

**KARDEMİR KARABÜK DEMİR ÇELİK SANAYİ VE TİCARET  
A.Ş.  
Financial Report  
Consolidated  
2018 - 3. 3 Monthly Notification**

**General Information About Financial Statements**

# Statement of Financial Position (Balance Sheet)

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 30.09.2018	Previous Period 31.12.2017
<b>Statement of Financial Position (Balance Sheet)</b>			
<b>Assets [abstract]</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1.021.265.401	989.792.357
Financial Investments		9.676.773	
Trade Receivables		686.686.488	771.411.128
Trade Receivables Due From Related Parties	5	149.221.594	158.339.121
Trade Receivables Due From Unrelated Parties	5	537.464.894	613.072.007
Other Receivables		24.013.777	11.747.480
Other Receivables Due From Unrelated Parties		24.013.777	11.747.480
Derivative Financial Assets		11.594.225	
Inventories	6	1.344.604.617	755.691.958
Prepayments	9	531.753.435	250.375.980
Current Tax Assets	20	8.962.287	4.951.678
Other current assets		12.554.265	3.764.708
<b>SUB-TOTAL</b>		<b>3.651.111.268</b>	<b>2.787.735.289</b>
<b>Total current assets</b>		<b>3.651.111.268</b>	<b>2.787.735.289</b>
<b>NON-CURRENT ASSETS</b>			
Financial Investments		8.302.988	8.302.988
Other Receivables		275.275	272.783
Other Receivables Due From Unrelated Parties		275.275	272.783
Investments accounted for using equity method		13.570.863	14.835.895
Investment property		616.901	627.139
Property, plant and equipment	7	4.067.383.883	3.945.574.080
Intangible assets and goodwill	8	35.157.649	37.005.809
Prepayments	9	35.490.113	9.506.210
Deferred Tax Asset	20	159.276.042	120.034.575
Other Non-current Assets		157.909	3.875.824
<b>Total non-current assets</b>		<b>4.320.231.623</b>	<b>4.140.035.303</b>
<b>Total assets</b>		<b>7.971.342.891</b>	<b>6.927.770.592</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current Borrowings	4	13.081.933	46.381.702
Current Portion of Non-current Borrowings	4	550.159.870	460.729.228
Trade Payables		2.049.708.595	1.408.679.724
Trade Payables to Related Parties	5,21	4.333.960	2.562.623
Trade Payables to Unrelated Parties	5	2.045.374.635	1.406.117.101
Employee Benefit Obligations		37.163.699	29.808.867
Other Payables		3.026.859	1.932.604
Other Payables to Unrelated Parties		3.026.859	1.932.604
Derivative Financial Liabilities			11.836.887
Deferred Income		331.430.050	861.192.756
Deferred Income From Related Parties	9,21	76.946.570	203.096.879
Deferred Income from Unrelated Parties	9	254.483.480	658.095.877
Current tax liabilities, current	20	191.192	1.327.440
Current provisions		13.312.715	9.924.327
Other current provisions	10	13.312.715	9.924.327
Other Current Liabilities		14.438.394	28.011.847
<b>SUB-TOTAL</b>		<b>3.012.513.307</b>	<b>2.859.825.382</b>
<b>Total current liabilities</b>		<b>3.012.513.307</b>	<b>2.859.825.382</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	4	1.773.464.720	1.403.941.398
Trade Payables		61.060.143	39.572.148
Trade Payables To Unrelated Parties	5	61.060.143	39.572.148
Deferred Income		7.873.161	7.700.801
Deferred Income from Unrelated Parties	9	7.873.161	7.700.801
Non-current provisions		181.881.473	169.335.769
Non-current provisions for employee benefits	11	181.881.473	169.335.769
<b>Total non-current liabilities</b>		<b>2.024.279.497</b>	<b>1.620.550.116</b>
<b>Total liabilities</b>		<b>5.036.792.804</b>	<b>4.480.375.498</b>

EQUITY			
Equity attributable to owners of parent		2.934.917.796	2.447.551.236
Issued capital	12	1.140.000.000	1.140.000.000
Inflation Adjustments on Capital	12	4.613.596	4.613.596
Capital Adjustments due to Cross-Ownership (-)	12	-82.359.797	-79.980.372
Share Premium (Discount)		11.803.953	11.803.953
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		829.131.451	835.208.048
Gains (Losses) on Revaluation and Remeasurement		829.313.574	835.390.171
Increases (Decreases) on Revaluation of Property, Plant and Equipment	12	827.937.173	837.167.674
Gains (Losses) on Remeasurements of Defined Benefit Plans		1.376.401	-1.777.503
Share of Other Comprehensive Income of Investments Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		-182.123	-182.123
Restricted Reserves Appropriated From Profits	12	36.627.919	34.304.148
Prior Years' Profits or Losses		508.508.593	250.056.427
Current Period Net Profit Or Loss		486.592.081	251.545.436
Non-controlling interests		-367.709	-156.142
Total equity		2.934.550.087	2.447.395.094
Total Liabilities and Equity		7.971.342.891	6.927.770.592

# Statement of Profit or Loss and Other Comprehensive Income

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2018 - 30.09.2018	Previous Period 01.01.2017 - 30.09.2017	Current Period 3 Months 01.07.2018 - 30.09.2018	Previous Period 3 Months 01.07.2017 - 30.09.2017
<b>Statement of Profit or Loss and Other Comprehensive Income</b>					
<b>PROFIT (LOSS)</b>					
Revenue	14	3.952.160.740	2.818.391.571	1.403.468.762	953.752.538
Cost of sales	14	-2.633.665.943	-2.420.419.515	-883.803.783	-791.219.551
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		1.318.494.797	397.972.056	519.664.979	162.532.987
GROSS PROFIT (LOSS)		1.318.494.797	397.972.056	519.664.979	162.532.987
General Administrative Expenses	15	-39.318.361	-32.065.218	-15.469.900	-11.590.460
Marketing Expenses	15	-20.364.081	-27.323.426	-5.024.860	-8.338.499
Other Income from Operating Activities	16	956.993.315	180.390.902	656.135.096	52.623.106
Other Expenses from Operating Activities	16	-989.665.734	-209.496.788	-695.859.157	-65.345.272
PROFIT (LOSS) FROM OPERATING ACTIVITIES		1.226.139.936	309.477.526	459.446.158	129.881.862
Investment Activity Income	17	31.560.638	9.373.952	478.039	439.867
Share of Profit (Loss) from Investments Accounted for Using Equity Method		-1.515.032	-886.644	-1.736.970	-503.858
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		1.256.185.542	317.964.834	458.187.227	129.817.871
Finance income	18	317.577.976	138.177.191	242.346.694	23.886.639
Finance costs	19	-1.127.090.426	-289.507.511	-742.880.116	-80.074.413
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		446.673.092	166.634.514	-42.346.195	73.630.097
Tax (Expense) Income, Continuing Operations		39.707.422	13.856.183	89.800.986	2.380.416
Current Period Tax (Expense) Income	20	-266.827	-466.794	-63.345	-159.345
Deferred Tax (Expense) Income	20	39.974.249	14.322.977	89.864.331	2.539.761
PROFIT (LOSS) FROM CONTINUING OPERATIONS		486.380.514	180.490.697	47.454.791	76.010.513
PROFIT (LOSS)		486.380.514	180.490.697	47.454.791	76.010.513
<b>Profit (loss), attributable to [abstract]</b>					
Non-controlling Interests		-211.567	-774	-152.445	-15.504
Owners of Parent		486.592.081	180.491.471	47.607.236	76.026.017
<b>Earnings per share [abstract]</b>					
<b>Earnings per share [line items]</b>					
<b>Basic earnings per share</b>					
Basic Earnings (Loss) Per Share from Continuing Operations					
<i>Pay Başına Kazanç/(Kayıp)</i>		0,42680000	0,15830000	0,04180000	0,06670000
<b>Diluted Earnings Per Share</b>					
<b>OTHER COMPREHENSIVE INCOME</b>					
Other Comprehensive Income that will not be Reclassified to Profit or Loss		3.153.904	-8.107.172		
Gains (Losses) on Remeasurements of Defined Benefit Plans	11	3.886.686	-8.723.115		
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		-732.782	615.943		
Taxes Relating to Remeasurements of Defined Benefit Plans	20	-732.782	615.943		
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		0			
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>3.153.904</b>	<b>-8.107.172</b>		
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>489.534.418</b>	<b>172.383.525</b>	<b>47.454.791</b>	<b>76.010.513</b>
<b>Total Comprehensive Income Attributable to</b>					
Non-controlling Interests		-211.567	-774	-152.445	-15.504
Owners of Parent		489.745.985	172.384.299	47.607.236	76.026.017

# Statement of cash flows (Indirect Method)

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2018 - 30.09.2018	Previous Period 01.01.2017 - 30.09.2017
<b>Statement of cash flows (Indirect Method)</b>			
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>496.949.328</b>	<b>1.016.236.804</b>
Profit (Loss)		486.380.514	180.490.697
Profit (Loss) from Continuing Operations		486.380.514	180.490.697
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>717.908.576</b>	<b>269.246.412</b>
Adjustments for depreciation and amortisation expense	14,15	107.083.277	91.476.736
Adjustments for Impairment Loss (Reversal of Impairment Loss)		-3.999.302	-127.931
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Financial Assets or Investments			282.398
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	6	-3.999.302	-410.329
Adjustments for provisions		30.065.972	27.080.300
Adjustments for (Reversal of) Provisions Related with Employee Benefits	11	25.738.125	24.637.438
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	10	4.327.847	911.659
Adjustments for (Reversal of) Other Provisions			1.531.203
Adjustments for Interest (Income) Expenses		11.121.237	55.833.596
Adjustments for Interest Income	18	-51.584.171	-14.805.532
Adjustments for interest expense	19	72.375.525	75.240.778
Deferred Financial Expense from Credit Purchases		-9.670.117	-4.601.650
Adjustments for Losses (Gains) on Barter Transactions	18,19	-118.799.828	26.789.739
Adjustments for unrealised foreign exchange losses (gains)		763.450.742	92.274.999
Adjustments for fair value losses (gains)		-11.594.226	-640.695
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	18,19	-11.594.226	-640.695
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		1.265.032	886.644
Adjustments For Undistributed Profits Of Joint Ventures		1.265.032	886.644
Adjustments for Tax (Income) Expenses	20	-39.707.422	-13.856.183
Other adjustments for which cash effects are investing or financing cash flow	17	-30.049.278	-8.072.694
Other adjustments to reconcile profit (loss)	16	9.072.372	-2.398.099
<b>Changes in Working Capital</b>		<b>-691.680.884</b>	<b>575.334.068</b>
Adjustments for decrease (increase) in trade accounts receivable		66.716.944	-115.980.806
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		-12.268.788	-10.660.607
Adjustments for decrease (increase) in inventories		-580.103.636	-112.354.389
Decrease (Increase) in Prepaid Expenses		-307.361.358	78.613.320
Adjustments for increase (decrease) in trade accounts payable		681.122.308	476.761.035
Adjustments for increase (decrease) in other operating payables		-4.952.006	38.494.441
Increase (Decrease) in Deferred Income		-529.762.706	203.072.290
Other Adjustments for Other Increase (Decrease) in Working Capital		-5.071.642	17.388.784
<b>Cash Flows from (used in) Operations</b>		<b>512.608.206</b>	<b>1.025.071.177</b>
Payments Related with Provisions for Employee Benefits	11	-9.305.735	-7.530.227
Payments Related with Other Provisions	10	-939.459	
Income taxes refund (paid)	20	-5.413.684	-1.304.146
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>-174.560.305</b>	<b>-109.938.795</b>
Proceeds from sales of property, plant, equipment and intangible assets		3.381.719	1.289.058
Proceeds from sales of property, plant and equipment	7	3.381.719	1.289.058
Purchase of Property, Plant, Equipment and Intangible Assets		-198.314.529	-119.855.086
Purchase of property, plant and equipment	7	-197.453.837	-117.842.395
Purchase of intangible assets	8	-860.692	-2.012.691
Dividends received	17	30.049.278	8.627.233
Other inflows (outflows) of cash		-9.676.773	
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>-291.581.698</b>	<b>-398.075.552</b>
Payments to Acquire Entity's Shares or Other Equity Instruments	12	-2.379.425	-698.110
Proceeds from borrowings		12.985.501	95.006.440
Proceeds from Loans		12.985.501	95.006.440
Repayments of borrowings		-390.198.473	-396.658.558
Loan Repayments		-390.198.473	-396.658.558
Payments of Finance Lease Liabilities		-482.711	-1.036.179

Cash Receipts from Future Contracts, Forward Contracts, Option Contracts and Swap Contracts	18	118.258.612	15.302.718
Cash Payments for Future Contracts, Forward Contracts, Option Contracts and Swap Contracts	19	-11.295.671	-35.158.087
Interest paid		-69.387.983	-90.871.785
Interest Received	18	51.584.171	14.805.532
Other inflows (outflows) of cash	3	-665.719	1.232.477
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		30.807.325	508.222.457
Net increase (decrease) in cash and cash equivalents		30.807.325	508.222.457
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	989.154.857	329.638.278
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	1.019.962.182	837.860.735

Footnote Reference	Equity										Non-controlling interests [member]	
	Equity attributable to owners of parent [member]											
	Issued Capital	Inflation Adjustments on Capital	Capital Adjustments due to Cross-Ownership	Share premiums or discounts	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		Restricted Reserves Appropriated From Profits [member]	Retained Earnings		
					Gains/(Losses on Revaluation and Remeasurement [member]	Share Of Other Comprehensive Income Of Associates And Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss	Reserve Of Gains or Losses on Hedge	Gains (Losses) on Revaluation and Reclassification		Prior Years' Profits or Losses		Net Profit or Loss
					Gains (Losses) on Remeasurements of Defined Benefit Plans							

Previous Period 01.01.2017 – 30.09.2017	Statement of changes in equity (abstract)																	
	Statement of changes in equity (line items)																	
	Equity at beginning of period		1.140.000.000	4.613.596	-79.282.262	11.803.953	4.533.749	884.492.540	-182.123				33.450.113	361.861.436	-123.789.879	2.237.501.123	-115.062	2.237.386.061
	Adjustments Related to Accounting Policy Changes																	
	Adjustments Related to Required Changes in Accounting Policies																	
	Adjustments Related to Voluntary Changes in Accounting Policies																	
	Adjustments Related to Errors																	
	Other Restatements																	
	Restated Balances																	
	Transfers	12						-9.678.607					854.035	-114.965.307	123.789.879			
	Total Comprehensive Income (Loss)							-8.107.172							180.491.471	172.384.299	-774	172.383.525
	Profit (loss)														180.491.471	180.491.471	-774	180.490.697
	Other Comprehensive Income (Loss)							-8.107.172								-8.107.172		-8.107.172
	Issue of equity																	
	Capital Decrease																	
	Capital Advance																	
	Effect of Merger or Liquidation or Division																	
	Effects of Business Combinations Under Common Control																	
	Advance Dividend Payments																	
	Dividends Paid																	
	Decrease through Other Distributions to Owners																	
	Increase (Decrease) through Treasury Share Transactions					-698.110										-698.110		-698.110
	Increase (Decrease) through Share-Based Payment Transactions																	
	Acquisition or Disposal of a Subsidiary																	
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																	
	Transactions with noncontrolling shareholders																	
	Increase through Other Contributions by Owners																	
	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																	
	Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																	
	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																	
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which fair Value Hedge Accounting is Applied																	
	Increase (decrease) through other changes, equity																	
	Equity at end of period		1.140.000.000	4.613.596	-79.980.372	11.803.953	-3.573.423	874.813.933	-182.123		874.813.933	34.304.148	246.896.129	180.491.471	2.409.187.312	-115.836	2.409.071.476	
Statement of changes in equity (abstract)																		
Statement of changes in equity (line items)																		
Equity at beginning of period		1.140.000.000	4.613.596	-79.980.372	11.803.953	-1.777.503	837.167.674	-182.123		837.167.674	34.304.148	250.056.427	251.545.436	2.447.551.236	-156.142	2.447.395.094		
Adjustments Related to Accounting Policy Changes																		
Adjustments Related to Required Changes in Accounting Policies																		
Adjustments Related to Voluntary Changes in Accounting Policies																		
Adjustments Related to Errors																		
Other Restatements																		
Restated Balances																		
Transfers	12						-9.230.501			-9.230.501	2.323.771	258.452.166	-251.545.436					
Total Comprehensive Income (Loss)						3.153.904							486.592.081	489.745.985	-211.567	489.534.418		
Profit (loss)													486.592.081	486.592.081	-211.567	486.380.514		
Other Comprehensive Income (Loss)						3.153.904								3.153.904		3.153.904		
Issue of equity																		
Capital Decrease																		
Capital Advance																		
Effect of Merger or Liquidation or Division																		
Effects of Business Combinations Under Common Control																		
Advance Dividend Payments																		
Dividends Paid																		

Current Period 01.01.2018 - 30.09.2018																		
	Decrease through Other Distributions to Owners																	
	Increase (Decrease) through Treasury Share Transactions				-2.379.425											-2.379.425		-2.379.425
	Increase (Decrease) through Share-Based Payment Transactions																	
	Acquisition or Disposal of a Subsidiary																	
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																	
	Transactions with noncontrolling shareholders																	
	Increase through Other Contributions by Owners																	
	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																	
	Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																	
	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																	
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																	
	Increase (decrease) through other changes, equity																	
	Equity at end of period		1.140.000.000	4.613.596	-62.359.797	11.803.953	1.376.401	827.937.173	-162.123		827.937.173	36.627.919	36.627.919	508.508.593	486.592.081	2.934.917.796	-367.709	2.934.550.087