2014: 12%) and interest rates used for foreign currency denominated trade payables are Libor (2014: Libor rate).

The major part of the trade payables result from the purchase of raw materials and indirect materials. The trade payables resulting from the purchase of raw materials and indirect materials are interest bearing and the average maturities are 180-360 days and the average interest rates applied are in the interval of 0.25% - 2.21% (2014: 180-360 days and the average interest rates applied are in the interval of 1.23% - 3.36%).

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities

i) Provisions

A provision is recognized when, and only when, the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. When present value method is used, the increase attributable to the current period is recorded in finance expense.

ii) Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements but disclosed when an outflow of resources embodying economic benefits is not highly probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Income taxes

Tax expense is the aggregate amount of current and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of significant accounting policies (Continued)

Employment termination benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19, "Employee Benefits". The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. Provision for employee termination benefit is made for the present value of the defined benefit obligation calculated. All actuarial gains and losses are recognized in the other comprehensive income as incurred.

Revenue

Revenue from steel pipes is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates, and other similar allowances. Sales discounts are given as a constant percentage at the time of sale and deducted from revenue. Sales discounts given vary regarding the type of the sale.

Steel pipe sales:

Revenue from sale of goods is recognized when all the following conditions are satisfied:

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

Engineering sales:

Engineering revenue is recognized proportionally to the level of completion.

Interest and dividend income:

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, one that takes a substantial period of time to get ready for use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The Group's qualifiying assets are mainly comprises from the investments in BM Pipe, Gemlik and Halkalı factories.

All other borrowing costs are recognized directly in the statement of income the period in which they are incurred.

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of significant accounting policies (Continued)

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets

Financial assets' fair values affiliate its carrying amounts. Those assets are involved in financial tables with their cost values, cash and cash equivalents' amounts contain interest accruals and other short term financial assets arising from financial assets. Due to their being short-dated, it is a common view that financial assets' fair values are close to their carrying amounts. The carrying amount that remains after receivables rediscounts and provisions for doubtful receivables are extracted, are close to financial assets' fair values.

A financial asset is any asset that is:

- cash,
- a contractual right to receive cash or another financial asset from another enterprise,
- a contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable, or,
- an equity instrument of another enterprise

Fixed-term marketable securities that are intended to be held until maturity; fixed or variable payment scheduled, fixed term financial assets are called as investment held to maturity except the receivables of the Group.

Financial assets or liabilities held for sale are acquired for the profit arising from the short term variance on price or the instruments' profit margin.

If a financial asset is involved in a portfolio that is constituted with the aim of short term profit-generating, independently of for what purpose it is obtained, this financial asset is classified as a financial asset which is held for trading purpose. As long as derivatives of financial assets and liabilities are not held for cash flow hedges, they are classified as financial assets or financial liabilities, held for buying and selling purposes.

Financial assets available for sale are those other than (a) loans and receivables originating from businesses, (b) financial assets held until maturity, (c) financial assets held for sale.

A financial asset or liability is initially measured of its fair value which consists of the costs and transaction expenses. Following the initial record, financial assets, including financial derivatives, are evaluated over the fair value without deducting costs to sell. Except these, financial assets that suit into following categories are booked over their costs computed by effective interest rate method

- Loans and receivables of the Group that are not held for sale,
- Investments held until maturity
- Financial assets that are without a market ,market price and unavailable for a fair value assessment.

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (Continued)

Financial instruments (Continued)

Available-for-sale financial assets, which are not traded in the organised markets and whose fair values can not be reliably determined, are reflected in the consolidated financial tables after deducting the provision for the impairment from the cost values. The Group evaluates whether there is an objective evidence about the impairment of financial assets on the day of the balance sheet. The significant and long term decrease of the available-for-sale shares below its fair value cost is evaluated as an indicator of impairment. If there are objective evidences about the impairment of available-for-sale financial assets, the remaining loss amount after the deduction of impairment amount reflected in the income statement before the total loss, from the difference between the acquisition cost of the relevant financial asset and its fair value, is deducted from the equities and recognised in the income statement.

The following methods and assumptions are used for the estimation of fair values of the financial instruements whose fair values are predictable;

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Except for financial assets designated as fair value through profit or loss and financial assets avaliable-for-sale, financial instruments are measured using effective interest method.

Financial liabilities

Financial assets' fair values affiliate its carrying amounts. Due to trade liabilities and other financal liabilities being short-dated, it is a common view that financial assets' fair values are close to their carrying amounts. Bank loans are stated with discounted cost and transaction costs are added to loans' first-time booked amounts. Since interest rates' of loans are updated regarding fluctuant market conditions, it is a common view that loans loans' fair values' represent their carrying amounts. It is foreseen that the remaining amount of trade liabilities after rediscounts are extracted is close to their fair values.

Contractual financial liabilities :

- Contractual financial liabilities are liabilites that provide cash or other financial assets to other companies,
- Exchanging financial instruments with other companies in a way that results against the Entity's position.

Following the first-time booking, all financial liabilities, except for liabilies held for buying and selling purposes, are booked by computed cost acquired from effective interest method.

An equity instrument is that the remaining benefit after the declining all financial liabilities.

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of significant accounting policies (Continued)

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to changes in interest rates. The Group enters into a variety of derivative contracts(especially exchange rate forward contracts) to manage its exposure to interest rate and foreign exchange rate risk such as interest rate swaps. The inactive portion of the changes in the fair value of the derivative financial instruments in equity, defined as the protection of future cash flows and financial risks are directly recorded on the income statement.

If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in profit or loss in the same period in which the hedged item affects profit or loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period.

Recognition and derecognition of financial instruments

The Group recognizes financial assets and liabilities only if the Group is a party of the agreement related to the financial instrument. The Group derecognizes an asset or a portion of an asset if and only if the Group loses its control of the rights associated with the agreement related to the assets. The Group derecognizes a liability if and only if when the obligation under the liability determined by the agreement is discharged, cancelled or expires.

Foreign currency transactions

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). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in USD, which is the functional currency of the Group, and the presentation currency for this set of consolidated financial statements.

In preparing the financial statements of the Company and its subsidiaries, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction or restatement of monetary items is reflected within the statement of income in the related period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are accounted in profit or loss in the period of occured except the cases specified below:

- Exchange differences which related to assets under construction for future usage and the adjustment item to be considered as interest costs on debts shown in foreign currency and included in these cost of assets,

- Exchange differences arising from transactions carried out in order to provide financial protection against risks arising from foreign currency (accounting policies to providing financial protection against risks are described below).

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of significant accounting policies (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in USD using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Earnings per share

Earnings per share disclosed in the consolidated statements of income is determined by dividing the net income by the weighted average number of shares in existence during the period concerned. The weighted average number of shares in circulation during the period have been calculated considering the shares issued without an increase in resources. However, in terms of legal records, calculating earnings per share is subject to local regulations and laws.

Events after balance sheet date

An explanation for any significant event between the balance sheet date and the publication date of the financial statements, which are disclosed and adjusted in the financial statements if necessary.

Statements of cash flows

Current period statements of cash flows are categorized and reported as operating, investing and financing.

Cash flows from operating activities show that cash flows provided from Group's pipe production and sales, engineering operations.

Cash flows from investing activities summarize the Group's cash flows used in or generated from investing activities (fixed and financial investments).

Cash flows from financing activities summarize the Group's cash flows from liabilities and the back payments of these liabilities benefited in financing needs of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Capital and dividends

Common stocks are classified as equity. Dividends paid are recorded at the Board's payment decision date retained earnings balance less the dividend amount paid.

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (Continued)

Significant accounting judgements and estimations

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are based on the Group management's best information on the current events and transactions, actual results could differ from those estimates.

Significant accounting judgements that the Group makes in the application of accounting principles

- Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from tax losses carried-forward and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realised. The main factors taken into consideration include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realise the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilise some portion of these deferred tax assets, therefore some portion of or all of the deferred tax assets are not recognised.

- Employee termination benefits

The Group made actuarial calculation to calculate the amount of liability in accordance with IAS 19. The Group makes assumptions and estimations relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. The assumptions made by the Group management have been explained in Note 24.

For the period 1 January-31 December 2015, if the discount rate used in the calculation was higher/lower by 1%, the comprehensive income of the period would have been USD569,495 lower/higher. For the same period, if the retirement probability rate used in the calculation was higher/lower by 1%, the comprehensive income of the period would have been USD519,996 lower/higher.

- Revaluation of property, plant and equipment

Land, buildings, machinery and equipment are stated at revalued amounts in accordance with IAS 16 revaluation method. Fair values in the financial statements dated 31 December 2015 are based on the appraisal reports prepared by Standart Gayrimenkul Değerleme Uygulamaları A.Ş. for real estate and machinery and equipment in Turkey and CBF s.r.l for real estate and machinery and equipment in Italy. Market prices have been used in valuation of such property, plant and equipment. Net book values of related assets have been adjusted to reflect the revalued amounts and the gain has been accounted for under the revaluation reserve in equity, net-off relevant deferred tax impact.

For the period 1 January-31 December 2015, if the value determined in the expert's report was higher/lower by 1%, the comprehensive income of the period would have been USD893,036 lower/higher.

- Fair value of financial assets

Group management estimated the fair value of the financial assets whose market is not active by utilizing commonly used valuation techniques.

(Amounts expressed in US Dollars unless otherwise stated)

2. BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Summary of Significant Accounting Policies (Continued)

Significant changes and errors in the accounting policies

Significant changes in the accounting policies and errors are applied retrospectively; and the financial information of the prior periods are restated.

Going concern

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

3. BUSINESS COMBINATIONS

None (31 December 2014: None).

4. JOINT VENTURES

None (31 December 2014: None).

5. SEGMENT REPORTING

Board of Directors is determined as the chief operating decision maker. Board of Directors monitors the Group's activities in two main industrial segments:

Steel Pipe: Manufacturing and sale of longitudinally and spirally welded steel pipes and pipes.

Engineering: Production, maintenance and repair of the machinery and equipment which are related with the steel industry, design and production of spare parts and to design investment projects and conduct the projects.

Basic assets of the segments are tangible assets, intangible assets, inventories, receivables and make up operational cash which deferred tax asset was excluded. Segments' liabilities consist of operational liabilities, which deferred tax liabilities and tax provision were excluded. Investment expenditures consist of the tangible and intangible asset purchases. Segment reporting of the period ended on 31 December 2015 is mentioned below:

1 January 2015-31 December 2015	Steel Pipe	Engineering	Total
Total segment revenue	709,723,188	6,793,432	716,516,620
Gross profit	80,221,934	1,629,366	81,851,300
Depreciation and amortisation	22,565,377	145,920	22,711,297
Capital expenditures	14,523,794	4,226	14,528,020

31 December 2015	Steel Pipe	Engineering	Total
Total assets	1,072,059,624	10,622,968	1,082,682,592
Total liabilities (*)	590,146,341	5,002,502	595,148,843

(Amounts expressed in US Dollars unless otherwise stated)

5. SEGMENT REPORTING (Continued)

Segment reporting of the period ended on 31 December 2014 is mentioned below:

1 January 2014-31 December 2014	Steel Pipe	Engineering	Total
Total segment revenue	738,791,678	10,183,989	748,975,667
Gross profit	76,188,828	1,921,447	78,110,275
Depreciation and amortisation	21,070,953	204,944	21,275,897
Capital expenditures	68,378,149	12,403	68,390,552

31 December 2014	Steel Pipe	Engineering	Total
Total assets	1,145,920,378	11,105,572	1,157,025,950
Total liabilities (*)	672,156,650	6,214,741	678,371,391

(*) Deferred tax liability and current income tax payable are excluded.

As of 31 December 2015, a breakdown of property, plant and equipments in respect of the geographical positions is presented below;

31 December 2015	Turkey	Outside Turkey	Total
Property, plant and equipment	472,327,172	161,377,893	633,705,065

31 December 2014	Turkey	Outside Turkey	Total
Property, plant and equipment	479,290,956	166,095,171	645,386,127

6. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Cash in hand	3,433	6,556
Cash at banks		
- Demand deposits	27,278,173	10,156,778
- Time deposits	55,523,586	38,135,306
	82,805,192	**48,298,640**

The details of time deposits as of 31 December 2015 and 31 December 2014 are as follows:

			31-Dec-15	
Currency	**Effective interest date**	**Maturity (days)**	**Original currency amount**	**Amount in USD**
TRY	5.50%	4	205,000	70,505
USD	1.80 - 2.10%	4	51,945,000	51,945,000
EUR	1.50%	4	3,210,000	3,508,081
				55,523,586

(Amounts expressed in US Dollars unless otherwise stated)

6. CASH AND CASH EQUIVALENTS (Continued)

			31-Dec-14	
Currency	**Effective interest date**	**Maturity (days)**	**Original currency amount**	**Amount in USD**
TRY	5.50 - 8.0%	2	650,000	280,306
USD	0.80 - 2.2%	2	37,855,000	37,855,000
				38,135,306

7. FINANCIAL INVESTMENTS

a) Short-term financial investments

None (31 December 2014: None).

b) Available-for-sale financial assets

Available-for sale financial assets as of 31 December 2015 and 31 December 2014 are stated below:

	31 December 2015		31 December 2014	
	Amount	**Share (%)**	**Amount**	**Share (%)**
Unquoted				
Borçelik Çelik Sanayii Ticaret A.Ş. ("Borçelik")	35,845,000	10.7	35,845,000	10.7
Borusan Mannesman Cooperatie U.A. ("BM Coop") (*)	4,748,702	99.0	4,726,889	99.0
Other	182,950		161,263	
Impeirmant in fair values of subsidiaries (**)	(2,632,473)		(2,587,385)	
	38,144,179		**38,145,767**	

All financial assets are recorded at cost, except for Borçelik which is carried at fair value.

(*) BM Coop. participated 100% to Borusan Mannesmann Espana S.A. which was established in Spain and has no operations. The financial statements of Borusan Mannesmann Espana S.A. were not consolidated due to their immateriality.

(**) Impairment is made for BM Coop and other companies.

The movements for impairment provision of subsidiaries for the periods ended 31 December 2015 and 31 December 2014 are as follow:

	1 January - 31 December 2015	**1 January - 31 December 2014**
Opening	2,587,385	2,515,416
Additions, net	45,088	71,969
Closing	**2,632,473**	**2,587,385**

(Amounts expressed in US Dollars unless otherwise stated)

8. BORROWINGS

a) Short-term borrowings

	31 December 2015			31 December 2014		
Currency	**Amount**	**USD equivalent**	**Interest rate (%)**	**Amount**	**USD equivalent**	**Interest rate (%)**
Short-term borrowings:						
USD	81,449,721	81,449,721	1.24 -3.45	130,708,697	130,708,697	1.32 - 3.41
EURO	5,177,400	5,658,174	1.15 -2.25	24,599,866	29,923,171	1.40 - 2.50
TL	3,156,477	1,085,596	12.75 -13.30	1,361,268	587,032	-
		88,193,491			**161,218,900**	

As of 31 December 2015, none of short-term borrowings of the Group are secured. (31 December 2014: None).

b) Short-term portion of long-term borrowings

	31 December 2015			31 December 2014		
Currency	**Amount**	**USD equivalent**	**Interest rate (%)**	**Amount**	**USD equivalent**	**Interest rate (%)**
Short-term portion of long term borrowings:						
USD	16,836,511	16,836,511	4.75 - 5.35	10,094,178	10,094,178	3.70 - 4.94
EURO	2,512,659	2,745,985	4.25- 5.20	48,517	59,016	1.22 - 4.15
Transaction costs directly attributable to borrowings		(198,905)			(304,992)	
		19,383,591			**9,848,202**	

As of 31 December 2015; none of the short-term portion of long-term borrowings of the Group are secured. (31 December 2014: None).

c) Long-term borrowings

	31 December 2015			31 December 2014		
Currency	**Amount**	**USD equivalent**	**Interest rate (%)**	**Amount**	**USD equivalent**	**Interest rate (%)**
Long-term borrowings:						
USD	163,923,077	163,923,077	3.80 - 5.35	180,021,978	180,021,978	3.70 - 5.35
EURO	19,678,571	21,505,925	3.80 - 5.20	22,070,260	26,846,170	3.80 - 5.36
Transaction costs directly attributable to borrowings		(230,573)			(580,708)	
		185,198,429			**206,287,440**	

The interest rates of a certain portion of long-term borrowings are linked to Libor rates.

As of 31 December 2015; none of the long-term borrowings of the Group are secured (31 December 2014: None).

(Amounts expressed in US Dollars unless otherwise stated)

8. BORROWINGS (Continued)

The redemption schedule of the long-term borrowings for 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	31 December 2014
2016	-	92,246,371
2017	57,556,143	44,676,334
2018	66,504,983	23,553,371
2019	30,598,645	15,622,839
2020	15,384,615	15,384,615
2021	15,384,616	15,384,618
	185,429,002	**206,868,148**

9. OTHER FINANCIAL LIABILITIES

Long-term borrowings of the Group have variable interest rates. In order to reduce interest rate risk, a portion of the long-term borrowings' interest rates are fixed via interest swap agreements.

	31 December 2015	31 December 2014
Financial liabilities arising from interest-swap agreement	-	251,588
	-	**251,588**

There are no interest-rate swap agreements effective as of 31 December 2015. (2014: 251,588 USD is recorded within the long term liabilities). This amount is recorded in equity under the cash flow hedge reserve in 2014.

(Amounts expressed in US Dollars unless otherwise stated)

10. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

Trade receivables	31 December 2015	31 December 2014
Trade receivables	116,191,070	165,806,138
Notes receivable	395,223	898,801
Receivables from related parties (Note 37)	11,375,042	13,882,475
Receivables factored	(47,513,217)	(47,161,789)
Allowance for doubtful receivables (-) (*)	(4,491,168)	(5,570,650)
	75,956,950	**127,854,975**

(*) As of 31 December 2015, USD68,958 (31 December 2014: USD76,752) of doubtful receivables are due from related parties.

The movement of the provision for doubtful receivables during the periods ended 31 December 2015 and 31 December 2014 is as follows:

	31 December 2015	31 December 2014
Opening	5,570,650	6,129,153
Currency translation differences	(1,144,077)	(516,086)
Additions	104,103	-
Collections	(39,508)	(42,417)
Closing	**4,491,168**	**5,570,650**

As of 31 December 2015, the Group does not have the long-term trade receivables (31 December 2014: None).

b) Trade payables

Trade payables	31 December 2015	31 December 2014
Trade payables	263,581,318	261,035,998
Due to related parties (Note 37)	3,210,016	4,487,654
	266,791,334	**265,523,652**

USD21,349,277 and EUR1,774,371 of trade payables are interest bearing. The weighted average interest rate applied to these trade payables is respectively 2.52% for USD and EUR, and the average maturity of the payables is 180 days (31 December 2014: USD73,384,140; interest rates are: 2.56% for USD and average maturity is 180 days). On the other hand, the weighted average interest rate applied to USD202,682,136 and EUR21,498,490 of trade payables is 1.1% for USD and for 1.8% for EUR and average maturities are 180-360 days. (31 December 2014: USD84,424,569; interest rates are 2.08% for USD; and the average maturities are 180-360 days).

There are no long-term trade payables (31 December 2014:None).

Detailed information about the nature and level of risks arising from trade payables are disclosed in Note 38.

(Amounts expressed in US Dollars unless otherwise stated)

11. OTHER RECEIVABLES AND PAYABLES

a) Other receivables

	31 December 2015	31 December 2014
Receivables from tax authority	1,082,568	6,625,934
Due from personnel	31,223	36,725
	1,113,791	**6,662,659**

b) Other payables

	31 December 2015	31 December 2014
Advances received	11,257,846	14,501,954
Taxes and charges payable	2,928,680	2,749,836
	14,186,526	**17,251,790**

12. DERIVATIVE FINANCIAL INSTRUMENTS

Forward transactions are being performed in order to reduce risks deriving from foreign currency exchange rate fluctuations (GBP/USD) and (EUR/USD). As of 31 December 2015; total value of foreign currency receivables is EUR29,669,840 and GBP1,520,000, and the total value of foreign currency payables is TRY12,262,000 (2014: GBP692,500, EUR204,000, TRY68,542,300) (Note 38).

	31 December 2015	31 December 2014
Financial assets arising from derivative financial instruments	19,994	71,105
	19,994	**71,105**

As of 31 December 2015, USD19,994 amounting income has been accrued from forward foreign exchange transactions (31 December 2014: USD71,105).

13. INVENTORIES

	31 December 2015	31 December 2014
Raw materials	70,405,948	115,301,105
Work in progress	34,826,978	13,760,136
Finished goods	68,868,663	47,740,430
Trade goods	331,757	6,390,638
Goods-in-transit	14,307,182	15,604,050
Provision for impairment on inventories (-)	(9,495,613)	-
	179,244,915	**198,796,359**

(Amounts expressed in US Dollars unless otherwise stated)

13. INVENTORIES (Continued)

Movement of provision for impairment on inventories for the year ended as of 31 December 2015 and 2014 are as follows;

	2015	2014
1 January	-	-
Provision for the year	10,075,040	-
Reversal of provision (-)	(579,427)	-
31 December	**9,495,613**	**-**

14. PREPAID EXPENSES

Details of current and non-current prepaid expenses of the Group as of 31 December 2015 and 31 December 2014 are as follows:

a) Short-term prepaid expenses

	31 December 2015	31 December 2014
Advance payments for raw materials	10,702,942	6,631,395
Other short term prepaid expenses	3,942,185	3,088,138
Insurance fees	424,153	482,169
	15,069,280	**10,201,702**

b) Long-term prepaid expenses

	31 December 2015	31 December 2014
Advances paid for purchases of property,plant and equipment	636,222	77,931
Other long term prepaid expenses	610,884	631,567
	1,247,106	**709,498**

15. CURRENT INCOME TAX ASSETS

As of 31 December 2015, There are no current income tax assets available (31 December 2014: USD 1,056,576).

16. DEFERRED INCOME

As of 31 December 2015, the short-term deferred income of the Group is as follows:

	31 December 2015	31 December 2014
Other short-term deferred income	2,889,158	-
	2,889,158	**-**

17. EMPLOYEE BENEFIT OBLIGATIONS

As of 31 December 2015, accrued salaries of employees USD1,940,684 (31 December 2014: USD1,206,404).

(Amounts expressed in US Dollars unless otherwise stated)

18. PROPERTY, PLANT AND EQUIPMENT

	1 January 2015	Currency translation differences	Additions	Disposals	Transfers	31 December 2015
Land	179,918,000		-	-	-	179,918,000
Land improvements	6,349,796	-	-	-	582,628	6,932,424
Buildings	163,912,553	(1,907,626)	-	-	555,892	162,560,819
Machinery and equipment	295,644,103	(2,374,631)	3,268	(505,000)	9,970,260	302,738,000
Motor vehicles	3,474,644	(21,839)	-	(1,032,643)	1,086,971	3,507,133
Furniture and fixtures	22,019,259	(34,797)	958	-	3,203,063	25,188,483
Construction in progress	4,207,033	(69,623)	14,478,761	-	(15,398,814)	3,217,357
	675,525,388	**(4,408,516)**	**14,482,987**	**(1,537,643)**	**-**	**684,062,216**
Less: Accumulated depreciation						
Land improvements and leaseholds	(277,664)	-	(72,157)	-	-	(349,821)
Buildings	(2,307,729)	213,307	(4,667,067)	-	-	(6,761,489)
Machinery and equipment	(9,310,019)	813,518	(15,731,030)	4,208	-	(24,223,323)
Motor vehicles	(2,738,309)	9,491	(251,471)	1,012,976	-	(1,967,313)
Furniture and fixtures	(15,505,540)	(18,362)	(1,531,303)	-	-	(17,055,205)
	(30,139,261)	**1,017,954**	**(22,253,028)**	**1,017,184**	**-**	**(50,357,151)**
Net book value	**645,386,127**					**633,705,065**

The Group's production plant in Vobarno is mortgaged at an amount EUR20,000,000 as a guarantee for the long-term loan obtained by BM Vobarno Tubi SPA (31 December 2014: EUR20,000,000). There are no borrowing costs capitalized during the year ended 31 December 2015 (31 December 2014: USD816,894).

(Amounts expressed in US Dollars unless otherwise stated)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2014	Currency translation differences	Additions	Disposals	Transfers	Revaluation adjustment	Accumulated depreciation of revalued fixed assets	31 December 2014
Cost								
Land	108,226,563	-	-	-	19,144,930	52,546,507	-	179,918,000
Land improvements	3,544,172	-	-	-	3,028,407	443,751	(666,534)	6,349,796
Buildings	114,154,267	(2,328,410)	-	-	34,619,405	28,620,234	(11,152,942)	163,912,554
Machinery and equipment	182,019,012	(1,930,745)	3,084,319	-	128,573,963	19,817,821	(35,920,267)	295,644,103
Motor vehicles	3,011,168	(27,305)	-	-	490,781	-	-	3,474,644
Furniture and fixtures	18,025,164	(38,158)	-	-	4,032,253	-	-	22,019,259
Construction in progress	130,149,685	(951,509)	64,898,596	-	(189,889,739)	-	-	4,207,033
	559,130,031	**(5,276,127)**	**67,982,915**	**-**	**-**	**101,428,313**	**(47,739,743)**	**675,525,389**
Less: Accumulated depreciation								
Land improvements and leasehold items	(707,560)	-	(236,638)	-	-	-	-	(944,198)
Buildings	(10,684,562)	257,953	(3,034,061)	-	-	-	666,534	(12,794,136)
Machinery and equipment	(29,602,407)	794,834	(16,422,714)	-	-	-	11,152,942	(34,077,345)
Motor vehicles	(2,604,034)	15,910	(150,185)	-	-	-	35,920,267	33,181,958
Furniture and fixtures	(14,567,435)	22,549	(960,654)	-	-	-	-	(15,505,540)
	(58,165,998)	**1,091,246**	**(20,804,252)**	**-**	**-**	**-**	**47,739,743**	**(30,139,261)**
Net book value	**500,964,033**							**645,386,127**

(Amounts expressed in US Dollars unless otherwise stated)

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

The historical cost of revalued land, buildings and machinery and equipment as of 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015		31 December 2014	
	Land and buildings	Machinery and equipment	Land and buildings	Machinery and equipment
Cost	90,653,626	210,840,118	90,796,709	214,493,244
Accumulated depreciation (-)	(12,711,963)	(69,944,693)	(10,767,883)	(58,554,340)
Net book value	**77,941,663**	**140,895,425**	**80,028,826**	**155,938,904**

Net book value of property, plant and equipments which the Group purchased by using finance leases are as follow:

	Cost		Accumulated depreciation		Net book value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Machinery and equipment	1,202,026	1,202,026	(586,175)	(641,928)	615,851	560,098

19. INTANGIBLE ASSETS

	31 December 2015	31 December 2014
Cost:		
Cost as of 1 January	4,659,767	4,306,691
Translation differences	(60,179)	(77,681)
Additions	45,033	430,757
	4,644,621	**4,659,767**
Less: Accumulated amortization		
Accumulated amortizations as of 1 January	3,479,818	3,084,330
Translation differences	(59,415)	(76,157)
Current year charge	458,268	471,645
	3,878,671	**3,479,818**
Net book value	**765,950**	**1,179,949**

Current period amount of depreciation and amortization recorded to cost of goods sold and services provided is USD17,760,093, to selling and marketing expenses is USD328,522 and to general administrative expenses is USD4,622,682 (2014: cost of goods sold and services USD18,535,662, selling and marketing expenses USD325,016 and general administrative expenses USD2,415,219 respectively).

20. GOODWILL

None (31 December 2014: None).

21. GOVERNMENT GRANTS

None (31 December 2014: None).

22. CONTINGENT ASSETS AND LIABILITIES

None (31 December 2014: None).

(Amounts expressed in US Dollars unless otherwise stated)

23. COMMITMENTS

- **Export Commitments**

Export commitments amounting to USD221,847,079 as of 31 December 2015 (31 December 2014: USD263,634,802)

- **Letters of credit**

As of 31 December 2015, the Group has open letter of credit agreements for the future purchases from suppliers amounting to USD25,460,908 and EUR539,746 (31 December 2014: USD73,308,382 and EUR2,070,500).

- **Guarantees, Pledges and Mortgages**

As of 31 December 2015, the Group is contingently liable for safeguards which are USD88,251,371 in total (31 December 2014: USD65,712,645), and mortgages in total of USD21,857,202 (31 December 2014: USD24,327,914). No guarantees are given during this period.

	USD	EUR	TRY	31 December 2015
A. GPM’s given in the name of its own legal personality	69,019,299	6,441,763	12,790,309	88,251,371
B. GPM’s given on behalf of the fully consolidated companies	-	21,857,202	-	21,857,202
C. GPM’s given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other GPM’s given	-	-	-	-
i. Total amount of GPM’s given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of GPM’s given on behalf of other group companies which	-	-	-	-
iii. Total amount of GPM’s given on behalf of third parties which are not in scope of C	-	-	-	-
Total	**69,019,299**	**28,298,965**	**12,790,309**	**110,108,573**

	USD	EUR	TRY	31 December 2014
A. GPM’s given in the name of its own legal personality	53,828,500	7,568,117	4,316,027	65,712,644
B. GPM’s given on behalf of the fully consolidated companies	-	24,327,914	-	24,327,914
C. GPM’s given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other GPM’s given	-	-	-	-
i. Total amount of GPM’s given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of GPM’s given on behalf of other group companies which	-	-	-	-
iii. Total amount of GPM’s given on behalf of third parties which are not in scope of C	-	-	-	-
Total	**53,828,500**	**31,896,031**	**4,316,027**	**90,040,558**

There are no CPMs that the Group is liable on its immediate parent company (31 December 2014: None)

(Amounts expressed in US Dollars unless otherwise stated)

24. PROVISONS FOR EMPLOYEE BENEFITS

In accordance with the Turkish Labour Law, the Group is responsible for paying severance pay for staff who have completed one year of service and cut ties from the Group or retired, who have completed 25 years of service (20 for women) and are entitled to a pension, who have been called up for military service or who die. The severance pay to be paid is equal to the employee's monthly wage for each year of service and this amount is limited to TRY4,092.53 as of 31 December 2015 (TRY3,541.37 as of 31 December 2014).

In accordance with IAS 19, an actuarial calculation is required to calculate the Group's liabilities. The Group has calculated the provisions for severance pay using the "Projection Method", based on the Group's experience regarding the completion of the period of service by the employee and being entitled to the severance pay, and has reflected these in the financial statements. Provisions for severance pay, calculated based on the current value of the possible liability that will need to be paid, are set aside in case of employees' retirement.

As of 31 December 2015 and 31 December 2014 the actuarial assumptions that are used in the calculation of liability are as follows:

	31 December 2015	31 December 2014
Discount rate	4.72%	3.81%
Probability of retirement	98.00%	98.00%

The movements of provision for employment termination benefits for the periods ended 31 December 2015 and 2014 are as follows:

	31 December 2015	31 December 2014
Opening (January)	9,001,791	9,871,145
Currency translation difference	(1,716,780)	(837,672)
Service cost	295,285	778,408
Finance cost	990,197	888,403
Actuarial loss	(366,093)	15,549
Paid during the period	(1,116,440)	(1,714,042)
	7,087,960	**9,001,791**

25. RETIREMENT PLANS

None (31 December 2014: None).

(Amounts expressed in US Dollars unless otherwise stated)

26. OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2015	31 December 2014
VAT receivable	16,545,506	20,369,026
Income accruals	7,646,525	3,467,861
Other job advances	106,206	77,977
Advances given to personnel	12,651	211,180
	24,310,888	**24,126,044**

b) Other non-current assets

As of 31 December 2015, other non-current assets equal USD71,289 (31 December 2014: USD58,556).

c) Other short-term liabilities

	31 December 2015	31 December 2014
Accrued cost of sales expenses	4,661,796	3,792,186
Accrued export expenses	4,802,778	1,974,347
Other	13,102	2,015,093
	9,477,676	**7,781,626**

(Amounts expressed in US Dollars unless otherwise stated)

27. EQUITY

a) Paid-in share capital

As of 31 December 2015, there are 141,750,000,000 shares, each of which has 0.1 Kr nominal value. As of 31 December 2015, the paid-in capital of the company comprises Group A (10% of the total shares) and Group B (90% of the total shares) shares (2014: Group A 10%, Group B 90%). Also, the Company has 100 dividend shares that do not grant voting power (2014: 100 dividend shares).

Group A shareholders' rights are as follows:

- Half of the board of directors and additional one member are selected among the candidates nominated by A Group Shareholders.
- Each of A Group shareholders has 5 voting rights at ordinary and extraordinary general assembly meetings.

b) Revaluation reserve

As of 31 December 2015 and 31December 2014 the movement of revaluation reserve are as follows:

	1 January 31 December 2015		1 January 31 December 2014	
	Propert, plant and equipment revaluation reserve	**Investment revaluation reserve**	**Propert, plant and equipment revaluation reserve**	**Investment revaluation reserve**
Balance at 1 January	249,252,830	19,173,976	161,751,236	19,173,976
Transfer of amortisation differences between revalued amounts and initially recognised amounts of available-for-sale financial assets	1,096,445	-	(1,718,979)	-
Current year revaluation of financial investments	-	-	89,220,573	-
Disposals from revaluation funds	(17,267,677)	-	-	-
Balance at 31 December	**233,081,598**	**19,173,976**	**249,252,830**	**19,173,976**

Investment revaluation reserve

Investment revaluation reserve occurs as a result of valuation of the available-for-sale financial assets over their fair values. In the event of a disposal of a financial instrument that has been appraised over its fair value, the portion of the appreciation fund related to the disposed financial asset is recognised directly as a profit or loss. If the reappraised financial instrument is impaired, the portion of the appreciation fund related to the impaired financial asset is recognised directly as a profit or loss.

Revaluation reserve of property, plant and equipment:

Revaluation reserve of property, plant and equipment arises from the revaluation of buildings,lands and machinery equipments.In case of disposition of revalued land or buildings, the revalution funds associated with the assets sold are transferred directly to retained earnings.

Cash flow hedge reserve

Cash flow hedge reserve arises as a result recognition in equity of the effective changes in the fair value of the derivate financial instruments subject to a cash flow hedge. Total deferred income/loss earned by protection against financial risk has been accounted in profit/loss when the effect of hedged transaction effecting to profit/loss.

(Amounts expressed in US Dollars unless otherwise stated)

27. EQUITY (Continued)

Legal reserves

First legal reserve is appropriated out of the statutory profits at the rate of 5% until the total reserves reach a maximum of 20% at the Company's share capital. A second legal reserve is appropriated at the rate of 10% of all distribution in excess of 5% of the Company share capital. TL equivalents of legal reserves as of 31 December 2015 and 2014 are as follow;

	31 December 2015	31 December 2014
Legal reserves	17,542,976	14,440,560
Special reserves	2,778	2,778
	17,545,754	**14,443,338**

c) Retained earnings

As per the Capital Markets Board decision dated 27 January 2010, minimum dividend distribution obligation will not be applied for joint stock corporations whose shares are traded in the stock market, regarding the distribution principles of the profits acquired from the activities of 2009, and within this framework, the profit distribution shall be executed in pursuance with the principles stated under the Board's Communique Serial: IV, No: 27 on Principles Regarding Distribution of Dividends and Interim Dividends to be Followed by the Publicly Held Joint Stock Corporations Subject to Capital Market Law, and as per the provisions under the partnerships' Articles of Association and the dividend distribution policies disclosed to public by the companies.

In addition, the said Board Decision rules that, the companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period stated in the consolidated financial statements that will be prepared and announced to the public according to the Communiqué, Serial: IX, No: 29 as long as the profit are sufficient for dividend distribution ob their statutory records.

- Sources Which Can be Subjected to Dividend Distribution:

The Group has a profit amounting to TRY151,022,854 in its statutory records as of the balance sheet date (loss period in 2014: TRY37,456,355) and the total of other sources which can be subjected to dividend distribution is TRY20,628,060 (31 December 2014 : TRY11,854,634).

d) Non-controlling interests

The movement of non-controlling interests for the periods as of 31 December 2015 and 31 December 2014 are as follows:

	1 January - 31 December 2015	1 January - 31 December 2014
Balance at 1 January	250,264	231,207
Currency translation difference	(7,595)	(4,023)
Revaluation reserve	-	67,546
Participation of non-controlling interest in capital increase	147,485	-
Share in current year result	2,480	(44,466)
Balance at 31 December	**392,634**	**250,264**

(Amounts expressed in US Dollars unless otherwise stated)

28. REVENUE AND COST OF SALES

a) Revenue

	1 January – 31 December 2015			1 January – 31 December 2014		
	Sales to Turkey	Sales outside Turkey	Total	Sales to Turkey	Sales outside Turkey	Total
Steel Pipe	283,943,378	425,779,810	709,723,188	257,371,726	481,419,952	738,791,678
Engineering	5,576,396	1,217,036	6,793,432	7,072,717	3,111,272	10,183,989
	289,519,774	**426,996,846**	**716,516,620**	**264,444,443**	**484,531,224**	**748,975,667**

b) Cost of sales

	1 January - 31 December	1 January - 31 December
Direct material	544,937,063	500,055,948
Direct labor	31,217,206	35,750,043
Depreciation and amortization	17,760,093	18,535,662
Repair, maintenance and other production expenses	53,628,451	52,084,360
Net change in work-in-process	(17,348,862)	(7,615,165)
Net change in finished goods	(16,933,504)	12,881,705
Cost of trade goods sold	11,329,833	58,385,962
Provision for impairment on inventories	10,075,040	-
Other	-	786,877
	634,665,320	**670,865,392**

29. MARKETING AND GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2015	1 January - 31 December 2014
General administrative expenses	42,558,678	36,090,788
Marketing expenses	10,133,803	13,640,352
	52,692,481	**49,731,140**

(Amounts expressed in US Dollars unless otherwise stated)

30. EXPENSES BY NATURE

a) Marketing expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Personnel	3,242,712	3,517,322
Sales distribution	2,823,852	5,201,693
Consultancy	1,289,294	1,323,678
Transportation and travel	741,971	777,218
Direct selling expense	445,191	1,089,536
Vehicle expenses	377,154	472,752
Depreciation and amortisation expenses	328,522	325,016
Rent	265,244	220,368
Energy	92,208	101,534
Communication	50,446	67,748
Other	477,209	543,487
	10,133,803	**13,640,352**

b) General administrative expenses

	1 January - 31 December 2015	1 January - 31 December 2014
Personnel	16,631,306	15,765,964
Consultancy	5,757,645	4,524,252
Depreciation and amortisation	4,622,682	2,415,219
Information technology	1,923,306	1,530,364
Insurance	1,772,197	1,586,400
Donations	1,709,909	1,438,788
Outsourced services	1,686,978	1,590,878
Tax and charges	1,665,846	1,622,641
Rent	1,104,614	627,790
Transportation and travel	652,928	610,689
Maintenance	443,193	506,281
Vehicle expenses	442,364	489,830
Energy	409,455	407,202
Communication	249,669	230,810
Other	3,486,586	2,743,680
	42,558,678	**36,090,788**

Depreciation and amortization expenses:

	1 January - 31 December 2015	1 January - 31 December 2014
Cost of sales	17,760,093	18,535,662
General administrative expenses	4,622,682	2,415,219
Marketing expenses	328,522	325,016
	22,711,297	**21,275,897**

(Amounts expressed in US Dollars unless otherwise stated)

30. EXPENSES BY NATURE (Continued)

Personnel expenses:

	1 January - 31 December 2015	1 January - 31 December 2014
Cost of sales	31,217,206	35,750,043
General administrative expenses	16,631,306	15,765,964
Marketing expenses	3,242,712	3,517,322
	51,091,224	**55,033,329**

31. OTHER INCOME AND EXPENSE

a) Other income

	1 January- 31 December 2015	1 January- 31 December 2014
Interest on credit sales	5,002,398	4,190,841
Currency translation gain	845,231	1,007,035
Scrap sales	401,210	446,248
Prior period income (*)	-	1,296,850
Other	628,917	618,064
	6,877,756	**7,559,038**

(*) Income for the prior period consists of the release of provisions in relation to corporate tax and USA anti-damping costs for the years 2013 and 2012.

b) Other expense

	1 January- 31 December 2015	1 January- 31 December 2014
Prior period expenses	292,331	-
Impairment on financial asset held for sale	45,088	71,969
Impairment on fixed assets	-	150,000
Other	225,227	556,639
	562,646	**778,608**

32. INVESTMENT INCOME

	1 January- 31 December 2015	1 January- 31 December 2014
Dividend income	2,120,853	2,715,741
Gain on disposal of plant, property and equipment	809,053	349,944
	2,929,906	**3,065,685**

(Amounts expressed in US Dollars unless otherwise stated)

33. FINANCIAL INCOME AND EXPENSE

a) Financial income

	1 January- 31 December 2015	1 January- 31 December 2014
Income from derivative financial instruments	3,830,181	692,283
Interest income	744,507	526,501
	4,574,688	**1,218,784**

a) Financial expenses

	1 January- 31 December 2015	1 January- 31 December 2014
Interest expenses	20,899,747	16,327,861
Factoring expense	1,508,438	2,231,678
Bank expense	1,026,590	1,253,647
Loss on derivative financial instruments	555,171	887,198
Interest charges	72,379	1,772,526
	24,062,325	**22,472,910**

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Spiral pipe production sites at Gemlik have a 250,000 ton/year capacity, and the production site have been working actively since 2012. The site costed USD110 million at total; and it has provided an important competitive advantage to the Company in the production of pipes tailored for oil and gas lines; especially in terms of technology, production capacity, production elasticity, and the strategic benefits of location.

Production activities in the spiral pipe production sites located in Yenidoğan Mah. Seka Devlet Hastanesi Yanı İzmit/ Kocaeli were suspended due to a urban transformation project of the municipality. The Company has decided to continue its production activities in a modern factory in Gemlik. Production activities of higher-caliber pipes, which is the group with key strategic importance to the company, are going to be carried on in the new production site.

The fixed assets in Kocaeli manufacturing sites were classified as assets held for sale, and presented seperately in the consolidated financial statements.

Group Management takes into consideration that the major part of fixed assets are comprised of land and machine equipments, these land and machine equipments are not partake of commodity which is commonly traded and that can be used to serve for a specific goal, the potential buyer audience is comprised of these people who are private needers of this specific goals, moreover potential buyers being prepared and being etuded the trade meetings after project exercised. Group management considers that the sales procedure takes time because of the fixed assets are not being emtia product which are waiting to be sold even if there is marketing activities in fair cash value of these fixed assets. USD150,000 is the total impairment that was made in 31 December 2014 (2013: USD5,839,183).

(Amounts expressed in US Dollars unless otherwise stated)

34. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

Assets held for sale, and the regarding liabilities and expenses regarding to these assets are as follows:

	31 December 2015	31 December 2014
Tangible and intangible assets, net	29,654,794	53,904,794
Other assets	573,199	573,199
	30,227,993	**54,477,993**

35. INCOME TAX ASSETS AND LIABILITIES

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed and accrued on a quarterly basis. Advance corporate income tax rate applied in 2015 is 20% (2014: 20%).

Law No. 6111 has entered into effect after being promulgated in the Official Gazette No. 27857 (1. Repeated) dated 25 February 2011. Pursuant to the Article 6 of the relevant law, in case the income and corporate taxpayers increase their tax bases in their annual tax returns, no income and corporate tax inspection will be made for the years that the increase was made on behalf of them and no further assessment will be made afterwards, for those taxes regarding these years. As per the Law, tax returns regarding the increase in corporate tax base have been submitted.

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate.

Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% with the code numbered 5520 article 15 commencing from 21 June 2006. However until the resolution of council of ministers, it was used as 10%. After the resolution, declared in Official Gazette in 23 July 2006, this rate is changed to 15% effective from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

For 2003 and the previous years, taxable profits were calculated without any inflation adjustment to the statutory records, except that fixed assets and the related depreciation were revalued annually. Law No. 5024 published in the Official Gazette No. 25332 on 30 December 2003 requires the application of inflation accounting in Turkey in 2004 and future years for tax purposes, if the actual rate of inflation meets certain thresholds, using principles which do not differ substantially from the principles in IAS 29, "Financial Reporting in Hyperinflationary Economies". As inflation met certain thresholds in 2004, the Group adjusted its statutory financial statements as of 31 December 2004 in accordance with Law No. 5024 and inflation adjusted balances as at 31 December 2004 were taken as the opening balances as of 1 January 2005. However, as inflation did not meet the required thresholds in 2005 and the following years, no further inflation adjustment made to the Group's statutory financial statements.

(Amounts expressed in US Dollars unless otherwise stated)

35. INCOME TAX ASSETS AND LIABILITIES (Continued)

As of 31 December 2015 and 31 December 2014, the current statutory tax charges for the Group can be analyzed as follows:

	1 January- 31 December 2015	**1 January- 31 December 2014**
Statutory combined profit before taxes as per historical statutory financial statements	55,450,867	16,910,695
Permanent non-tax deductible expenses	6,940,247	5,203,266
Permanent non-taxable income and loss carried forward utilized during the year	(19,706,396)	(10,331,541)
Taxable income per Turkish Tax Legislation	42,684,718	11,782,420
Corporation tax at 20%	8,536,944	2,356,484
Italy tax charge	-	79,694
Foreign currency translation differences	(550,809)	(133,224)
Provision for current statutory taxes on income	**7,986,135**	**2,302,954**

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, the companies which have incurred losses for the year ended 31 December 2015 have not been included in combined profit before taxes as per historical statutory financial statements.

Reconciliation of taxes by applying effective tax rates to profit before tax provision as reflected in the consolidated income statement for the years ended 31 December 2015 and 31 December 2014 is as follows:

	1 January- 31 December 2015	**1 January- 31 December 2014**
Profit before tax	18,916,199	16,971,124
At statutory income tax calculated with rate at 20%	3,783,240	3,394,225
Effects of:		
Disallowable expenses	1,081,327	909,154
Tax exempt income	(4,022,581)	(1,964,892)
Non-tax deductible translation loss arising from remeasurement	11,042,336	3,197,260
Tax expense	**11,884,322**	**5,535,747**

(Amounts expressed in US Dollars unless otherwise stated)

35. INCOME TAX ASSETS AND LIABILITIES (Continued)

Current income tax for the periods ended 31 December 2015 and 31 December 2014 are summarized below:

	1 January- 31 December 2015	1 January- 31 December 2014
Provision for current taxes as per statements of income		
- Turkey tax charge	7,986,135	2,223,260
- Italy tax charge	-	79,694
Total statutory income tax charge for the year	**7,986,135**	**2,302,954**
Prepaid taxes	(1,501,378)	(3,279,836)
Foreign currency translation differences	-	(79,694)
Income taxes payable	**6,484,757**	**(1,056,576)**

As of 31 December 2015 and 31 December 2014 deferred tax rate used is 20% in Turkey, 34% for subsidiaries in the USA and 31.4% for subsidiaries in Italy. For the years ended 31 December 2015 and 2014, deferred tax assets/(liabilities) calculated with temporary differences and effective tax rate is as follows:

	Temporary differences		Deferred tax asset/(liability)	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
Net difference between the tax base and the amounts reported based on IFRS:				
- carrying value of tangible and intangible assets	(206,897,801)	(185,970,094)	(41,940,226)	(37,822,863)
- carrying value of lands	(185,388,561)	(203,554,152)	(9,269,428)	(10,177,708)
- carrying value of financial assets	(20,183,132)	(20,183,132)	(1,009,157)	(1,009,156)
- carrying value of inventories	(6,456,632)	(6,418,708)	(1,291,326)	(1,283,742)
Provision for employee benefits obligation	6,189,716	7,953,252	1,237,943	1,590,650
Temporary differences of trade receivables	192,861	271,187	38,572	54,237
Temporary differences of trade payables	(109,803)	(96,116)	(21,961)	(19,223)
Carry forward tax losses	572,079	-	114,416	-
Other provisions and accruals	1,000,824	2,703,941	200,167	540,790
Deferred tax liability, net			**(51,941,000)**	**(48,127,015)**

(Amounts expressed in US Dollars unless otherwise stated)

35. INCOME TAX ASSETS AND LIABILITIES (Continued)

The distribution of deferred tax assets/(liabilities) for the periods ended on 31 December 2015 and 31 December 2014 are as follows:

Deferred tax assets:	**31 December 2015**	**31 December 2014**
Total amount of deferred tax assets to be settled in a year	353,153	595,027
Total amount of deferred tax assets to be settled in more than a year	1,237,943	1,590,650
	1,591,097	**2,185,677**

Deferred tax liabilities:	**31 December 2015**	**31 December 2014**
Total amount of deferred tax liabilities be settled in a year	(1,313,287)	(1,302,965)
Total amount of deferred tax liabilities be settled in more than a year	(52,218,810)	(49,009,727)
	(53,532,097)	**(50,312,692)**
Deferred tax liabilities, net	**(51,941,000)**	**(48,127,015)**

Deferred tax liability for the years ended on 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015	**31 December 2014**
1 January	(48,127,015)	(32,835,723)
Tax charge recognized in the equity	(91,523)	(12,290,193)
Tax charge recognized in the statement of income	(3,898,187)	(3,232,793)
Curreny translation reserve	175,725	231,694
31 December	**(51,941,000)**	**(48,127,015)**

Since each company consolidated is a separate entity, the deferred tax assets/(liabilities) of these companies cannot be netted. Deferred tax assets/(liabilities) of the Company and its subsidiaries are as follows:

	31 December 2015		**31 December 2014**	
	Deferred tax asset	**Deferred tax liability**	**Deferred tax asset**	**Deferred tax liability**
Borusan Mannesmann Boru San. ve Tic A.Ş.	-	49,638,888	-	45,244,599
Borusan Mühendislik	-	757,823	-	1,150,338
BM Vobarno	-	1,544,289	-	1,732,078
	-	**51,941,000**	**-**	**48,127,015**

(Amounts expressed in US Dollars unless otherwise stated)

36. EARNINGS PER SHARE

Earning per share is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can increase their capital via transfers from retained earnings and revaluation funds; and distribute costless shares to shareholders in corresponding to the capital increases. Such shares are taken into account as dividend payments. Dividends that are included by the capital as they are distributed are also taken into consideration as shared granted as dividends.Thus, such shares are considered to be in circulation throuhout the entire period; when the earnings per share is calculated.

The Group's earnings per share as of 31 December 2015 and 31 December 2014 is as follows:

	31 December 2015	31 December 2014
Average number of shares existing during the period (total value)	141,750,000,000	141,750,000,000
Net profit for the period attributable to equity holders of the parent	7,029,396	11,479,843
Profit from continuing operations	7,029,396	11,479,843
Total comprehensive income attributable to equity holders of the parent	0.00005	0.00008
Earnings per share	**0.00005**	**0.00008**

37. RELATED PARTY BALANCES AND TRANSACTIONS

a) Receivables and Payables to Related Parties

	31 December 2015	31 December 2014
Trade receivables		
Borusan İstikbal Ticaret A.Ş. ("İstikbal") (*)	11,123,348	13,097,016
Borusan Makine	194,421	103,593
Supsan Motor Supapları San. ve Tic. A.Ş.	188	189,446
Other	101,760	590,695
Less: Allowance for doubtful receivables	(68,958)	(76,752)
Less: Provision for unaccrued finance income	(44,675)	(98,275)
	11,306,084	**13,805,723**

(*) The receivable from İstikbal is derived from the export sales performed through İstikbal.

	31 December 2015	31 December 2014
Trade payables to related parties		
Borusan Lojistik	2,554,862	3,197,278
Borusan Holding A.Ş. (Borusan Holding)	89,298	112,187
Kerim Çelik	43,816	26,824
Borçelik	-	530,394
Other	559,724	623,880
Less: Provision for unaccrued finance expense	(37,684)	(2,909)
	3,210,016	**4,487,654**

(Amounts expressed in US Dollars unless otherwise stated)

37. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Borusan Lojistik and Borusan Holding provides services to the Company, whereas Borçelik and Kerim Çelik provides raw material. The average due for the purchases are 30-60 days, and no interest charges may apply. Furthermore, no securities and guarantees are provided for the purchases.

b) Transactions with related parties

	1 January - 31 December 2015	1 January - 31 December 2014
Material purchases		
Borçelik	5,961,213	8,580,035
	5,961,213	**8,580,035**

	1 January - 31 December 2015	1 January - 31 December 2014
Service purchases		
Borusan Lojistik	55,376,425	47,525,585
Borusan Holding	2,250,000	2,250,000
Borusan Birlik Danışmanlık	1,756,464	1,636,322
İstikbal	316,613	382,268
Other	395,532	377,756
	60,095,034	**52,171,931**

	1 January - 31 December 2015	1 January - 31 December 2014
Interest expenses		
BMBYH	66,840	112,557
	66,840	**112,557**

	1 January - 31 December 2015	1 January - 31 December 2014
Sales		
İstikbal	48,552,244	62,883,947
Borçelik	2,380,609	5,323,561
Supsan	-	3,956,449
Other	19,683	66,004
	50,952,536	**72,229,961**

	1 January - 31 December 2015	1 January - 31 December 2014
Dividend income		
Borçelik	2,118,664	2,712,454
Other	2,189	3,287
	2,120,853	**2,715,741**

(Amounts expressed in US Dollars unless otherwise stated)

37. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Payments to key management

	1 January - 31 December 2015	1 January - 31 December 2014
Salaries and short-term benefits provided to top management	2,270,871	2,723,520
Salaries and short-term benefits provided to board of directors	453,199	467,955
	2,724,070	**3,191,475**

38. FINANCIAL RISK MANAGEMENT

(a) Capital risk management

Group aims to maximize the profitability through the optimization of the debt and equity balance, while maintaining the continuity of its business operations.

The capital structure of the Group consists of debt which includes the borrowings disclosed in Note 8 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 27.

The Management of the Group analyzes the cost of capital and the risks associated with each class of capital and aims to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

(b) Financial risk management objectives

The Group’s finance department is responsible for maintaining a systematical access to international and local markets as well as monitoring and managing the Group’s risk exposure using the in-house reports which analyze the level and extent of risks. Such risks consist of market risk, credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments such as foreign currency forwards during the period. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(Amounts expressed in US Dollars unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives (Continued)

b.1) Credit risk

	Receivables					
	Trade receivables		Other receivables			
31 December 2015	**Related parties**	**Other**	**Related parties**	**Other**	**Bank accounts**	**Other**
Maximum credit risk exposed as of balance sheet date 31.12.2015	11,306,084	64,650,866	-	1,113,791	82,801,759	-
- the part under guarantee with collaterals, etc.	-	6,064,057	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	11,306,084	49,107,683	-	1,113,791	82,801,759	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	15,543,183	-	-	-	-
- the part under guarantee with collaterals, etc.	-	952,511	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	68,957	4,422,211	-	-	-	-
- Impairment (-)	(68,957)	(4,422,211)	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

1) In determining the amounts; securities received and the factors that may have an influence on the credit risk are not taken into consideration.
2) Guarantees contain mortgages, letters of guarantee and direct debiting system limits.

(Amounts expressed in US Dollars unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives (Continued)

b.1) Credit risk (Continued)

	Receivables					
	Trade receivables		Other receivables			
31 December 2014	**Related parties**	**Other**	**Related parties**	**Other**	**Bank accounts**	**Other**
Maximum credit risk exposed as of balance sheet date	13,805,723	114,049,252	-	6,662,659	48,292,084	-
- the part under guarantee with collaterals, etc.	-	10,891,398	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	13,805,723	102,246,461	-	6,662,659	48,292,084	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as part due or impaired	-	-	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	11,802,791	-	-	-	-
- the part under guarantee with collaterals, etc.	-	1,857,581	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	76,752	5,493,898	-	-	-	-
- Impairment (-)	(76,752)	(5,493,898)	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- the part under guarantee with collaterals, etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

1) In determining the amounts; securities received and the factors that may have an influence on the credit risk are not taken into consideration.
2) Guarantees contain mortgages, letters of guarantee and direct debiting system limits.

(Amounts expressed in US Dollars unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives (Continued)

b.1) Credit risk (Continued)

Disclosures regarding the quality of financial assets

The Group's credit risk primarily arises from its trade receivables. Such credit risk is managed by limiting the risk by the amount of the collaterals received. In managing credit risk, the Group uses three types of instruments which are Direct Debit System, letters of guarantee and mortgages. The Group monitors the customers' credit limits on a consistent basis and creditworthiness of the customers are systematically assessed based on the financial position, past experience and other factors.

Trade receivables are reviewed depending on the Group policies and procedures and they are carried at net amounts in the balance sheet subsequent to any provision for doubtful receivables.

In accordance to the internal evaluation;	31 December 2015	31 December 2014
Group 1	1,859,079	37,857,922
Group 2	43,011,504	66,391,470
Group 3	15,543,183	11,802,791
Total trade receivables	**60,413,766**	**116,052,183**

Group 1: Customers which have been performing trade activities with the Group no longer than 6 months

Group 2: Customers which have been performing trade activities with the Group over 6 months, without any collection problems during the entire process

Group 3: Customers which have been performing trade activities with the Group over 6 months, with several collection problems

There is no trade receivables restructured, or that may be overdue in the case of being not restructured.
(31 December 2014: None)

As of 31 December 2015, the part of overdue trade receivables for which no impairment was calculated equals USD15,543,183 (31 December 2014: USD11,802,791). Below is the aging of such trade receivables:

Trade receivables	31 December 2015	31 December 2014
1-30 days overdue	10,786,119	4,275,406
1-3 months overdue	2,931,507	5,415,644
3- 12 months overdue	1,825,558	2,111,741
Total overdue receivables	**15,543,184**	**11,802,791**
The part under guarantee with collaterals	**952,511**	**1,857,581**

As of 31 December 2015, the Group holds mortgages equal to USD116,110, letters of guarantee equals to USD614,262, and pledges equal to USD222,139 (31 December 2014 respectively: USD400,450 of mortgages, USD381,719 of letter of guarantee, and USD1,075,412 of pledges).

Overdue and impaired receivables are not secured.

(Amounts expressed in US Dollars unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives (Continued)

b.2) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk tables

Conservative liquidity risk management requires maintaining sufficient cash on hand, availability of sufficient loan transactions and fund sources and ability to close market positions.

31 December 2015

	Carrying value	**Total cash outflows in accordance with contracts (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non derivative financial liabilities						
Borrowings	292,775,511	321,084,204	27,885,082	82,274,915	194,932,324	15,991,883
Trade payables	266,791,334	268,535,543	136,661,335	131,874,208	-	-
Other payables	14,186,525	14,186,526	14,186,526	-	-	-
Derivative instruments:	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Total liabilities	**573,753,370**	**603,806,273**	**178,732,943**	**214,149,123**	**194,932,324**	**15,991,883**

31 December 2014

	Carrying value	**Total cash outflows in accordance with contracts (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Non derivative financial liabilities:						
Borrwwings	377,354,542	407,830,741	22,141,836	155,412,570	183,551,867	46,724,468
Trade payables	265,523,652	268,050,181	152,229,328	115,820,853	-	-
Other payables	17,251,790	17,251,790	17,251,790	-	-	-
Derivative instruments:						
Other financial liabilities	251,588	251,588	-	-	251,588	-
Total liabilities	**660,381,572**	**693,384,300**	**191,622,954**	**271,233,423**	**183,803,455**	**46,724,468**

(Amounts expressed in US Dollars unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (Continued)

The details of the committed outstanding future contracts in their original currencies as of 31 December 2015 and 31 December 2014 are as below;

	Average exchange rates		Buying amount		Selling amount		Fair value	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**	**31 December 2015**	**31 December 2014**
USD buy- GBP sell Between 1-5 months	1.4792	-	2,248,447	-	1,520,000	-	(36,675)	-
USD buy- EUR sell Between 1-12 months	1.0954	-	32,499,280	-	29,669,840	-	22,161	-
EUR buy TRY sell Between 1-6 months	2.9318	-	204,655	-	600,000	-	26,843	-
TRY buy USD sell Between 1-6 months	2.9225	-	3,990,419	-	11,662,000	-	7,665	-
USD buy- GBP sell Between 1-5 months	-	1.5888	-	1,100,253	-	692,500	-	18,761
USD buy- EUR sell Between 1-6 months	-	1.2600	-	257,040	-	204,000	-	6,982
USD buy- TRY sell Between 1-6 months	-	2.3380	-	29,316,371	-	68,542,300	-	45,362

(c) Market risk

Market risk includes foreign currency risk, interest rate risk and price risk.

The Group is exposed to risks deriving from exchange rates and interest rates. In order to manage these risks, the Group uses derivative financial instruments.

Furthermore, market risk can also be assessed via sensitivity analyses. There are no significant changes in the methods that are being used by the Group in assessing the market risk and other risks.

(d) Foreign currency risk management

Transactions in foreign currencies results in foreign currency risk. Foreign currency risk is managed by using derivative financial instruments such as foreign currency forwards.

Foreign currency sensitivity

The Group is mainly exposed to EUR and TRY foreign currency risk.

The following table details the Group’s sensitivity to a 10% change in the EUR and TRY exchange rates. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis below have been determined based on the exposure to interest rates at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The negative amount indicates the revaluation of EUR and TRY against USD.

(Amounts expressed in US Dollars unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign currency risk management (Continued)

	31 December 2015			
	Profit / (loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciaiton	Foreign currency appreciation	Foreign currency depreciaiton
	Change of EUR against USD by 10%			
1 - EUR net assets / liabilities	(3,444,198)	3,444,198	(1,481,797)	1,481,797
2 - EUR hedged from risks (-)	-	-	-	-
3- EUR net effect (1+2)	(3,444,198)	3,444,198	(1,481,797)	1,481,797
	Change of TL against USD by 10%			
4- TRY net assets / liabilities	(249,292)	249,292	-	-
5- TRY hedged from risks (-)	-	-	-	-
6- TRY net effect (4+5)	(249,292)	249,292	-	-
TOTAL (3 + 6)	**(3,693,490)**	**3,693,490**	**(1,481,797)**	**1,481,797**

(Amounts expressed in US Dollars unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT (Continued)

(d) Foreign currency risk management (Continued)

	31 December 2014			
	Profit / (loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciaiton	Foreign currency appreciation	Foreign currency depreciaiton
	Change of EUR against USD by 10%			
1 - EUR net assets / liabilities	(1,407,333)	1,407,333	(238,115)	238,115
2 - EUR hedged from risks (-)	-	-	-	-
3- EUR net effect (1+2)	(1,407,333)	1,407,333	(238,115)	238,115
	Change of TL against USD by 10%			
4- TRY net assets / liabilities	(630,437)	630,437	-	-
5- TRY hedged from risks (-)		-	-	-
6- TRY net effect (4+5)	(630,437)	630,437	-	-
TOTAL (3 + 6)	**(2,037,770)**	**2,037,770**	**(238,115)**	**238,115**

The assets and liabilities in foreign curencies that are being held by the Group as of 31 December 2014 are as follows, in the original currencies and amounts, and denominated in their USD equivalents:

(Amounts expressed in US Dollars unless otherwise stated)

38 FINANCIAL RISK MANAGEMENT (continued)

FOREIGN CURRENCY POSITION

	31 December 2015				**31 December 2014**			
	TRY	**EUR**	**GBP**	**USD equivalents**	**TRY**	**EUR**	**GBP**	**USD equivalents**
1 Trade receivables	36,675,524	18,647,693	277,655	33,403,681	43,690,915	19,794,912	566,054	43,797,494
2a Monetary financial assets (Including cash and cash equivalents)	4,444,289	6,002,487	-	8,088,386	4,966,936	1,301,855	-	3,725,507
2b Non-monetary financial assets	-	-	-	-				
3 Other	-	-	-	-	-	-	-	-
4 Current Assets (1+2+3)	**41,119,813**	**24,650,180**	**277,655**	**41,492,067**	**48,657,851**	**21,096,767**	**566,054**	**47,523,001**
5 Trade receivables	-	-	-	-	-	-	-	-
8 Other assets (5+6+7)	-	-	-	-	-	-	-	-
9 TOTAL ASSETS (4+8)	**41,119,813**	**24,650,180**	**277,655**	**41,492,067**	**48,657,851**	**21,096,767**	**566,054**	**47,523,001**
10 Trade payables	45,211,749	27,115,447	3,200	45,187,631	32,677,378	6,998,057	3,247	22,609,200
11 Financial liabilities	3,156,477	7,690,060	-	9,489,755	1,361,268	24,648,382	-	30,569,218
12a Other monetary liabilities	-	1,681,551	-	1,837,700	-	14,708	-	17,890
12b Other non-monetary liabilities	-	-	-	-	-	-	-	-
13 Short-term liabilities (10+11+12)	**48,368,226**	**36,487,058**	**3,200**	**56,515,086**	**34,038,646**	**31,661,147**	**3,247**	**53,196,309**
14 Trade payables	-	-	-	-	-	-	-	-
15 Financial liabilities	-	19,678,571	-	**21,505,925**	-	22,070,260	-	26,846,170
16 Other non-monetary liabilities	-	-	-	-	-	-	-	-
17 Long-term liabilities (14+15+16)	**-**	**19,678,571**	**-**	**21,505,925**	**-**	**22,070,260**	**-**	**26,846,170**
18 TOTAL LIABILITIES (13+17)	**48,368,226**	**56,165,629**	**3,200**	**78,021,011**	**34,038,646**	**53,731,407**	**3,247**	**80,042,479**
19Net asset and liability positions of derivatives out of statement of financial situation(19a-19b)	**12,262,000**	**29,669,840**	**1,520,000**	**38,890,476**	**68,542,300**	**204,000**	**692,500**	**30,880,168**
19a Total Hedged Assets	12,262,000	29,669,840	1,520,000	**38,890,476**	68,542,300	204,000	692,500	30,880,168
19bTotal Hedged Liabilities	-	-	-	-	-	-	-	-
20 Net foreign currency Asset/ (Liability) position (9-18+19)	**5,013,587**	**(1,845,609)**	**1,794,455**	**2,361,532**	**83,161,505**	**(32,430,640)**	**1,255,307**	**(1,639,310)**
21Monetary Items Net Foreign Currency Asset / (Liability)	**(7,248,413)**	**(31,515,449)**	**274,455**	**(36,528,944)**	**14,619,205**	**(32,634,640)**	**562,807**	**(32,519,478)**
22 Fair value of the financial instruments used for foreign currency hedging	**100,335**	**20,278**	**(24,795)**	**19,994**	**105,191**	**5,740**	**12,098**	**71,105**
23 Total Hedged Assets in Foreign Currency	**12,262,000**	**29,669,840**	**1,520,000**	**38,890,476**	**68,542,300**	**204,000**	**692,500**	**30,880,168**
24 Total Hedged Liabilities in Foreign Currency	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

From 1 January to 31 December 2015, the Group imported amounting to USD206,111,224 and EUR25,617,013 and exported amounting to EUR81,836,035, GBP3,237,538 and USD331,246,845. (1 January – 31 December 2014, (the Company imported USD208,365,227 and EUR1,910,758) exported amounting to EUR89,320,119, GBP2,684,201 and USD361,481,690).

38. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

The interest rates on the Group's financial liabilities are detailed in Note 8, Bank Borrowings, Short Term and Long Term.

Interest rate sensivity

The Group's exposure to interest rate risk is related to its financial liabilities. These risk are managed by the Group through the interest rate swap agreements and forward interest rate agreements and by maintaining an appropriate distribution between fixed and variable rated debts. Hedging strategies are evaluated regularly to be compatible with interest rate expectations and defined risk. Thus, the creation of optimal hedging strategy, revision of the balance sheet position both and to be kept under the control of interest expenditure at different interest rates have been intended. The interest rate is fixed for significant portion of the Group's borrowings when the borrowing is obtained. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the income and loss effect of variable rate borrowings in the financial statements would be immaterial.

(f) Price risk

The Group is exposed to price risks arising from the cost of raw material inventories and the steel price changes affecting the sales prices except pipeline projects. Projects has not been affected by change in steel prices due to fixed the raw materials prices at the beginning. There are no global derivative instruments to be utilized against the adverse price change effect on the sales margins. The Group optimizes inventory turnover rates by reviewing the sales-production-purchase balance on a consistent basis considering the steel price trend and reflects the changes on steel prices to the selling prices.

(Amounts expressed in US Dollars unless otherwise stated)

39. FINANCIAL INSTRUMENTS

31 December 2015 Balance Sheet	Loans and receivables	Available for sale investments	Derivatives	Other financial liabilities at amortised cost	Carrying amount
Financial assets					
Cash and cash equivalents	82,805,192	-	-	-	82,805,192
Trade receivables	64,650,866	-	-	-	64,650,866
Due from related parties	11,306,084	-	-	-	11,306,084
Financial investments	-	38,144,179	-	-	38,144,179
Other receivables	1,113,791	-	-	-	1,113,791
Derivatives	-	-	19,994	-	19,994
Financial liabilities		-	-		
Borrowings	-	-	-	292,775,511	292,775,511
Trade payables	-	-	-	263,581,318	263,581,318
Due to related parties	-	-	-	3,210,016	3,210,016
Other payables	-	-	-	14,186,526	14,186,526

31 December 2014 Balance Sheet	Loans and receivables	Available for sale investments	Derivatives	Other financial liabilities at amortised cost	Carrying amount
Financial assets					
Cash and cash equivalents	48,298,640	-	-	-	48,298,640
Trade receivables	114,049,252	-	-	-	114,049,252
Due from related parties	13,805,723	-	-	-	13,805,723
Financial investments	-	38,145,767	-	-	38,145,767
Other receivables	6,662,659	-	-	-	6,662,659
Derivatives	-	-	71,105	-	71,105
Financial liabilities	-	-	-	-	-
Borrowings	-	-	251,588	377,354,542	377,606,130
Trade payables	-	-	-	261,035,998	261,035,998
Due to related parties	-	-	-	4,487,654	4,487,654
Other payables	-	-	-	17,251,790	17,251,790

(Amounts expressed in US Dollars unless otherwise stated)

39. FINANCIAL INSTRUMENTS (Continued)

Below table is the reconciliation of fair values of financial assets and liabilities;

31 December 2015	Available-for-sale financial asset Equity investments	Total
Openning balance, 1 January 2015	35,845,000	35,845,000
Total gain or losses		
- recognized in profit and loss	-	-
- recognized in other comprehensive income	-	-
Closing balance 31 December 2015	**35,845,000**	**35,485,000**

31 December 2014	Available-for-sale financial asset Equity investments	Total
Openning balance, 1 January 2014		
Total gain or losses	35,845,000	35,845,000
- recognized in profit and loss	-	-
- recognized in other comprehensive income	-	-
Closing balance 31 December 2014	**35,845,000**	**35,845,000**

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data.

(Amounts expressed in US Dollars unless otherwise stated)

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Based on the fair value hierarchy, the Group's financial assets and liabilities are categorized as follows:

31 December 2015	**Level 1**	**Level 2**	**Level 3**
	USD	**USD**	**USD**
Financial assets fair value through profit and loss	-	19,994	-
Financial assets available for sale	-	-	38,144,179
Property, plant and equipment (*)	-	620,814,610	-
Non-current assets held for sale (**)	-	30,227,993	-

31 December 2014	**Level 1**	**Level 2**	**Level 3**
	USD	**USD**	**USD**
Financial assets fair value through profit and loss	-	(180,483)	-
Financial assets available for sale	-	-	38,145,767
Property, plant and equipment (*)	-	633,929,041	-
Non-current assets held for sale (**)	-	54,477,993	-

(*) The fair values of the property, plant and equipment of the Company, as explained in Note 2.5, have been determined by an independent valuation firm as at 31 December 2014.

(**) The fair value of the assets held for sales of the Company were determined by an independent valuation company in the 2014 and as a result of these valuation, USD5,839,183 impairment amount had been accounted.

The Company has conducted a valuation again for related assets for as of 31 December 2014 and USD120,650 additional impairment has been accounted. No additional impairment has been accounted for the period ended 31 December 2015.

41. SUBSEQUENT EVENTS

None (31 December 2014: None).

42. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None (31 December 2014: None).

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