

**KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE
TİCARET A.Ş. AND IT'S SUBSIDIARIES**

CONVENIENCE TRANSLATION INTO ENGLISH OF

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM

PERIOD 1 JANUARY 2015 - 30 JUNE 2015

TOGETHER WITH AUDITOR'S REVIEW REPORT

REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret Anonim Şirketi

To the Board of Directors,

Introduction

We have reviewed the statement of financial position and the statement of profit or loss, other comprehensive income, statement of changes in equity and the statement of cash flows for the six-month-period then ended and a summary of significant accounting policies and explanatory condensed notes of Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. and It's subsidiaries ("Group") as of June 30, 2015. The management of the Company is responsible for the preparation and fair presentation of the interim financial information in accordance with the Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim condensed consolidated financial information is substantially less in scope than an independent audit performed in accordance with the Turkish Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which may cause us to conclude that the accompanying interim condensed consolidated financial information of Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. and It's subsidiaries does not give a true and fair view of financial position and financial performance of Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. and It's subsidiaries as of June 30, 2015, and its cash flows for the six-monthS period then ended in accordance with the Turkish Accounting Standards.

AC İSTANBUL ULUSLAR ARASI BAĞIMSIZ DENETİM VE SMMM A.Ş.
Member of ENTERPRISE WORLDWIDE

Cemal ÖZTÜRK, CPA
Partner

İstanbul, 13 August 2015

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	Notes	Reviewed Current Period 30.06.2015	Audited Previous Period 31.12.2014
CURRENT ASSETS		213.471.913	169.819.622
Cash and Cash Equivalents	6	7.918.435	6.743.368
Financial Investment	7	15.751	-
Trade Receivables		74.385.512	63.498.484
- Trade Receivables from Related Parties	9	3.661.194	1.330.139
- Trade Receivables from 3rd Parties	9	70.724.318	62.168.345
Other Receivables		4.521.127	5.305.623
- Other Receivables from Related Parties		-	-
- Other Receivables from 3rd Parties	10	4.521.127	5.305.623
Inventories	11	99.110.635	77.965.373
Prepaid Expenses	12	12.725.636	9.389.239
Current Assets Related with Current Period Tax	22	1.885.309	23.744
Other Current Assets	20	12.909.508	6.893.791
NON-CURRENT ASSETS		46.127.772	42.275.299
Other Receivables		29.696	29.696
- Other Receivables from Related Parties		-	-
- Other Receivables from 3rd Parties	10	29.696	29.696
Investment Property	14	8.749.957	8.749.957
Tangible Fixed Assets	15	30.124.904	27.439.031
Intangible Fixed Assets	16	3.345.953	2.526.967
- Goodwill	17	-	-
- Other Intangible Fixed Assets		3.345.953	2.526.967
Prepaid Expenses	12	10.598	3.714
Deferred Tax Assets	22	3.866.664	3.525.934
TOTAL ASSETS		259.599.685	212.094.921

The accompanying accounting policies and explanatory notes are an integral part of these statements

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed Current Period 30.06.2015	Audited Previous Period 31.12.2014
LIABILITIES			
SHORT-TERM LIABILITIES		154.138.679	114.931.006
Short-Term Borrowings	8	82.600.843	44.948.566
Trade Payables		58.481.200	36.275.754
- Due to Related Parties	9	153.674	85.507
- Other Trade Payables	9	58.327.526	36.190.247
Employee Benefits	19	802.024	1.448.882
Other Payables		2.549.912	1.532.700
- Due to Related Parties		-	-
- Other Trade Payables	10	2.549.912	1.532.700
Deferred Income	12	6.639.517	29.697.655
Taxes on Income	22	1.883.115	-
Short-Term Provisions		1.182.068	1.027.449
- Short-Term Provisions of Employee Benefits	19	601.497	593.583
- Other Short-Term Provisions	18	580.571	433.866
LONG-TERM LIABILITIES		54.171.959	53.801.720
Long-Term Borrowings	8	48.127.288	48.129.705
Long-Term Provisions		2.263.441	2.246.329
- Long-Term Provisions of Employee Benefits	19	2.263.441	2.246.329
- Other Long-Term Provisions		-	-
Deferred Tax Liability	22	3.781.230	3.425.686
EQUITY CAPITAL		51.289.047	43.362.195
EQUITY CAPITAL OF PARENT COMPANY		50.122.532	40.245.697
Paid-in Capital	21	25.000.000	25.000.000
Reacquired Shares (-)	21	(38.827)	(38.827)
Other Comprehensive Income or Expenses not to be reclassified on Profit or Loss		7.140.611	6.999.213
- Revaluation and Measurement Income / (Loss)	21	7.309.143	7.309.143
- Identified Benefit Plans Reclassification Income / (Loss)	21	(168.532)	(309.930)
Restricted Reserves	21	2.061.453	2.108.305
The Merge Effect of Entities subject to Common Control	21	(1.759.039)	(1.759.039)
Retained Earnings	21	9.936.915	(1.375.639)
Net Profit / (Loss) of the Period	23	7.781.419	9.311.684
MINORITY SHARES		1.166.515	3.116.498
TOTAL LIABILITIES		259.599.685	212.094.921

The accompanying accounting policies and explanatory notes are an integral part of these statements

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2015
 (Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed			
		Current Period	Previous Period	Current Period	Previous Period
		01.01.2015 - 30.06.2015	01.01.2014 - 30.06.2014	01.04.2015 - 30.06.2015	01.04.2014 - 30.06.2014
ONGOING ACTIVITIES					
Revenue	5	136.795.522	90.980.032	101.908.314	54.514.968
Cost of Sales (-)	5	(107.002.856)	(77.027.290)	(82.153.789)	(46.917.997)
GROSS PROFIT / (LOSS)		29.792.666	13.952.742	19.754.525	7.596.971
General Administrative Expenses (-)	5	(4.657.162)	(4.862.604)	(2.352.569)	(2.703.553)
Marketing Expenses (-)	5	(5.696.631)	(4.706.125)	(2.939.293)	(3.204.200)
Research and Development Expenses (-)		-	-	-	-
Other Income from Operations	5	10.148.423	3.288.098	3.542.334	2.069.415
Other Expenses from Operations (-)	5	(7.980.832)	(706.603)	(2.455.010)	(9.127)
OPERATING PROFIT / (LOSS)		21.606.464	6.965.508	15.549.987	3.749.506
Income from Investing Activities	5	147.639	2.356.773	15.618	2.325.436
Expenses from Investing Activities (-)	5	-	-	-	-
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		21.754.103	9.322.281	15.565.605	6.074.942
Financial Incomes	5	3.601.778	8.595.096	944.369	5.788.551
Financial Expenses (-)	5	(14.613.584)	(12.445.724)	(8.174.336)	(5.648.827)
PROFIT / (LOSS) BEFORE PROVISION FOR TAXES		10.742.297	5.471.653	8.335.638	6.214.666
Tax Income / (Expense) from Operating Activities		(2.155.889)	327.966	(1.758.556)	328.150
- Tax for Period	22	(2.177.461)	(107.737)	(1.895.365)	(62.251)
- Deferred Tax Income / (Expense)	22	21.572	435.703	136.809	390.401
NET PROFIT / (LOSS) FOR THE PERIOD		8.586.408	5.799.619	6.577.082	6.542.816
Period Profit / (Loss) Distribution		8.586.408	5.799.619	6.577.082	6.542.816
- Non-Controlling Interests		804.989	(327.327)	236.824	(119.064)
- Parent Company Shares	23	7.781.419	6.126.946	6.340.258	6.661.880
Earnings Per Share					
- Earnings Per Share from Continuing Operations		0,311	0,245	0,254	0,266
- Diluted Earnings Per Share from Continuing Operations		0,311	0,245	0,254	0,266
NET PROFIT / (LOSS)		8.586.408	5.799.619	6.577.082	6.542.816
Items not to be Reclassified in Profit or Loss		141.397	3.157.430	325.026	3.155.608
Revaluation of Tangible Fixed Assets Increase / (Decrease)	21	-	3.147.593	-	3.147.593
Revaluation of Intangible Fixed Assets Increase / (Decrease)		-	-	-	-
Defined Benefit Plans Remeasurement Gains / (Losses)		172.633	12.296	325.657	10.019
Defined Benefit Plans Remeasurement Gains / (Losses) Related to Tax		-	-	-	-
- Current Tax (Expense) / Income		-	(2.459)	(631)	(2.004)
- Deferred Tax (Expense) / Income		(31.236)	-	-	-
Items to be Reclassified in Profit or Loss		-	(161.310)	-	(161.310)
Tax Income / (Expense) regarding Other Comprehensive Income to be Reclassified in Profit or Loss		-	(161.310)	-	(161.310)
- Current Tax (Expense) / Income		-	-	-	-
- Deferred Tax (Expense) / Income		-	(161.310)	-	(161.310)
OTHER COMPREHENSIVE INCOME (AFTER TAX)		141.397	2.996.120	325.026	2.994.298
TOTAL COMPREHENSIVE INCOME		8.727.805	8.795.739	6.902.108	9.537.114
Comprehensive Income Distribution :		8.727.805	8.795.739	6.902.108	9.537.114
- Non-Controlling Interests		820.153	(246.561)	275.654	(38.298)
- Parent Company Shares		7.907.652	9.042.300	6.626.454	9.575.412

The accompanying accounting policies and explanatory notes are an integral part of these statements

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2015
(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

	Notes	Reviewed	
		Current Period 01.01.2015 - 30.06.2015	Previous Period 01.01.2014 - 30.06.2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		(25.540.261)	16.840.806
Net Profit / (Loss) for Period		8.586.408	5.799.619
Adjustments to Reconcile Net Profit / (Loss) :		3.216.156	(4.854.813)
- Depreciation and Amortization		812.528	467.943
- Adjustments for Impairments / Reversal	11	7.643	(2.874)
- Changes in Provisions	18	912.975	(490.086)
- Interest Income and Expense		82.322	333.941
- Fair Value (Loss) / Gain Adjustments		-	(2.190.343)
- Unrealized Exchange Loss / (Gain)		(750.452)	(2.532.982)
- Resulting from Disposal of Fixed Assets Loss / (Earnings) Related Fixed		(3.549)	(112.446)
- Other Instruments related with Investments or Financing Activities Adjustments			
- Other Adjustments Related to Profit / (Loss) Reconciliation		2.154.689	(327.966)
Changes in Capital		(31.090.158)	17.900.409
- Increases / (Decreases) in Inventories	11	(21.145.262)	2.180.217
- Increases / (Decreases) in Trade Receivables	9	(10.887.028)	9.915.887
- Other Receivables with Related Activities in Increase / (Decrease) Related Fixes		784.496	2.301.743
- Increases (Decreases) in Trade Payables	9	22.205.446	7.659.918
- Activities Related to Increases in Other Liabilities / Decrease Related Fixes		1.017.212	184.910
- Other Increase / (Decreases) in Net Working Capital		(23.065.022)	(4.342.266)
Cash Flow from Operating Activities		(19.287.594)	18.845.215
Tax Payments / Returns		(77.127)	413.072
Other Cash Flows / Outflows		(6.175.540)	(2.417.481)
B. CASHFLOW PROVIDED BY INVESTING ACTIVITIES		(4.254.782)	(260.745)
Proceeds from Sale of Tangible and Intangible Assets	15,16	130.280	377.400
Cash Outflows due to Purchases of Tangible and Intangible Assets	15,16	(4.521.413)	(716.099)
Cashflows from Government Incentives		-	77.954
Interest Gained		136.351	
C. CASH FLOW PROVIDED BY FINANCING ACTIVITIES		30.970.110	(21.957.791)
Cash Outflows from Buying Shares and Other Equity Instruments			
Proceeds from Borrowings		117.554.509	82.797.450
Payments of Borrowings		(80.956.520)	(108.195.926)
Financial Leases Paid		(565.423)	(456.577)
Interest Received		495.928	1.188.616
Interest Payments		(5.558.384)	2.708.646
NET INCREASE / (DECREASE) IN CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS		1.175.067	(5.377.730)
D. FOREIGN CURRENCY CONVERSION ADJUSTMENTS EFFECTS ON CASH AND CASH EQUIVALENTS			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1.175.067	(5.377.730)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	6.743.368	6.227.985
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6	7.918.435	850.255

The accompanying accounting policies and explanatory notes are an integral part of these statements

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. VE BAĞLI ORTAKLIKLARI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Notes	Paid-in Capital	Adjustment to Share Capital	Reaccured Shares	Other Comprehensive Profit / (Loss) Not to be Reclassified on Profit or Loss		The Merge Effect of Entities Subject to Common Control	Restricted Reserves	Retained Earnings		Attributable to Equity Holders of the Parent	Non-Controlling Shares	Equity	
				Identified Benefit Plans Reclassification Income / (Loss)	Tangible Assets Revaluation Increase			Retained Profit / (Loss)	Net Period Profit / (Loss)				
PREVIOUS PERIOD													
01 January 2014 Opening	21	25.000.000	-	-	(238.830)	4.322.860	-	2.061.453	6.883.818	(8.212.605)	29.816.696	2.805.620	32.622.316
Adjustments Regarding Errors		-	12	-	-	-	-	-	-	-	12	-	12
Transfers		-	-	-	-	-	-	-	(8.212.605)	8.212.605	-	-	-
Total Comprehensive Income		-	-	-	73.767	-	-	-	-	6.126.946	6.200.713	(328.249)	5.872.464
Redemption of Shares due Occurring Increase / (Decrease)		-	-	(38.827)	-	-	-	-	-	-	(38.827)	-	(38.827)
Other Changes Increase / (Decrease)		-	-	-	-	-	-	-	-	2.986.283	2.986.283	449.289	3.435.572
Balance at 30 June 2014	21	25.000.000	12	(38.827)	(165.063)	4.322.860	-	2.061.453	(1.328.787)	9.113.229	38.964.877	2.926.660	41.891.537
CURRENT PERIOD													
01 January 2015 Opening	21	25.000.000	-	(38.827)	(309.930)	7.309.143	(1.759.039)	2.108.305	(1.375.639)	9.311.684	40.245.697	3.116.498	43.362.195
Transfers		-	-	-	-	-	-	-	9.311.684	(9.311.684)	-	-	-
Total Comprehensive Income	21	-	-	-	141.398	-	-	-	-	7.781.419	7.922.817	804.989	8.727.806
Other Changes Increase / Decrease		-	-	-	-	-	-	(46.852)	2.000.870	-	1.954.018	(2.754.972)	(800.954)
Balance at 30 June 2015	21	25.000.000	-	(38.827)	(168.532)	7.309.143	(1.759.039)	2.061.453	9.936.915	7.781.419	50.122.532	1.166.515	51.289.047

The accompanying accounting policies and explanatory notes are an integral part of these statements

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

CONTENTS

1. ORGANIZATION AND ACTIVITIES.....	1
2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS	2
3. BUSINESS COMBINATIONS	7
4. JOINT VENTURES.....	7
5. SEGMENT INFORMATION.....	7
6. CASH AND CASH EQUIVALENTS	10
7. FINANCIAL INVESTMENTS	10
8. FINANCIAL BORROWINGS	10
9. TRADE RECEIVABLES / PAYABLES	13
10. OTHER RECEIVABLES AND PAYABLES	14
11. INVENTORIES	15
12. PREPAID EXPENSES AND DEFERRED INCOME	15
13. INVESTMENTS ACCORDING TO EQUITY METHOD.....	16
14. INVESTMENT PROPERTIES.....	16
15. PROPERTY, PLANT AND EQUIPMENT.....	16
16. INTANGIBLE FIXED ASSETS	17
17. GOODWILL	17
18. CONTINGENT ASSETS AND LIABILITIES	17
19. EMPLOYEE BENEFITS.....	19
20. OTHER ASSETS AND LIABILITIES	20
21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)	23
22. INCOME TAXES	23
23. EARNING PER SHARE	26
24. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS	26
25. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES.....	29
26. POST BALANCE SHEET EVENTS	30
27. DISCLOSURE OF OTHER MATTERS	30

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

1. ORGANIZATION AND ACTIVITIES

Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret Anonim Şirketi ("Company") was established in 1985 by registered to İzmir Trade Registry and announced at 1380 numbered and 05.11.1985 dated trade registry gazette.

The Group's head office address : Atatürk Organized Industrial Zone 10032 Sokak No: 10 Çiğli / İZMİR and the Company does not have any branch office.

The Group's liason office address : Kızılırmak Mah.1445 Sok. No: 2b/82 The Pragon İş Merkezi Çukurambar – Çankaya / ANKARA.

The Company and its subsidiaries (the "Group") operate in all manner of onboard equipment manufacturing , painting workshop and weld workshop fields. The business segment whose details given below underlie Group's reporting by field of activity.

Group 's main activities are as follows:

Painting Work - Painting of vehicle equipment

Weld Work - Onboard equipment weld workshop

Vehicle Equipment Manufacturing- onboard equipment manufacturing for the fire, trash , vacuum , grooving, ecological vehicle , transport vehicle , defense industry vehicles and construction industry vehicles

Company shares were offered to the public in 2010 and 36,29 % of shares are trading Istanbul Stock Exchange Inc. (BIST) as of June 30, 2015.

As of 30 June 2015, 353 people has been employed by the Group. (31 December 2014: 297

The ultimate parent of Group is managed by İsmail Katmerci. (Note 21).

The nature of operations and the operation groups of the companies included in consolidation are presented as follows:

Companies included in consolidation:

<u>Company</u>	<u>Nature of Business</u>	<u>Country of Registration</u>
Katmerciler Profil San. ve Tic. A.Ş.	Painting Works	Turkey
Isıpan Otomotiv ve Üst Ekipman Metal ve Makine San. ve Tic. A.Ş.	Weld Workshop Onboard Equipment	Turkey
Gimkat Araç Üstü Ekipman San. ve Tic. A.Ş.	Manufacturing	Turkey

Company does not has any subsidiary whose shares traded on the stock market.

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

A. Basic Standards of Presentation

Declaration of Conformity to TAS

The condensed financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") (hereinafter will be referred to as "the CMB Accounting Standards") on 13 June 2013 which is published on Official Gazette numbered 28676.

In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

Consolidated financial statements were authorized for issue on August 13, 2015 by the management. General Assembly have the power to amend the financial statements

Basis of presentation of the financial statements

The group maintains its books of accounts and prepare its statutory financial statements in accordance with the regulation of Turkish Commercial Code and Tax Legislation.

The interim condensed consolidated financial statements and explanatory notes have been prepared in accordance with Turkish Accounting Standards ("TAS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Markets Board of Turkey ("CMB"), which is published on 13 June 2013 at the Official Gazette numbered 28676.

For the period ended 30 June 2015, the Group prepared it's interim condensed consolidated financial statements in accordance with the Turkish Accounting Standard No.34 "Interim Financial Reporting".

Interim condensed financial statements of the Group does not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Company's annual financial statements as of December 31, 2014.

In order to prepare financial statements in accordance with IFRSs, certain assumptions affecting notes to the financial statements and critical accounting estimations related to assets, liabilities, contingent assets and contingent liabilities are required to be used. Although these estimations are made upon the best afford of the management by interpreting the cyclical circumstances, actual results may differ from the forecasts. Issues that are complex and needs further interpretation, which might have a critical impact on financial statements. There is no change in judgements and critical accounting estimates used in interim condensed consolidated financial statements as of 30 June 2015.

Financial statements , except for the revaluation of financial instruments and investment properties have been prepared on the historical cost basis.

Currency Used

The individual financial statements of each Group entity operates in the currency of the primary economic environment (functional currency) are presented. Each entity's financial position and results of operations of the Company, which is the functional currency and presentation currency for the consolidated financial statements, which are expressed in Turkish Lira.

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Consolidation Principles

The consolidated financial statements include the accounts of the parent company, its subsidiaries on the basis set out in sections below. Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. In case of Group has income from company because of it's relation or rights-holder of income also has power to effect income than Group is controlling the company.

Subsidiaries' financial statements from the date control commences until the date that end have been included in the consolidated financial statements. Accounting policies of subsidiaries, if necessary, to ensure compliance with policies agreed by the Group has been changed.

As of June 30, 2015 direct and indirect participation rate of subsidiaries subject to consolidation are as follows

<u>Subsidiaries</u>	<u>Main Activity</u>	<u>Functional Currency</u>	<u>Establishmt & Operation Place</u>	<u>Shareholding Ratio (%)</u>	
				<u>30.06.2015</u>	<u>31.12.2014</u>
Katmerciler Profil San. ve Tic. A.Ş.(**)	Painting Works	Turkish Lira	Turkey	100,00	93,33
İspan Otomotiv ve Üst Ekipman Metal ve Makine San. ve Tic. A.Ş.	Weld Workshop	Turkish Lira	Turkey	95,67	95,67
Gimkat Araç Üstü Ekipman San. ve Tic. A.Ş. (*)	Onboard Equipment Manufacturing	Turkish Lira	Turkey	49,99	49,99

(*)Company has power to assign Gimkat Araç Üstü Ekipman Sanayi ve Ticaret A.Ş.' (Gimkat)'s financial and operational policies therefore Gimkat cosolited with full consolidation method.

(**)Company has been increased shares on subsidiary Katmerciler Profil A.Ş. from % 93,33 to % 100 at 26.03.2015 and share transfer annaunced on 01.04.2015 dated and 8791 numbarred trade registry gazette.

Elimination Transactions On the Consolidation

Unrealized Income and Expenses arises from intragroup transactions, intragroup transactions and intragroup balances erases mutually while preperation of consolidated financial statements.Profits and Losses arises from transactions between parent and subsidiaries subject to consolidation offsets as far as parent's share on subsidiary.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Standards effective from 2015 and standards and interpretations issued but not yet effective

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

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2012, the new standard is effective for annual periods beginning on or after 1 January 2018. Phase 1 of this new TFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

Amendments to TAS 16 and TAS 38 – Clarification of acceptable methods of depreciation and amortization

The amendments to TAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to TAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate.

The amendments are effective for annual periods beginning on after 1 January 2016, and are to be applied prospectively. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group

Amendments to TFRS 11 – Accounting for acquisition of interests in joint operations

The amendments clarify whether TFRS 3 Business Combinations applies when an entity acquires an interest in a joint operation that meets that standard's definition of a business. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued to TFRS by the POA, thus they do not constitute part of TFRS. Such standards, interpretations and amendments that are issued by the IASB but not yet issued by the POA are referred to as IFRS or IAS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

IFRS 9 Financial Instruments – Hedge Accounting and amendments to TFRS 9, TFRS 7 and TAS 39 -IFRS 9 (2013)

In November 2013, the IASB issued a new version of IFRS 9, which includes the new hedge accounting requirements and some related amendments to IAS 39 and IFRS 7. Entities may make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 for all of their hedging transactions. Further, the new standard removes the 1 January 2015 effective date of IFRS 9. The new version of IFRS 9 issued after IFRS 9 (2013) introduces the mandatory effective date of 1 January 2018 for IFRS 9, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 9 Financial Instruments (2014)

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from TAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

IFRS 14 Regulatory Deferral Accounts

IASB has started a comprehensive project for Rate Regulated Activities in 2012. As part of the project, IASB published an interim standard to ease the transition to IFRS for rate regulated entities. The standard permits first time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances. The interim standard is effective for financial reporting periods beginning on or after 1 January 2016, although early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 15 Revenue from Contracts with customers

The standard is the result of a joint project and IASB and FASB which replaces existing IFRS and US GAAP guidance and introduces a new control-based revenue recognition model for contracts with customers. In the new standard, total consideration measured will be the amount to which the Company expects to be entitled, rather than fair value and new guidance have been introduced on separating goods and services in a contract and recognizing revenue over time. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The Group is in the process of assessing the impact of the amendment on financial position or performance of the Group.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to TFRS 10 and TAS 28)

The amendments address the conflict between the existing guidance on consolidation and equity accounting. The amendments require the full gain to be recognized when the assets transferred meet the definition of a "business" under TFRS 3 Business Combinations. The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

Equity method in separate financial statements (Amendments to TAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Disclosure initiative (Amendments to TAS 1)

The narrow-focus amendments to TAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing TAS 1 requirements. In most cases the amendments respond to overly prescriptive interpretations of the wording in TAS 1. The amendments relate to the following: materiality, order of the notes, subtotals, accounting policies and disaggregation. The amendments apply for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

Improvements to IFRSs

The IASB issued Annual Improvements to IFRSs - 2012–2014 Cycle. The amendments are effective as of 1 January 2016. Earlier application is permitted. The Group does not expect that these amendments will have significant impact on the financial position or performance of the Group.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify the requirements of IFRS 5 when an entity changes the method of disposal of an asset (or disposal group) and no longer meets the criteria to be classified as held-for-distribution.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 is amended to clarify when servicing arrangement are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7).

IAS 19 Employee Benefits

IAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 Interim Financial Reporting

IAS 34 has been amended to clarify that certain disclosure, if they are not included in the notes to interim financial statements, may be disclosed “elsewhere in the interim financial report” – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report).

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

3. BUSINESS COMBINATIONS

None (31.12.2014: None).

4. JOINT VENTURES

None (31.12.2014: None).

5. SEGMENT INFORMATION

Each reportable segment derives its revenues as the types of products and services are as follows;

"On-board equipment production"

Firefighters, environmental tool, vehicle, vehicles for the defense industry and the construction industry is the manufacture and sale of equipment for the aerial.

"Painting Works"

Painting of vehicles and vehicle-mounted equipment is made of craftsmanship.

"Weld Works"

Truck-mounted equipment is made of the source of labor.

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

5. SEGMENT INFORMATION (continued)

30.06.2015	Onboard Vehicle Equipment	Isipan Weld Works	Profil Painting Work	Consolidation Adjustments	Total
Net Non-Group Sales	136.765.503	10.699	19.320	-	136.795.522
Net In-Group Sales	11.338.971	792.320	687.699	(12.818.990)	-
Net Sales Total	148.104.474	803.019	707.019	(12.818.990)	136.795.522
Cost of Sales (-)	(119.226.453)	(542.250)	(597.255)	13.363.102	(107.002.856)
Gross Profit	28.878.021	260.769	109.764	544.112	29.792.666
Research and Development Expenses (-)	-	-	-	-	-
General Administrations Expense (-)	(4.532.229)	(144.914)	(68.485)	88.466	(4.657.162)
Marketing, Selling and Distribution Expense (-)	(5.717.388)	-	-	20.757	(5.696.631)
Other Operating Income	10.529.508	65.912	436.469	(883.466)	10.148.423
Other Operating Expenses (-)	(7.979.949)	(360)	(523)	-	(7.980.832)
Operating Profit/Loss	21.177.964	181.407	477.225	(230.132)	21.606.464
Income from Investment Operation	147.603	-	-	36	147.639
Expense from Investment Operation (-)	-	-	-	-	-
PROFIT / (LOSS) BEFORE FINANCE INCOME AND EXPENSE	21.325.567	181.407	477.225	(230.096)	21.754.103
Financial Income	4.388.981	469	-	(787.672)	3.601.778
Financial Expense (-)	(15.576.624)	(775)	1	963.814	(14.613.584)
PROFIT / (LOSS) BEFORE PROVISION FOR TAXES	10.137.924	181.101	477.226	(53.954)	10.742.297
Tax Income / (Expense) from Operating Activities	(2.028.930)	(34.740)	(92.220)	-	(2.155.889)
-Tax Income / (Expense)	(2.039.811)	(36.552)	(101.098)	-	(2.177.461)
-Deferred Tax Income / (Expense)	10.881	1.813	8.878	-	21.572
NET PROFIT / (LOSS)	8.108.995	146.361	385.006	(53.954)	8.586.408
Investment Expenditure					
Tangible Fixed Assets	3.014.459	-	-	-	3.014.459
Intangible Fixed Assets	1.506.954	-	-	-	1.506.954
Amortization	531.175	198	60.358	-	591.731
Depreciation and Amortization	256.317	-	-	-	256.317
Total Investment Expenditure	4.521.413	-	-	-	4.521.413
<u>Other Information</u>					
- Total Assets	261.309.962	790.088	13.306.974	(15.807.339)	259.599.685
- Total Liabilities	261.309.962	790.088	13.306.974	(15.807.339)	259.599.685

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

5. SEGMENT INFORMATION (continued)

30.06.2014	Onboard Vehicle Equipment	Isıpan Weld Works	Profil Painting Work	Consolidation Adjustment	Total
Net Non-Group Sales	90.980.032	-	-	-	90.980.032
Net In-Group Sales	8.770.906	725.661	426.254	(9.922.821)	-
Net Sales Total	99.750.938	725.661	426.254	(9.922.821)	90.980.032
Cost of Sales (-)	(86.552.820)	(521.526)	(333.621)	10.380.677	(77.027.290)
Gross Profit	13.198.118	204.135	92.632	457.857	13.952.742
Research and Development Expenses (-)					
General Administrations Expense (-)	(4.794.459)	(111.721)	(44.213)	87.789	(4.862.604)
Marketing, Selling and Distribution Expenses (-)	(4.713.039)	-	-	6.914	(4.706.125)
Other Operating Income	3.304.761	11.547	3.909	(32.119)	3.288.098
Other Operating Expense (-)	(706.603)	-	-	-	(706.603)
Operating Profit / (Loss)	6.288.778	103.961	52.328	520.441	6.965.508
Income from Investment Operation	2.771.132	-	195.985	(610.344)	2.356.773
Expense from Investment Operation (-)	-	-	-	-	-
PROFIT / (LOSS) BEFORE FINANCE INCOME AND EXPENSE	9.059.910	103.961	248.313	(89.903)	9.322.281
Financial Income	8.678.502	1.609	83.352	(168.367)	8.595.096
Financial Expense (-)	(12.612.083)	(1.676)	(332)	168.367	(12.445.724)
PROFIT / (LOSS) BEFORE PROVISION FOR TAXES	5.126.329	103.894	331.333	(89.903)	5.471.653
Tax Income / (Expense) from Operating Activities					
-Tax Income / (Expense)	-	(31.761)	(75.976)	-	(107.737)
-Deferred Tax Income / (Expense)	432.704	1.851	1.148	-	435.703
NET PROFIT / (LOSS)	5.559.033	73.984	256.505	(89.903)	5.799.619
Investment Expenditure					
Tangible Fixed Assets	502.603	-	-	-	502.603
Intangible Fixed Assets	700.291	-	-	-	700.291
Amortization	334.064	330	332	-	334.726
Depreciation and Amortization	133.181	-	-	-	133.181
Total Investment Expenditure	1.670.139	330	332	-	1.670.801
Other Information					
- Total Assets	224.806.607	448.953	12.758.365	(15.389.936)	222.623.989
- Total Liabilities	224.806.607	448.953	12.758.365	(15.389.936)	222.623.989

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

6. CASH AND CASH EQUIVALENTS

	<u>30.06.2015</u>	<u>31.12.2014</u>
Cash	75.598	19.266
Banks (*)	7.842.837	6.724.102
- Demand Deposits	7.842.837	6.724.102
TRY	7.765.476	807.574
USD	17.484	4.700.652
EURO	59.877	1.215.876
Total	7.918.435	6.743.368

* There is TRY 237.805 blocked amount in bank accounts against Eximbank loan. (31.12.2014 – TRY 350.148)

7. FINANCIAL INVESTMENTS

	<u>30.06.2015</u>	<u>31.12.2014</u>
Available for Sale Financial Assets	Nominal Value	Nominal Value
Halk Bank Bond (*)	16.455	-

(*) TRY 16.455 nominal valued Halk Bank Bond has term until 17.11.2015 and interest rate is %9,5. As at 30.06.2015, accrued interest has been added to book value.

8. FINANCIAL BORROWINGS

	<u>30.06.2015</u>	<u>31.12.2014</u>
Financial Payables		
a) Bank Credits	107.786.862	91.895.348
b) Factoring Debt	20.569.305	-
c) Financial Lease Obligations	2.371.964	1.182.923
Total	130.728.131	93.078.271

a) Bank Loan

<u>30.06.2015</u>				
Currency	Average Interest Rate (%)	Short-Term	Average Interest Rate	Long-Term
TRY	9,00-12	20.799.423	11,16-14	22.093.044
USD	3,80-4,90	1.250.709	4,00-4,80	4.811.997
EUR	2,80-5,76	39.624.138	3,80-5,95	19.207.551
Total		61.674.270		46.112.592

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

8. FINANCIAL BORROWINGS (continued)**a) Bank Loans (continued)****31.12.2014**

Currency	Average Interest Rate (%)	Short-Term	Average Interest Rate (%)	Long-Term
TL	9,50-14,25	27.453.485	11,50-14	24.186.732
USD	3,25-4,50	3.447.444	4,20-4,90	6.626.861
EUR	3,10 -4,50	13.669.759	4,50-6	16.511.067
Total		44.570.688		47.324.660

	30.06.2015	31.12.2014
Payable within 1 year	61.674.270	44.570.688
Payable within 1 - 2 years	22.103.242	10.285.420
Payable within 2 - 3 years	14.076.448	15.218.540
Payable within 3 - 4 years	9.932.902	21.820.700
Total	107.786.862	91.895.348

The fair value of short-and long-term debt, the effect of discounting is immaterial being is equal to book value. As of the reporting date, bank loans secured over EUR 600,000, USD 5.000.000 and TRY 15.6 million –values of buildings (31.12.2014: EUR 600.000, USD 5.000.000 and TRY 15.6 million

b) Factoring Payables**30.06.2015**

Currency	Nominal Interest Rate	Term	Nominal Value	Book Value
TL	2,67(*)	01.02.2016	20.000.000	20.569.305

(*) Accrued interest amount is TRY 569.305 until 30.06.2015

(*) Each coupon, period of coupon interest payment date will be calculated on the current indicators of BIST Bonds and Bills Government debt securities added to the weighted average annual yield of 4.00% in the last five days of trading that occurs in certain markets. Bonds interest is paid quarterly, at maturity, the principal amount will be amortized lump sum.

c) Lease Obligations:

Finance lease obligations, acquired through financial leasing plant, machinery and equipment due to the amount payable as of the date of the balance sheet shows the unpaid portion.

- The sum of the minimum lease payments and present value

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

8. FINANCIAL BORROWINGS (continued)

c) Lease Obligations (continued):

30.06.2015	TRY	TRY	TRY	TRY
Amount of Minimum Lease Payments	Less than 1 Year	More than 1 Year – Less than 5 Years	More than 5 Years	Total
-TRY Denominated Finance Leases	418.801	2.213.148		2.631.949
- USD Denominated Finance Leases				
- EUR Denominated Finance Leases				
Total	418.801	2.213.148		2.631.949
Present Value of Payments				
-TRY Denominated Finance Leases	357.270	2.014.694		2.371.964
- USD Denominated Finance Leases				
- EUR Denominated Finance Leases				
Total	357.270	2.014.694		2.371.964
31.12.2014	TRY	TRY	TRY	TRY
Amount of Minimum Lease Payments	Less than 1 Year	More than 1 Year – Less than 5 Years	More than 5 Years	Total
-TL Denominated Finance Leases	423.762	867.585		1.291.347
- USD Denominated Finance Leases				
- EUR Denominated Finance Leases				
Total	423.762	867.585		1.291.347
Present Value of Payments				
-TRY Denominated Finance Leases	377.878	805.045		1.182.923
- USD Denominated Finance Leases				
- EUR Denominated Finance Leases				
Total	377.878	805.045		1.182.923

Leasing, related with purchasing of machinery and fixtures whose rental period of 2 years. Company does not have option to buy those machinery and fixtures. The Company's obligations under finance leases, the lessor of the leased asset is secured by property right on.

Convention relating to the leasing transactions on interest rates are fixed for the entire rental period. Contract average effective interest rate is about 5% annually.

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

9. TRADE RECEIVABLES / PAYABLES**a) Trade Receivables:**

At balance sheet date, the Group's trade receivables are as follows:

<u>Short-Term Trade Receivables</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Customers	60.059.270	53.130.039
Notes Receivables and Postdated Check	10.729.902	9.145.117
Less: Unearned Finance Income	(64.854)	(106.811)
Doubtful Trade Receivables (*)	2.019.330	1.149.127
Less: Provision for Doubtful Trade Receivables	(2.019.330)	(1.149.127)
Sub Total	<u>70.724.318</u>	<u>62.168.345</u>
- Related Parties	3.661.194	1.330.139
Total	<u>74.385.512</u>	<u>63.498.484</u>

Maturities of buyers, notes receivables and post-dated checks are as follows.

<u>Customers, Receivables and Postdated Check</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Maturity between 1 – 3 Months	61.546.559	39.556.790
Maturity between 3 – 6 Months	4.082.217	20.527.201
Maturity between 6 – 9 Months	5.160.396	2.180.612
Total	<u>70.789.172</u>	<u>62.264.603</u>

As of 30.06.2015 the weighted average of interest rate respectively 9,58 % and 0,38 % and 0,02 % used to calculate unearned finance income for short-term trade receivables in term of TRY, USD and EUR and weighted average maturity is 103 days. (2014: TRY 8,48 %, 0,32% and 0,11 % ; 167 days).

As of 30.06.2015, TRY 2.019.330 (2014: TRY 1.149.127) amount of trade receivables are doubtful receivables. As of 30.06.2015, TRY 1.026.092 (2014: TRY 562.783) amount of provision made for the period between 01 January-30 June 2015. (2014: TRY 562.783). Doubtful receivables consist of uncollected amount of sales.

(*)Group's Doubtful Trade Receivables details are as follows.

<u>Doubtful Trade Receivables</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Opening	1.149.127	2.222.507
Period Expense	1.026.092	562.783
Less: Cancelled within the Period	(155.889)	(1.636.163)
Closing	<u>2.019.330</u>	<u>1.149.127</u>

Long-Term Trade Receivables

None (31.12.2014: None).

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

9. TRADE RECEIVABLES / PAYABLES (continued)**b) Trade Payables:**

At balance sheet date, the Group's trade payables are as follows:

<u>Short-Term Trade Payables</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Buyers	19.550.053	12.062.182
Notes Payables	30.341.716	17.602.964
Less: Unearned Finance Expense	(392.267)	(225.432)
Other Trade Payables	8.828.024	6.750.533
Sub Total	58.327.526	36.190.247
Trade Payables to Related Parties	153.674	85.507
Total	58.481.200	36.275.754

As of 31.03.2015, the weighted average of interest rate % 9,58, %0,38 and %0,02 used to calculate unearned finance expense for short-term trade payables in term of TRY, USD and EUR and weighted average maturity is 85 days. (31.12.2014: % 8,48, % 0,32 ve %0,11 ; 95 days).

Long-Term Trade Payables

None (31.12.2014: None).

Sellers and Notes Payables maturity details are as follows.

<u>Sellers and Notes Payables</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Maturity between 0 - 6 Months	31.260.145	24.602.964
Maturity between 6 - 12 Months	18.631.624	5.062.182
Total	49.891.769	29.665.146

10. OTHER RECEIVABLES AND PAYABLES

<u>Short-Term Other Receivables</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Due from Personnel	-	270
Deposits and Guarantees	1.060	2.310
Receivables from Tax Office	4.266.957	4.580.032
Goods in Transit	11.250	389.060
Blocked Receivables from Eximbank (*)	237.805	322.233
Other Miscellaneous Receivables	4.055	11.718
Total	4.521.127	5.305.623

(*) This amount is consist from Eximbank loans and would be collected as soon as loan paid off.

<u>Long-Term Other Receivables</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Deposits and Guarantees	29.696	29.696
Total	29.696	29.696

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

10. OTHER RECEIVABLES AND PAYABLES (continued)

<u>Short-Term Other Payables</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Taxes and Funds Payable	2.543.579	1.519.187
Other Miscellaneous Payables	6.333	13.513
Total	<u>2.549.912</u>	<u>1.532.700</u>

11. INVENTORIES

	<u>30.06.2015</u>	<u>31.12.2014</u>
Raw Materials	73.859.361	52.439.262
Semi-Manufactured	15.698.517	17.494.843
Finished Goods	8.901.971	7.643.745
Merchandise	646.331	31.331
Other Inventories	17.353	361.447
Provision for Inventories	(12.898)	(5.255)
Total	<u>99.110.635</u>	<u>77.965.373</u>

Group's net realisable value of inventories under cost value is TRY 12.898 as at balance sheet date. (31.12.2014: TRY 5.255). As at balance sheet date, TRY 5.255 provision for inventories cancelled

Provision for Impairment of Inventories

	<u>30.06.2015</u>	<u>31.12.2014</u>
Opening Balance	(5.255)	(9.129)
Additional Provision	(12.898)	(5.255)
Cancelled Provision (-)	5.255	9.129
Closing Balance	<u>(12.898)</u>	<u>(5.255)</u>

Group does not has any pledged inventory in return for loans as at June 30,2015. (31.12.2014: None).

12. PREPAID EXPENSES AND DEFERRED INCOME**Short-Term Prepaid Expenses**

	<u>30.06.2015</u>	<u>31.12.2014</u>
Advances Given for Inventories	12.707.358	8.778.702
Prepaid Expenses for Future Months	18.278	610.537
Total	<u>12.725.636</u>	<u>9.389.239</u>

Long-Term Prepaid Expenses

	<u>30.06.2015</u>	<u>31.12.2014</u>
Prepaid Expenses for Future Years	10.598	3.714
Total	<u>10.598</u>	<u>3.714</u>

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

12. PREPAID EXPENSES AND DEFERRED INCOME (continued)

<u>Short-Term Deferred Income</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Deferred Income for Future Months	6.639.517	29.697.655
Total	<u>6.639.517</u>	<u>29.697.655</u>

Long-Term Deferred Income

None (31.12.2014: None).

13. INVESTMENTS ACCORDING TO EQUITY METHOD

None (31.12.2014: None).

14. INVESTMENT PROPERTIES

Group valuated land and building located in Gaziemir / İzmir and land located in Güzelbahçe / İzmir and lands located in Ataşehir /İstanbul to independent expertise company Ar TSKB Gayrimenkul Değerleme A.Ş. (CMB licenced).

According to 30 June 2014 dated expertise report, bulding and lands located in Gaziemir/ İzmir total values set as TRY 4.580.000, lands located in Güzelbahçe / İzmir total values set as TRY 512.000 and lands located in Ataşehir /İstanbul total values set as TRY 3.657.957.Properties values calculated according to coefficient comparison, cost, income comparison and direct capitilazition methods.

Company does not has any liabilities arise from building, developing and maintenance agreements for Investment properties as of balance sheet date.

Group earned TRY 30.985 rental income from investment properties. (31.12.2014: TRY 56.206). There is TRY 15.600.000 mortgage on investment properties. (31.12.2014: TRY 15.600.000)

There is TRY 1.800.000 insurance coverage on investment properties (31.12.2014: TRY 1.800.000)

15. PROPERTY, PLANT AND EQUIPMENT

Group has been purchased TRY 3.014.459 amount of tangible assests (31.12.2014: TRY 680.603) and sold TRY 144.201 amount of tangible assests. (31.12.2014: TRY 619.226)

Group valuated Factory land and building located in Çiğli / İzmir and to independent expertise company Ar TSKB Gayrimenkul Değerleme A.Ş. (CMB licenced).

According to 30 June 2014 dated expertise report, Factory bulding and lands located in Çiğli / İzmir total values set as TRY 24.117.000. Properties values calculated according to coefficient comparison, cost, income comparison and direct capitilazition methods. There are USD 5.000.000, EUR 600.000 and 15.6 million mortgages over Tangible Fixed Assets. (31.12.2014: Usd 5.000.000 ve Euro 600.000)

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

16. INTANGIBLE FIXED ASSETS

Group has been purchased TRY 1.506.954 amount of intangible assets (31.12.2014: TRY 1.914.957). and sold TRY 136.015 amount of intangible fixed assets in the interim period. (31.12.2014: None).

17. GOODWILL

None. (31.12.2014 - None.)

18. CONTINGENT ASSETS AND LIABILITIES

<u>Short-Term Payable Provision</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Warranty Expense Provision	355.482	337.337
Court Expense Provision	96.529	96.529
Potential Expense Provision	128.560	-
Total	580.571	433.866

Contingent Assets

As of June 30 2015, There are four lawsuits against the Group and still continue. The total amount of these cases is TRY 96.529. (31 December 2014: TRY 96.529)

Collateral, Pledges, Mortgages, Bail

As at June 30, 2015 and December 31, 2014, the Group's collateral / pledge / mortgage statements for the position are as follows:

<u>CPMB's given by the Company (Collaterals, Pledges, Mortgages, Bail)</u>	<u>TRY</u>	<u>30.06.2015</u>		
		<u>Equivalent</u>	<u>USD</u>	<u>EUR</u>
A. CPMB's given for company's own legal personality	54.574.907	8.585.150	2.812.623	23.124.814
B. CPMB's given on behalf of fully consolidated Companies	-	-	-	-
C. CPMB's given of behalf of third parties for ordinary course of business	-	-	-	-
D. CPMB's given within the scope of Corporate Governance Communique's 12/2 clause	-	-	-	-
E. Total amount of other CPMB's	-	-	-	-
i. Total amount of CPMB's given on behalf of majotary shareholder	-	-	-	-
ii. Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	54.574.907	8.585.150	2.812.623	23.124.814
Collateral	23.754.087	TL		
Pledge	-			
Mortgage	30.820.820	TL		
	54.574.907	TL		

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

18. CONTINGENT ASSETS AND LIABILITIES (continued)

Collateral, Pledges, Mortgages, Bail (continued)

<u>CPMB’s given by the Company (Collaterals, Pledges, Mortgages, Bail)</u>	<u>31.12.2014</u>			
	<u>TRY</u> <u>Equivalent</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
A. CPMB’s given for company’s own legal personality	74.166.167	14.352.935	7.157.797	20.693.148
B. CPMB’s given on behalf of fully consolidated Companies	-	-	-	-
C. CPMB’s given of behalf of third parties for ordinary course of business				
D. CPMB’s given within the scope of Corporate Governance Communique’s 12/2 clause				
E. Total amount of other CPMB’s	-	-	-	-
i. Total amount of CPMB’s given on behalf of majortary shareholder				
ii. Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPMB’s given on behalf of third parties which are not in scoppe of C	-	-	-	-
Total	-	-	-	-
	<u>74.166.167</u>	<u>14.352.935</u>	<u>7.157.797</u>	<u>20.693.148</u>
Collateral	45.279.247	TRY		
Pledge	-	TRY		
Mortgage	28.886.920	TRY		
	<u>74.166.167</u>	TRY		

Group have not been given any “Other CPM”. (31.12.2014: None).

Collaterals, Pledges, Mortgages position table as of 30 June 2015 and 31 December 2014 as below:

	<u>30.06.2015</u>			<u>31.12.2014</u>				
	<u>TRY</u> <u>Equivalents</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>	<u>TRY</u> <u>Equivalents</u>	<u>USD</u>	<u>EUR</u>	<u>TRY</u>
Collaterals	23.754.087	3.585.150	2.212.623	7.524.814	45.279.247	9.352.935	6.557.797	5.093.148
Pledges	30.820.820	5.000.000	600.000	15.600.000	28.886.920	5.000.000	600.000	15.600.000
Total	<u>54.574.907</u>	<u>8.585.150</u>	<u>2.812.623</u>	<u>23.124.814</u>	<u>74.166.167</u>	<u>14.352.935</u>	<u>7.157.797</u>	<u>20.693.148</u>

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

19. EMPLOYEE BENEFITS

<u>Provision for Short-Term Employee Benefits</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Unused Leave Provision	601.497	593.583
Total	601.497	593.583

<u>Provision for Long-Term Employee Benefits</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Severance Pay Provision	2.263.441	2.246.329
Total	2.263.441	2.246.329

<u>Scope of Employee Benefit Obligations</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Personel to Payables	330.193	831.015
Social Security Premiums Payable	471.831	617.867
Total	802.024	1.448.882

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 20 years of service and reaches the retirement age (58 for women and 60 for men).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 (“Employee Benefits”) stipulates the development of Company’s liabilities by using actuarial valuation methods under defined benefit plans:

As at balance sheet date provisions calculated according to assumption % 5 expected salary increasing rate and % 9 discount rate and retiring assumption.

Main assumption is that maximum liability amount increases parallel to inflation rate for every service year. Therefore, discount rate used is the expected real rate adjusted for the future inflationary effects. Because of this, provisions in the accompanying financial statements as of June, 30 2015 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

TRY 3.541 (31.12.2014: TRY 3.438) maximum severance amount used on calculation of retirement pay provision with effect from 01 January 2015.

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

19. EMPLOYEE BENEFITS (continued)

Annual movements of provision for severance payments are as follows:

	1 January - 30 June 2015	1 January - 31 December 2014
Provision as of 1 st January	2.246.329	1.747.700
Service Cost	282.158	611.589
Interest Cost	92.040	110.658
Severance Pay Cancelled	(184.453)	(364.470)
Defined Benefit Plans Remeasurement Gain / Loss (*)	(172.633)	140.852
Total Provisions as of Period End	2.263.441	2.246.329

(*) As of June 30, 2015, TRY 172.633 (2014: TRY 140.852) Defined Benefit Plans Remeasurement Gain / Loss booked in statement of comprehensive income

The total expense has been charged to the general administrative expenses.

20. OTHER ASSETS AND LIABILITIES

<u>Other Current Assets</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Deferred VAT	12.540.678	6.761.101
Work Advances	357.430	132.690
Personnel Advances	11.400	-
Total	12.909.508	6.893.791

Other Non-Current Assets

None. (31.12.2014: None)

Other Short-Term Liabilities

None. (31.12.2014: None)

Other Short-Term Liabilities

None. (31.12.2014: None)

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS**a) Capital**

Company's capital structure as of 30 June 2015 and 31 December 2014 are as follows:

	30.06.2015		31.12.2014	
	<u>Share Rate</u>	<u>Share Amount</u>	<u>Share Rate</u>	<u>Share Amount</u>
Shareholders	<u>(%)</u>	<u>TRY</u>	<u>(%)</u>	<u>TRY</u>
İsmail Katmerci	46,11	11.528.333	46,11	11.528.333
Havva Katmerci	4,40	1.100.000	4,40	1.100.000
Mehmet Katmerci	4,40	1.100.000	4,40	1.100.000
Ayşenur Çobanoğlu	4,40	1.100.000	4,40	1.100.000
Furkan Katmerci	4,40	1.100.000	4,40	1.100.000
Public Part (*)	36,29	9.071.667	36,29	9.071.667
Capital	100,00	25.000.000	100,00	25.000.000
Unpaid Capital (-)		-		-
Paid-in Capital		25.000.000		25.000.000

(*)The public part of the capital are trading in Istanbul Stock Exchange, Inc. (BIST).

Company's paid capital is TRY 25.000.000. (31.12.2014: TRY 25.000.000) Capital consist of 25.000.000 registered shares. Each shares nominal value is 1 TRY. 2.000.000 pcs. of shares nominative A Group, 23.000.000 pcs. of shares nominative B Group shares.

A group shares are privileged and 1.600.000 pcs. own by İsmail Katmerci, 100.000 pcs. own by Havva Katmerci, 100.000 pcs own by Mehmet Katmerci, 100.000 pcs own by Ayşenur Çobanoğlu and 100.000 pcs own by Furkan Katmerci.Priviliged shares gives right to owner as mantioned below;

Company manages by the board of management consist of 5 people chosen by general assembly from the A group shareholders accordingly with Turkish Commercial Code.

b) Re-Accured Shares

As at 27.01.2014, Company Management make repurchase of own shares according to 27.12.2013 dated decision and details are as below. As at 30.05.2014, the decision approved by board decision.

Date	Type	Nominal Amount of Shares (TRY)	Price (TRY / UNİT)	Aomunt (TRY)	Nominal Amount of Share Before Transaction (TRY)	Amount of Shares Before Transaction Part In Capital (%)	Nominal Amount of Shares After Transaction (TRY)	Amount of Shares After Transaction Part In Capital (%)
27.01.2014	Purchase	3.252	2,40	7.805	0	0	3.252	0,00
27.01.2014	Purchase	200	2,41	482	3.252	0	3.452	0,00
27.01.2014	Purchase	2.758	2,42	6.674	3.452	0	6.210	0,00
27.01.2014	Purchase	2.494	2,43	6.060	6.210	0	8.704	0,00
27.01.2014	Purchase	6.940	2,44	16.934	8.704	0	15.644	0,00
27.01.2014	Purchase	356	2,45	872	15.644	0	16.000	0,00

Total 16.000 38.827

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)

<u>c) Revaluation and Remeasurement Gain / (Loss)</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Tangible Assets Revaluation and Remeasurement Gain / (Loss)	7.309.143	7.309.143
<u>Tangible Assets Revaluation and Remeasurement Gain / (Loss)</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Opening Balance	7.309.143	4.322.860
Increase from Tangible Assets Revaluation	-	3.147.593
Deferred Tax Liability from Revaluation	-	(161.310)
Closing Balance	<u>7.309.143</u>	<u>7.309.143</u>
<u>d) Other Cumulative Comprehensive Income / Expense not to be Reclassified in Profit or Loss</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Defined Benefit Plans Remeasurement Gain / Loss	(168.532)	(309.930)
	<u>(168.532)</u>	<u>(309.930)</u>
<u>e) Restricted Reserves Outgoing from Profit</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Legal Reserves	2.061.453	2.108.305
Total:	<u>2.061.453</u>	<u>2.108.305</u>
<u>f) Retained Profit / (Loss)</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Retained Profit / (Loss)	9.936.915	(1.375.639)
Total:	<u>9.936.915</u>	<u>(1.375.639)</u>
<u>g) Minority Shares</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Balance at 1 January	3.116.498	2.805.620
Additions	(2.754.972)	448.462
Minority Profit / (Loss) Share	804.989	(137.584)
Total	<u>1.166.515</u>	<u>3.116.498</u>

<u>h) Merge Effect of Common Controlled Entity and Business</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Merge Effect of Common Controlled Entity and Business (*)	(1.759.039)	(1.759.039)
Total	<u>(1.759.039)</u>	<u>(1.759.039)</u>

(*)Company purchased respectively TRY 89.000 and TRY 466.667 nominal valued shares of Isıpan and Profil from the shareholder İsmail Katmerci with the amounts of TRY 89.000 and TRY 4.017.133. The TRY 1.759.039 amount difference between purchased value and net difference of fair valued assets and liabilities deducted from purchase value and reported as “Merge Effect of Common Controlled Entity and Business” item.

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)

Profit Distribution

Publicly held companies, the CMB's profit distribution came into force from the date of February 1, 2014 II- 1.19 Dividend accordance with the notification.

Partnerships, profits will be determined by the General Assembly in accordance with the dividend distribution policy and in accordance with the provisions of the relevant legislation by the General Assembly distributes. Comes within the scope of the notification a minimum distribution rate has not been determined. Companies based in contract or in the manner specified in the dividend distribution policy will pay dividends.

In addition, dividends may be paid in installments of equal or different, consistent and interim financial statements of the profits in advance may distribute dividends in cash.

TCC based on separation of reserves required by the articles of association or dividend distribution policy for the shareholders determine dividend allottees other reserves to allocate to the next year to transfer profit and dividend shareholders, management board members subsidiaries to their employees and shareholders, persons other than the profit share to be distributed could not be given, as determined for the shareholders in cash dividends are paid on these shares may not be distributed to persons on the card.

Board of Directors revised profit distribution policy which was formed 25.02.2011 dated and 2011/12 numbered decision with 29.04.2014 dated and 2014/13 numbered Board Decision taken according to CMB Law no.6362 Announced at 23 January 2014 and II.19.1 numbered annunciation. The new decision accepted by shareholders as 30.05.2014 dated ordinary general meeting.

22. INCOME TAXES

Current Assets Related with Period Tax

	<u>30.06.2015</u>	<u>31.12.2014</u>
Prepaid Taxes and Funds	1.885.309	23.744

Tax Provision

	<u>30.06.2015</u>	<u>31.12.2014</u>
Current Income Tax Provision (-)	(2.177.461)	(543.515)
Deferred Tax Provision Income / (Loss)	21.572	273.360
Total	<u>(2.155.889)</u>	<u>(270.155)</u>

Corporate Tax

The Group is subject to Turkish corporate taxes. The estimated tax liabilities of the Group's results for the period is recognized in the accompanying consolidated financial statements.

The corporate tax rate on taxable profit will be accrued expense in determining accounting profit and tax-exempt non-deductible expenses, gains and other non-taxable income deductions (prior year losses and investment incentives) on taxable income after the deduction of calculated.

Corporations calculate and pay quarterly temporary corporate tax of 20%. (2014: %20).

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

22. INCOME TAXES (continued)

The tax legislation provides for a temporary tax (prepaid tax) of 20% (20% in 2013) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

Carried back to Turkey on tax there is no procedure. The annual accounting period until the close of the fourth month following the month of 25th. However, the tax authorities review the accounting records for five years and amount of tax payable may vary if errors are detected.

Income Tax Withholding

In addition to corporate taxes, their share of the profit from the distribution of dividends in the event of the company's income in the statements, including non-resident institutions and branches of foreign companies in Turkey on any dividends distributed, except for the calculation of income tax withholding is required. Income tax 24 April 2003 - 22 July 2006 was 10% in all companies. This rate is from 22 July 2006 2006/10731 15% by the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

A reconciliation of income tax expense in the period are as follows:

<u>Period Profit Tax Liability</u>	<u>30.06.2015</u>	<u>31.12.2014</u>
Profit Before Tax	10.742.297	9.444.255
Taxable Profit / Loss	10.742.297	9.444.255
Corporate Tax Rate (% 20)	20%	20%
Calculated Tax	(2.148.459)	(1.888.850)
Exemptions and Discounts	-	1.564.103
Non-Allowable Charges	(1.444.495)	(419.602)
Other	1.437.065	474.194
Total	(2.155.889)	(270.155)

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

22. INCOME TAXES (continued)

Deferred Tax:

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is calculated using tax rates that have been enacted in the period in which assets acquired and/or liabilities carried out and included in the statement of income as income or expense. Deferred tax rate is %20. (2014 :%20).

	30 June 2015		31 December 2014	
	Total Temporary Differences	Deferred Tax Assets / (Liabilities)	Total Temporary Differences	Deferred Tax Assets / (Liabilities)
Deferred Tax Liabilities		(319.158)		(820.216)
Terminated Provision	47.683	(9.537)	33.477	(6.695)
Government Grants	-		35.733	(7.147)
Receivable Rediscount (Reversal)	106.811	(21.362)	17.993	(3.599)
Real Estate Appreciation (Investment Purpose)	-		433.351	(86.670)
Real Estate Appreciation (Intended Purpose)	-		4.556.519	(233.659)
Tangible Assets Sales Adjustment	28.762	(5.752)	97.307	(19.461)
TPL (Tax Prodecure Law) Amortization	952.142	(190.428)	1.664.525	(332.905)
Leave Provision Reversal	33.586	(6.717)	5.359	(1.072)
Severance Pay Provision Reversal	-		246.221	(49.244)
Payable Discount	242.351	(48.470)	129.329	(25.866)
Severance Pay Acruerial Gain / (Loss)	184.453	(36.891)	11.860	(2.372)
Warranty Expense Provision Reversal	-		257.629	(51.526)
Corporate Tax Prior Year Loss	-		-	-
Deferred Tax Assets		340.730		949.504
Impairment of Receivables	-	-	(942.860)	188.572
Tangible Assets Sales Adjustment	(79.005)	15.801	(51.996)	10.399
Corporate Tax Retained Earnings	-		(3.591)	718
Current Period IAS 16, IAS 38 Amortization Expense	(923.915)	184.783	(1.116.306)	223.261
Impairment of Inventories	(12.898)	2.580	(42.606)	8.521
Severance Pay Provision Reversal	-		(646.257)	129.251
Receivable Rediscount	(64.854)	12.971	(204.609)	40.922
Leave Provision	(292.773)	58.555	(121.907)	24.381
Warranty Expense Provision Reversal	(18.145)	3.629	(269.544)	53.909
Provision for Doubtful Receivables	-		(42.428)	8.486
Severance Pay Actuerial Gain / (Loss)	(122.926)	24.585	(5.395)	1.079
Payable Rediscount (Reversal)	(189.133)	37.827	(131.725)	26.345
Deferred Tax Liability Deducted from Real Estate (Intended Purpose) Value Fund	-	-		233.659
Net, Deferred Tax Receivables Reflected to Profit / (Loss)		21.572		129.288

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

23. EARNING PER SHARE

Earning Per Share	01.01. - 30.06.2015	01.01. - 31.12.2014
Net Period Profit / (Loss)	7.781.419	9.311.684
Weighted Average Number of Shares	25.000.000	25.000.000
Operating Activities Per Share Profit / (Loss)	0,311	0,372
Earnings Per Diluted Shares Attributable to Equity Holders of the Parent from	0,311	0,372

24. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

The aims of Group are to be beneficial for all shareholders and maintaining the best capital combination to reduce capital cost and keeping on entity when managing the capital.

The Group's capital risk management, calculating 8 as disclosed in note including loans, debts, and, respectively, of cash and cash equivalents, paid-in capital, defined benefit plans, re-measurement gains / losses, capital reserves, profit reserves and retained earnings / (loss) comprising shareholders' equity are taken into account.

Group capital cost and each risks regarding capital evaluate by executives. According to the evaluate company aim to equalise the capital structure by borrowing, redemption, dividend payment and issuance of shares.

The Group uses Liabilities / Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities is counted by cash and cash equivalents minus total liabilities which appears in balance sheet

As of June 30, 2015 and December 31, 2014, the net debt / total equity ratio is as follows:

	30.06.2015	31.12.2014
Total Liabilities	208.310.638	168.732.726
Less: Cash and Cash Equivalents	(7.918.435)	(6.743.368)
Net Liabilities	200.392.203	161.989.358
Total Equity	51.289.047	43.362.195
Liabilities / Equity Ratio	3,91	3,74

The current period capital risk management strategy, the Group does not vary compared to the previous period.

b) Foreign Exchange Risk Management

Foreign currency transactions expose the Group to foreign currency risk. These risks are monitored and limited by the analysis of foreign currency position.

The group's foreign currency denominated monetary and non-monetary assets and liabilities as of the date of the balance sheet are as follows:

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

24. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Exchange Risk Management (continued)

CONSOLIDE EXCHANGE POSITION TABLE	30.06.2015				31.12.2014			
	TRY Equivalent	USD	EUR	SEK	TRY Equivalent	USD	EUR	SEK
1.Trade Receivables	58.305.641	13.395.476	7.484.868		42.435.058	10.674.983	6.268.246	
2a.Monetary Financial Assets	278.068	19.508	75.669	4	6.019.157	2.052.098	446.895	
2b.Non-Monetary Financial Assets	11.291.062	1.004.870	2.880.987		7.365.659	491.078	2.207.571	
3.Other								
4.Current Assets (1+2+3)	69.874.772	14.419.854	10.441.525	4	55.819.874	13.218.159	8.922.712	-
5.Trade Receivables								
6a. Monetary Financial Assets								
6b.Non-Monetary Financial Assets								
7. Other								
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	69.874.772	14.419.854	10.441.525	4	55.819.874	13.218.159	8.922.712	-
10. Trade Payables	21.103.406	3.561.776	3.868.086	1	13.304.064	3.826.976	1.570.423	-
11. Financial Liabilities	41.187.143	468.955	13.388.568		17.480.850	1.486.672	4.975.150	
12a. Other Monetary Financial Liabilities								
12b. Other Non-Monetary Financial Liabilities	6.373.177	724.540	1.484.423		29.623.883	10.767.284	1.650.522	
13. Short-Term Liabilities (10+11+12)	68.663.726	4.755.271	18.741.077	1	60.408.797	16.080.932	8.196.095	-
14. Trade Payables								
15. Financial Liabilities	25.887.698	1.816.355	7.044.606		23.942.836	2.857.761	6.138.893	
16a. Monetary Financial Other Liabilities								
16b. Non-Monetary Financial Other Liabilities								
17.Long-Term Liabilities (14+15+16)	25.887.698	1.816.355	7.044.606	-	23.942.836	2.857.761	6.138.893	-
18. Total Liabilities (13+17)	94.551.424	6.571.626	25.785.683	1	84.351.633	18.938.693	14.334.988	-
19. Off Balance Sheet Derivative Instruments Net Assets / (Liabilities) (19a-19b)								
19a. Hedge Assets Total								
19b. Hedge Liabilities Total								
20. Net Foreign Currency Assets (9-18+19)	(24.676.652)	7.848.228	(15.344.158)	3	(28.531.759)	(5.720.534)	(5.412.276)	-
21. Monetary Items Net Foreign Currency Assets / (Liability) Position (IFRS 7.B23) (1+2a+5+6a-10-11-12a-14-15-16a)	(29.594.538)	7.567.898	(16.740.723)	3	(6.273.535)	4.555.672	(5.969.325)	-
22. Total Fair Value of Financial Instruments Used for Currency Hedge								

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

24. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)**b) Foreign Exchange Risk Management (continued)**

The Group is exposed to foreign exchange risk arising primarily with respect to transactions denominated in USD, EURO and SEK.

The following table details the Company's sensitivity to a 10% increase and decrease in the TL against USD, Euro and SEK. 10% is used in the reporting of currency risk to the key management and it represents the management's expectation on the potential exchange rate fluctuations. Sensitivity analysis can only be made on the year-end outstanding foreign currency denominated monetary items and it shows the year-end effects of the 10% of exchange currency fluctuation on the related items.

Exchange Rate Analysis Table		
30.06.2015		
	Appreciated Exchange Rate	Depreciated Exchange Rate
Increase of %10 change in USD against TRY:		
1- USD Net Assets / Liabilities	2.108.269	(2.108.269))
2- The Amount of USD Hedging (-)		
3- USD Net Effect (1+2)	2.108.269	(2.108.269)
Increase of %10 change in EUR against TRY:		
4- EUR Net Assets / Liabilities	(4.575.935)	4.575.935
5- The Amount of EUR Hedging (-)		
6- EUR Net Effect (4+5)	(4.575.935)	4.575.935
Increase of %10 change in GBP against TRY:		
4- GBP Net Assets / Liabilities	-	-
5- The Amount of GBP Hedging (-)	-	-
6- GBP Net Effect (4+5)	-	-
TOTAL (3+6+9+12)	(2.467.666)	2.467.666

Exchange Rate Analysis Table		
31.12.2014		
	Appreciated Exchange Rate	Depreciated Exchange Rate
Increase of %10 change in USD against TRY:		
1- USD Net Assets / Liabilities	(1.326.535)	1.326.535
2- The Amount of USD Hedging (-)		
3- USD Net Effect (1+2)	(1.326.535)	1.326.535
Increase of %10 change in EUR against TRY:		
4- EUR Net Assets / Liabilities	(1.526.641)	1.526.641
5- The Amount of EUR Hedging (-)		
6- EUR Net Effect (4+5)	(1.526.641)	1.526.641
Increase of %10 change in GBP against TRY:		
4- GBP Net Assets / Liabilities	-	-
5- The Amount of GBP Hedging (-)	-	-
6- GBP Net Effect (4+5)	-	-
TOTAL (3+6+9+12)	(2.853.176)	2.853.176

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated)

25. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)

	The Fair of the Financial Assets	Loans and Receivables (Cash and Cash Equivalents)	Available for Sale Financial Assets	Financial Liabilities at Amortized Cost	Book Value	Fair Value
30.06.2015						
Financial Assets						
Cash and Cash Equivalents		7.918.435			7.918.435	
Trade Receivables		74.385.512			74.385.512	
Financial Investments		15.751			15.751	
Financial Liabilities						
Financial Payables				130.728.131	130.728.131	
Trade Payables				58.481.200	58.481.200	
31.12.2014						
Financial Assets						
Cash and Cash Equivalents		6.743.368			6.743.368	
Trade Receivables		63.498.484			63.498.484	
Financial Investments		-			-	
Financial Liabilities						
Financial Payables				93.078.271	93.078.271	
Trade Payables				36.275.754	36.275.754	

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2015

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

25. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES (continued))

Financial Instrument fair values determine as follows:

- First Level: Financial Instruments valuated with market values of the similar instruments which traded on active market.
- Second Level: Financial Instruments valuated with data uses to find price which observable directly or indirectly on the market in addition to first level.
- Third Level: Financial Instruments valuated with data which not based on data uses to find fair value of the instruments on the market.

Company has not got any financial assets and liabilities shown as fair values.

26. POST BALANCE SHEET EVENTS

30.06.2015

- Group has been made TRY 698.348 second coupon interest payment for TRY 20.000.000 bond issue at 03.08.2015.

- At at 30 June 2015, TRY 3.541,37 severance pay ceiling has been increased to TRY 3.709,98 to be effective from 1 July 2015.

31.12.2014

- Group has been made TRY 20.000.000 bond issue at 29-30 January 2015 date according to Capital Market Board's 1113 numbered and 13.01.2015 dated decision.

- At at 31 December 2014, TRY 3.438,22 severance pay ceiling has been increased to TRY 3.541,37 to be effective from 1 January 2015.

27. DISCLOSURE OF OTHER MATTERS

None (31.12.2014: None).