

KATMERCİLER

2011
ANNUAL
REPORT

Our children are worth it





KATMERCILER 2011 ANNUAL REPORT

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Our children are worth it



AT THE ESSENCE of Katmerciler's all activities underlies a value, which we selflessly protect: Leaving future generations a cleaner, brighter, more liveable world. Because we Katmerciler know that we borrow the earth from our children and will deliver this life space to the children again.

With our on board equipment production we are reaching out not only to social life but also to children's, namely future generations' life as well. That's why Katmerciler acts with the awareness of its responsibility towards future generations and continues its activities according to this.

So we prepared our 2011 Annual Report, you hold in your hands, from this idea forth. Having earned an award with our 2010 Annual Report, on the one hand makes us more confident, on the other hand raises the bar in front of us. In this sense, with devotion and inspiration from our children we tried to present last year's financial figures with utmost detail, simplicity and classiness. We also sent messages reflecting Katmerciler's culture in order to manifest our institutional identity.

Katmerciler, which went public in the last quarter of 2010, passed the year 2011

performing much more growth by collecting strength from its shareholders. It carried out exciting projects both at national and international scales. And certainly increased its profitability. All these proved once again Katmerciler's proficiency of being sustainable and leaving future generations a better world.

Katmerciler comes closer to its future target with every passing day and moves fast towards becoming a regional power. In the direction of its targets also makes a difference with its own values. In this journey it positions the interest of the society and shareholders as its priority. Because Katmerciler bears the responsibility of a sustainable future.





VISION

Making profitable growth sustainable in line with the interests of our shareholders, employees, suppliers and customers, becoming a world brand in the sector of on board equipment and leaving future generations a better world.

MISSION

- Producing with a mentality based on customer satisfaction.
- Planning the production with importance to public interest and sensitivity to environment and humans.
- Always protecting consumer rights with sales and after sales support.
- Pioneering the sector by closely pursuing technological developments.
- Protecting our resources and appreciating our employees.
- Endeavoring to succeed in the best for our country, customers, employees, business partners and shareholders.
- Continuing to be the leader in our sector by expanding in domestic and foreign markets.

- 
- Focusing on sustainable growth in parallel with the sector's growth potential both in Turkey and in the world.
 - Moving up our profit targets each time and sharing our profit with stakeholders.
 - Creating new business opportunities and markets with international partnership and joint investment is our method of growth.
 - Always providing our production with the highest technology by utilizing all technological means and research-development activities.
 - Taking over the responsibility of leaving our children a more liveable world in accordance with our 'value for the children' principle.

STRATEGIC OBJECTIVES

- Production designing based on a mentality of boundless aesthetics.
- Focusing our business process on coordination at the highest level.
- When it comes to quality we are perfectionist.
- Our self confidence relies on our appreciation of honesty, credibility and transparency.

PRINCIPLES AND VALUES



İSMAİL KATMERCİ / HONORARY CHAIRMAN

FUTURE BELONGS TO KATMERCİLER FAMILY

**IN OUR JOURNEY TO UNIVERSAL QUALITY
WE PROTECT OUR VALUES AND CONTINUE
TO INVEST INTO THE FUTURE BY TAKING
CARE OF THE SOCIETY'S AND OUR
SHAREHOLDERS' INTERESTS.**



QUALITY is a social responsibility. Not only the product but also the value you generate must be quality. That is what institutional responsibility requires... We as Katmerciler since 27 years are always focusing on the value more than the product. We contribute values to many areas of social life with our on board equipments and are proud of this. While designing our vehicles we reflect upon how our citizens' lives can get easier? We try to produce in most environment conscious way by imagining the world we will leave future generations. We see our workmates not as employees but partners.

In the last one and a half year we took the company public and with our new partners we elevated all of our values. Now it's a brand new era, in order to achieve our goals we are making concrete moves. In year 2011 we took a big step in line with our vision of regional leadership and struck up a huge partnership with French company Gimaex. We are becoming much more assertive in the region's markets with our new company GimKat.

GimKat, which is established with the partnership of Gimaex in Izmir, is producing only fire trucks for now. We see this company as the engine of our ambition to become a regional power. As we mentioned before, our vision is to become one of the most powerful companies of the region till the year 2015.



IN YEAR 2011 WE TOOK A BIG STEP ACCORDING TO OUR VISION OF REGIONAL LEADERSHIP AND STRUCK UP A HUGE PARTNERSHIP WITH FRENCH COMPANY GIMAEX INTERNATIONAL. WITH OUR NEW COMPANY GIMKAT WE BECAME MUCH MORE ASSERTIVE IN REGIONAL MARKETS.

Gimaex is one of the senior fire truck producers of the world. The company sells on board equipment all around the world, 60 percent of its sales comes from exports, its average annual endorsement reaches to 110 million euro. So, our partner is one of the most powerful actors of the region and very experienced in the sector.

Through new partnerships with Gimaex International we will bring in new high technology to our country, also some new models will be produced. Meanwhile Katmerciler's accumulation of knowledge and experience will approach to international standards.

This development means a new beginning for Katmerciler. We plan similar partnerships with companies, which are experts in their fields, in near future.

Our company exports to 42 countries and our goal is to reach much broader geographies. In this journey we undertake with our new investment, our compass is certainly our mentality of universal quality. We know that the way of making our company sustainable goes through added values we create for our shareholders, our society and future generations. This is our strategy since 27 years and we will continue to actualize it in the future just as today.

Best regards...



MEHMET KATMERCİ / CHAIRMAN OF BOARD OF DIRECTORS

TARGET, REGIONAL LEADERSHIP

OUR COMPANY CONTINUED TO GROW ALSO IN THE YEAR 2011 WHICH WAS OVERWHELMED WITH CRISIS AND TOOK AN IMPORTANT STEP IN ITS JOURNEY TOWARDS REGIONAL LEADERSHIP.



WORLD ECONOMY had a difficult year. We witnessed our neighbour Greece's debt mire and US and EU's depressions. Without doubt the shockwaves of these events also felt in Turkey. Especially in the second half of 2011 we monitored their impact in our country. Although the concerns about the course of global economy worried our country sometimes, among European countries Turkey managed to escape the crisis with minimum damage thanks to its high growth rate and fiscal discipline.

Also Katmerciler continued to grow. In 2011 we increased our revenues 38 percent, our exports 90 percent. We increased the number of the countries in our export network to 42 with the addition of Russia. GimKat, which we established with French Gimaex International, is a big step in our journey to regional leadership. In short, the global crisis, which affected the whole world, didn't stop by Katmerciler's coverage area.

It would be useful to dwell on GimKat, which carried Katmerciler's vision to another dimension. Katmerciler invested 6 million Turkish lira in this new production plant. In addition to our 320 employees we created 100 new jobs. It is operating next to Katmerciler's headquarter in an area of 17,052 square meter, of which 10,000 square meter part is covered. This new plant is focused on fire truck production. Our new company, which launched production in February 2011, will open the doors of new markets especially in Af-



MEETING THE EXPECTATIONS OF DEFENCE INDUSTRY MEANS FOR US ACHIEVING A SIGNIFICANT STANDARD OF TECHNOLOGY AND QUALITY. CERTAINLY THIS IS THE RESULT OF OUR LONG TERM SUCCESSFUL RESEARCH AND DEVELOPMENT ACTIVITIES.

rica, Middle East, Caucasus, Central Asia and Balkans and will carry our abilities beyond international standards.

Gimkat will transform İzmir into fire truck production and export center of the region and will also produce high technology based new models, which are not yet extensively produced in Turkey. One of the most important developments that makes us pleased is the high increase of our sales in defence industry. Our anti riot vehicle production rose from 14 in 2010 to 28 in 2011. Alongside anti riot vehicles we also delivered 24 armoured vehicles ordered for defence industry. We consider this development very important, because meeting the expectations of defence industry indicates that we achieve a significant standard of technology and quality. Of course this is the result of our long term successful research and development activities.

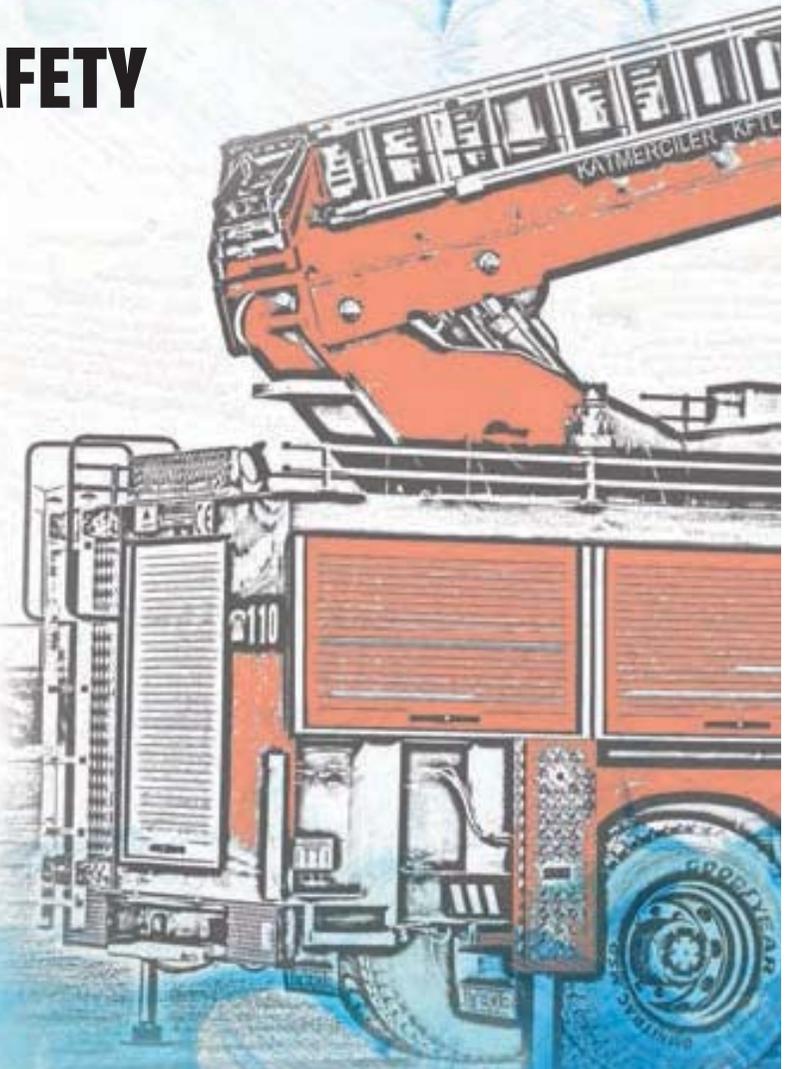
We were prepared when we went public in November 2010. With the awareness of our responsibility towards our shareholders, we knew we entered in a new process. In this direction we are very attentive to inform our shareholders. It's not a coincidence that our 2010 Annual Report was honored with an award by League of American Communications Professionals. We will continue to be in close relationship with our shareholders by publishing investor relations bulletins and activity reports in our web site and also through other communication channels.

Our aim is to perpetuate last year's success and to consolidate the bridges between us and our shareholders.

Best regards...

WE CARRY TO THE FUTURE WITH SAFETY

KATMERCILER SELFLESSLY PROTECT A VALUE AS THE ESSENCE OF ALL ITS ACTIVITIES: 'LEAVING FUTURE GENERATIONS CLEANER, BRIGHTER, MORE LIVEABLE WORLD.' BECAUSE KATMERCILER KNOWS THAT WE BORROW THE WORLD FROM OUR CHILDREN AND WE WILL DELIVER IT AGAIN TO THE CHILDREN.



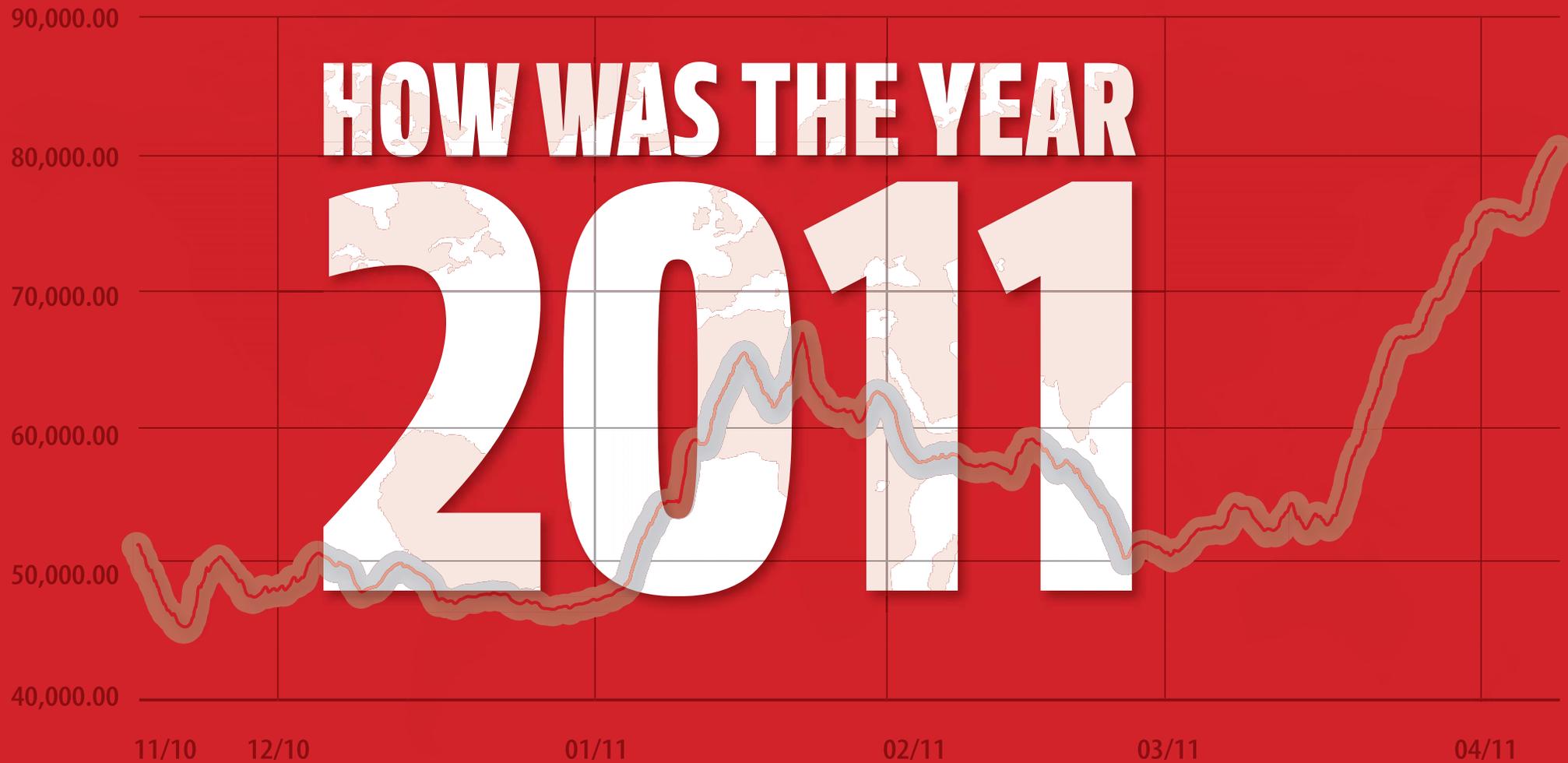


**OUR EVERY EFFORT IS FOR OUR CHILDREN...
WE ARE WORKING TO GIVE THEM A
CLEANER, HEALTHIER AND SAFER WORLD.**



HOW WAS THE YEAR

2011



NEW INVESTMENTS, AWARDS, HIGH FIGURES OF EXPORT AND GROWTH MADE 2011 ONE OF THE GOLDEN YEARS. KATMERCILER CARRIED ON ITS TRADITION OF BEING THE LEADER OF THE SECTOR WITH ITS REASONABLE AND INNOVATIVE STRATEGIES.

IN 2011, GREATER SUCCESS

KATMERCILER CONTINUED LAST FIVE YEARS' PERFORMANCE ALSO IN 2011, MAINTAINED THE INCREASE IN ITS REVENUES AND EXPORTS.



A young boy with dark hair, wearing a red polo shirt with white and blue stripes on the sleeves, is seen from behind. He is pointing his right hand towards a white arrow drawn on a dark chalkboard. The arrow points upwards and to the right. The background is dark and textured.

IN 2011 IN COMPARISON
WITH THE PREVIOUS YEAR

IN REVENUES

38 %



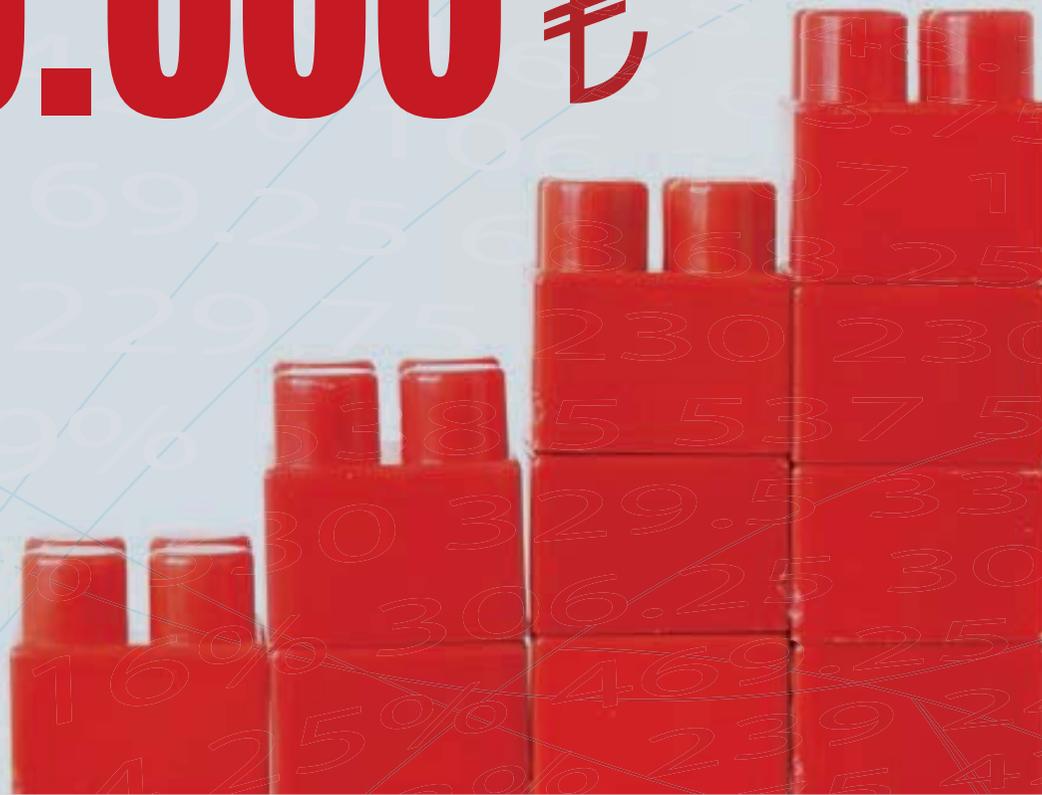
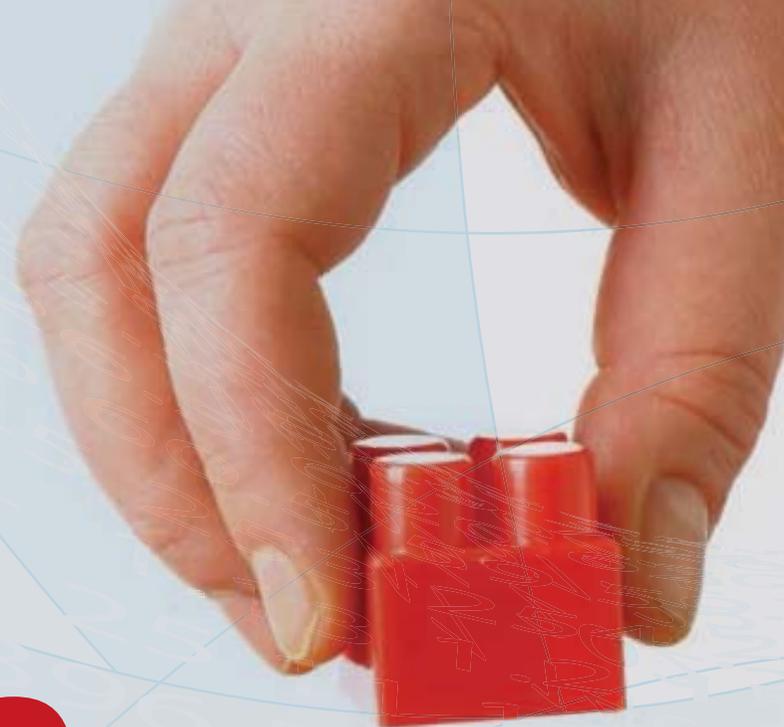
IN EXPORTS

90 %

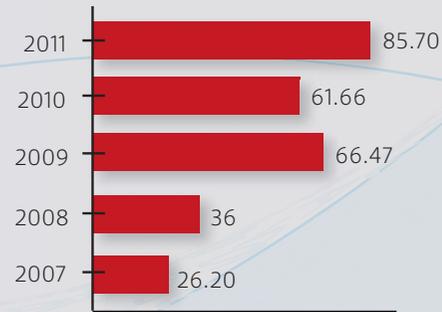


TOTAL EQUITY

25.000.000 ¥

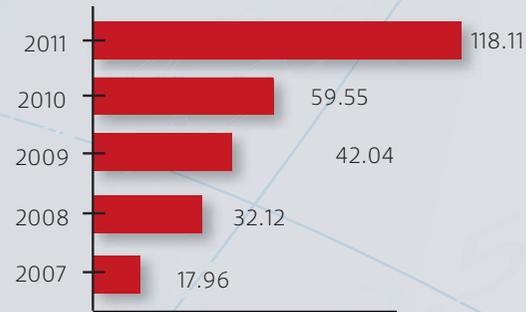


Revenue (as million TL)

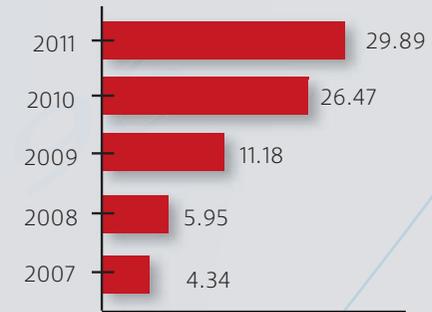


In 2011 Katmerciler increased its revenues by 38 percent, from 62 million TL to 85.7 million TL.

Size of assets (as million TL)



Equity capital (as million TL)



Export (as million USD)



Katmerciler made leap forward with exports in 2011.

GROSS PROFIT

8.06 MILLION TL

NET PROFIT

2.40 MILLION TL





STRONGER WITH ITS NEW PARTNERS

KATMERCILER, WHICH WENT PUBLIC IN OCTOBER 2010, TRUSTED IN TURKEY'S GROWTH POTENTIAL AND AS THE RECIPROCATION TO THIS POTENTIAL SHARED ITS PROFIT WITH STAKEHOLDERS.

UNCERTAINTIES in global finance markets and the dead-lock in Europe's debt crisis identified last year. The year 2011 began with the expectation, that global crisis' impact would be weakened, but it soon fizzled out. In US Fed continued the expansion of money supply, which led high increase in global risk appetite. But with the eruptions of successive crises in Europe liquidity expansion slowed down and high volatility dominated second half of the year. Especially Greece's debt crisis terrified the finance markets. Despite the storm in global markets Turkey maintained its strong standing and weathered the crises relatively unscathed. Especially first half of the year witnessed Turkey's high growth rate and expansion of its influence in the region. In the last quarter uncertainty in global markets also had negative effects on Turkey's economy and export. However in 2011 GDP growth exceeded 8 percent and total exports increased 18.5 percent.

JOURNEY TO SUSTAINABLE PROFITABILITY

For Katmerciler its first public listing experience was one of the most exciting events of the year. In public offering or IPO, arranged in November 2010 by Deniz Investment, demand tripled the level of supply, so 24 percent of the company's shares went public. Between Nov. 3 and 5 by book building 3 million shares offered to public at a fixed price of 6 Turkish Liras per share. On Nov. 11 they started to trade on IMKB. IMKB (Istanbul stock exchange) and SPK (Capital Markets Board of Turkey) have started a campaign that aims to increase interest in IPOs. Katmerciler, which became the bearer of this campaign, is using IPO proceeds to finance planned investments and to consolidate company's financial structures. Both material and moral force provided by public listing are carrying Katmerciler closer to its goals of 'becoming an international brand in 2015' and 'sustainable profitability'.

AS THE FIRST vehicle equipment producer traded at Istanbul stock exchange (IMKB), Katmerciler made a strong entrance with incentives like buyback guarantees and bonus shares which were used for the first time in Turkey. The aim was encouraging long term investments, protecting and rewarding long term thinking investors. As part of IPO incentives, investors, who kept their shares 90 days from 11 November 2010 to 8 February 2011, were entitled to earn additional 5 percent in bonus shares. Their 35,833.30 TL nominal priced shares are distributed to their accounts as of 22 February 2012. Bonus shares calculated according to the records of IPO shares buyers in Central Registry Agency and transferred automatically to investment accounts. The investors didn't need to take any action to receive bonus shares. Bonus share incentive was valid only for IPO shares and wasn't applied to shares purchased in IMKB after company's shares traded there.

11 MILLION ₺

CAPITAL BEFORE THE IPO

According to legal procedures to be followed in buy back guarantee, the date of transferring bonus shares to accounts, was announced previously as 28 February 2011, but brought forward to 22 February. Because while share price was rising, no appeal had been made under buy back guarantee

2011 PERFORMANCE OF THE STOCK



In 2011 instability in global markets and crisis environment effected also IMKB. Sharp fall of shares, beginning from august, reflected also on Katmerciler's stock (KATMR). After the decline, which continued until the end of the year, KATMR began to recover in the first months of the new year.

A young boy with dark hair, wearing a dark suit and tie, is smiling and pointing his right hand towards a whiteboard. The whiteboard has some faint diagrams and text on it. In the background, a woman with curly hair, wearing a green and black plaid shirt, is sitting at a desk, looking towards the whiteboard. The scene is set in a classroom or meeting room. A grey horizontal bar is at the top of the image, with a red arrow pointing left on the right side.

% 24.20

FLOAT RATE

TURKEY'S NEW FIRE TRUCK PRODUCTION BASE:

GIMKAT



**KATMERCILER'S SKILL AND CAPACITY
COMBINED WITH FRENCH COMPANY
GIMAEX INTERNATIONAL'S TECHNOLOGICAL
POWER AND AS A RESULT, THE ON BOARD
EQUIPMENT SECTOR ATTAINED ONE MORE
HUGE FACILITY. GIMKAT, WHICH WILL
TRANSFORM IZMIR INTO REGIONAL FIRE
TRUCK PRODUCTION CENTER, OPERATES
PARTICULARLY EXPORT ORIENTED.**

KATMERCILER in line with its public listing undertook a brand new mission: becoming a regional power in the on board equipment sector. Katmerciler, as the export leader of the sector, works for carrying its title to international scale and becoming a regional power. Without losing time it took a big step last year. Katmerciler, with experience of over 25 years and as leader and pioneer company of the sector, established GimKat with partnership of French company Gimaex International, one of the senior fire truck producers in the world.

GimKat, which began operation and production in January 2012, represents a major leap forward in Katmerciler's growth plan within regional fire truck and equipment markets. By means of this partnership with European scale fire truck company Gimaex, we will introduce new and advanced technology to Turkey and produce also some new models.

PARTNERSHIP OF TECHNOLOGY, SKILL AND CAPACITY

Thanks to the combination of Gimaex's technological power with Katmerciler's superior skill and capacity in the area of productions and regional marketing, GimKat becomes more assertive in regional markets of fire fighting equipment. This emerging collaboration will not only strengthen the positions of both companies in existing markets but also open the door to new markets as well.

Katmerciler invested 6 million dollars in this new pro-



Katmerciler's Chairman of Board of Directors Mehmet Katmerci (left) and Gimaex Group Chairman of Board of Directors Philippe Mis (right).

duction plant. GimKat's factory is operating next to Katmerciler's factory in an area of 17,052 square meter of which 10,000 square meter part is covered. While unemployment is one of the biggest problems of our country, in addition of our 300 employees we are creating 100 more direct job opportunities gradually till the end of the year. GimKat, established with 50-50 percent partnership, is focusing on fire fighting vehicles production. According to its goal to make Izmir regional production and export center, GimKat's management center is also in Izmir. GimKat will export to Middle East, African countries, Russia, Central Asia, Balkans and even to South American countries.

VIA GIMKAT, EXPORT LEVEL WILL RISE

Katmerciler's General Director and Chairman of Board of Directors Mehmet Katmerciler emphasized its export figures while explaining the company's vision: "Katmerciler, which was established in 1985, had an experience exceeding 25 years and went public in 2010, exports own manufactured vehicles to 42 countries. We are export leader of our sector."



ABOUT GIMAEX...

Gimaex International is one of the biggest producers of fire fighting equipment in Europe. It is established by merging of two French companies, rescue equipment producer Bemaex and firefight equipment producer Gicar. Also its name is the composition of these two names. In 2004 firefight ladder producer Riffaud and Germany's special equipment producer Scmitz were brought into the group. Today Gimaex operates with 370 employees and 110 million euro revenues. As the leader of the sector in France, it exports equipments all around the world as well. 60 percent of the sales are made outside France.

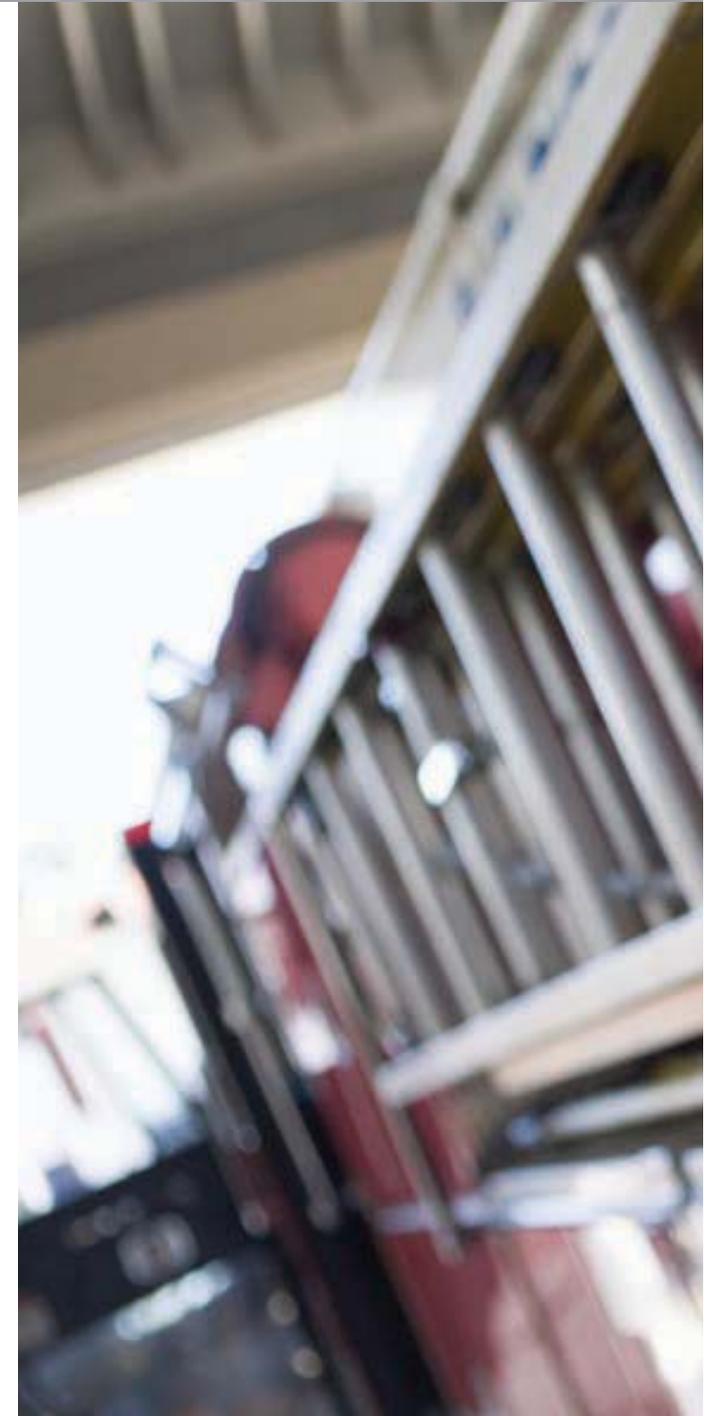
He added: "By 2010 end, export income was 17 million USD and had a share of 42 percent in revenues. By 2011 end, export income increased to 20 million dollars and its share in revenues raised to 64 percent. Thanks to GimKat our export income will surge further ahead, our company's position in international markets will consolidate prominently.

Mehmet Katmerci explained GimKat's contribution to the sector and to the country: "It will bring in Gimaex's use of advanced technology and diverse production ability to our country. It will become producer of firefighting vehicles which are not yet produced in Turkey. By joining the forces, both Gimaex and Katmerciler consolidate their position in existing markets and open doors to new markets. İzmir will become international production and export base of firefighting vehicles and equipments. While unemployment is one of the biggest problems of the country, in addition of our 320 employees creating 100 more direct employment opportunities make us especially happy. In near future in line with our production and capacity growth we are planning also job growth. As the leader of on board equipment sector we are trying to represent Turkey and İzmir in the best way at international markets."

"BOTH GIMAEX AND KATMERCILER WILL WIN"

As Mehmet Katmerci told us, GimKat will be focusing also diverse vehicles production. Among them will be new models like high ladder fire truck, airport fire truck, which are not yet produced in Turkey. These products will meet the necessities of Turkey without requiring import and strengthen Katmerciler's hand in international markets.

There are a lot of advantages to work together on this with Gimaex, since its quality is internationally proved. On the other hand, also Gimaex enjoys the opportunities of working with a power like Katmerciler. Mehmet Katmerci said that, French company is very impressed with Katmerciler's employee and management quality, long term expertise and experience, under single roof turnkey production ability, after sales service, marketing in national and international scale and sales power. Gimaex Group's Chairman of Directors' Board Philippe Mis confirmed him: "We are very happy to be partners with a company like Katmerciler, which produce vehicles that circulate 42 countries, is pioneer and leader of its sector, don't compromise from quality, is credible, open to public and transparent." Mis emphasized also the strategic importance of the new company: "Katmerciler is already very effective in international markets with its wide range products."





GIMKAT AT A GLANCE

- GimKat named after the combination of first three letters of Gimaex and Katmerciler.
- The company was established with 50-50 share partnership of Gimaex and Katmerciler.
- GimKat on board equipment company operates in a plant built next to Katmerciler's existing factory in İzmir Atatürk Organized Industrial Zone.
- The company focuses particularly on fire fight vehicle production and positions İzmir as the regional growth center. İzmir will become both Katmerciler's and GimKat's management, production and export center.
- Katmerciler realized 6 million USD investment in this production center.
- The company is active on an area of 17,052 square meter, of which 10,000 square meter part is covered.
- With the new company 100 more direct jobs will be created by the end of 2012.

Our joint company is going to focus entirely fire fighting equipment production and to produce mainly for foreign markets. GimKat will grasp a dominant position in international markets of fire fighting equipments thanks to the strong synergy created by the combination of Gimaex's technological power and Katmerciler's outstanding production skills and capacity. Both Gimaex and Katmerciler will benefit from the new joint company. We are very excited for the start up of production by October 2011."

Also Katmerciler's Deputy Chairman of Directors' Board Furkan Katmerci pointed out to the year 2015 as the target of this bold step: "Among our primary objectives are making Katmerciler a well known brand in the world by becoming dominant in regional fire fight and garbage equipment markets, especially in Middle East and North Africa." GimKat, which was brought in action in 2011, represents a major milestone in Katmerciler's future strategies.

42ND POINT IN EXPORT NETWORK

RUSSIA

THE CIRCLE GETS WIDER AND KATMERCILER'S INTERNATIONAL BUSINESS VOLUME INCREASES DAY BY DAY. THE NEWEST MEMBER OF KATMERCILER'S EXPORT NETWORK IS RUSSIA. KATMERCILER IS NOW PROVIDING SERVICES EXACTLY TO 42 COUNTRIES.



FROM GERMANY to Iraq, Sweden to Saudi Arabia, Portugal to Nigeria and Cameroon, exporting more than 40 countries in four continents, Katmerciler maintained its title as the sector's export leader with an export figure of 26 million TL in 2010. In 2011 this performance kept even forward and number of exported countries raised from 41 to 42. By issuing representative authority to LLC Tverkommash in Russia, Katmerciler added the greatest country of Europe to its portfolio. But expansion of exports wasn't limited to this. In order to increase its business volume in Azerbaijan, Katmerciler issued a new representative authority in this country. Henceforth also Capital Motors MMC will distribute Katmerciler's on board equipments to the Azerbaijanis.





ADDED VALUE BOTH TO THE COMPANY AND THE COUNTRY

Katmerciler's General Director and Chairman of Directors' Board Mehmet Katmerci said these developments towards expanding export volume reflect the company's vision. "With our representative companies in Russia and Azerbaijan we will increase the company's strength in international scale" said Mehmet Katmerci and added: "Our efforts towards our target to render Katmerciler a brand at regional level gives us enthusiasm. Vehicles produced by our company are today on the roads of a wide geography, from Balkans to Caucasus, Middle East to North Africa, Europe to Asia and Turkic Republics. Each new production and sale we perform in the international area with our dynamic structure shall create an added value not only for Katmerciler but also for the national economy. "

HOW WAS 2011?

PLATIN AWARD TO 2010 ANNUAL ACTIVITY REPORT!

KATMERCILER'S 2010 ANNUAL REPORT, PUBLISHED LAST YEAR, WAS HONORED BY THE AWARD OF LEAGUE OF AMERICAN COMMUNICATIONS PROFESSIONALS. KATMERCILER, TOOK PLATIN AWARD WITH 98 POINTS OVER 100 POINTS IN ITS SECTOR, CLAIMED AMONG BEST TURKISH COMPANIES 4TH RANK IN THE WORLD AND 3RD RANK EUROPE.

LEAGUE of American Communications Professionals (LACP), organizes traditionally and annually a contest to determine 'best annual activity reports' on the international level. Katmerciler's first report after its public offering was 2010 Annual Report. In this contest Katmerciler was chosen the best in 'machine tools and equipment sector' in the world and honored with 'platinum award', also claimed senior ranks among Turkish companies.



KATMERCILER



We Carry Life's Load



Katmerciler succeeded to pull away among Turkish participants, most of which are significant companies in Turkey. Katmerciler came 4th with its 2010 Annual Report among Turkish companies included in world ranking and 3rd best Turkish company in Europe, Middle East and Africa region. In both lists were total six Turkish companies.

After assessments, '10 best company' was chosen among participants from Turkey and the list included Akbank, Aktifbank, Aygaz, Garanti Retirement, ISU, Koç Holding, Petkim, TAV Airports and Turkcell along with Katmerciler.

In general rankings, Katmerciler's report claimed 59th rank in '100 best companies of the world' and 29th rank in '50 best companies of Europe, Middle East and Africa'.

Katmerciler's Annual Report took 98 points over 100 points in the jury assesment. As well as its distinguished and impressive visuality and design, it aroused great interest as a publication introducing not only the company but also the on board equipment sector, which is poorly known by the public opinion and investment world. On the cover an illustration indicating the sector's development from past to present according to social demands, the report, with its motto "We Carry Life's Load" emphasized the place and significance of the sector in people's daily lives.

ALSO IN 2010 IN THE 'GREATEST LEAGUE'

KATMERCILER WAS AMONG TOP EARNING COMPANIES ALSO IN THE YEAR 2010. IT WAS INCLUDED IN SECOND TOP 500 LIST OF ICI. ITS 2010 PERFORMANCE WAS CROWNED WITH 85TH RANK IN AEGEAN'S LARGEST COMPANIES.

FOR KATMERCILER one of the best news of 2010 was its performance among the ranks of Turkey's top companies. The company was included in the 'greatest league' by surveys both in national and regional scales. In Turkey's 'top 500 industrial enterprises' list announced annually by İstanbul's Chamber of Industry (ICI), Katmerciler took part in 'next top 500' list in 2010 just as in 2009. The company claimed 439th rank in second 500 list.



ICI'S SECOND 500

439TH



85TH LARGEST OF AEGEAN

KATMERCILER is 85th largest company of Aegean Region. So says the survey of Aegean Region Chamber of Industry (ARCI), which determines the largest industrial companies of the region. Katmerciler, which ranked 105th in 2009, jumped 20 stairs above just in one year. Katmerciler is proud that its tax payment record in 2011 rose its rank from 42 to 40 among Izmir's top 100 tax payer list. The achievements in recent years, one after the other, are most important symbol of Katmerciler's sustainability.



**AEGEAN'S
LARGEST
COMPANIES**

85TH

**TOP PAYERS
OF CORPORATE
TAX IN IZMIR**

40TH



A red MAN truck is parked on a paved surface. In front of the truck, a group of children wearing red uniforms and caps are standing. The truck has 'MAN' written on the front grille. The background shows a clear blue sky and some industrial structures.

VALUE TO OUR SHAREHOLDERS, TO OUR SECTOR, TO THE WORLD

THE CONCEPT OF VALUE IS AT THE CENTER OF KATMERCILER'S WORK. KATMERCILER BRINGS VISION TO THE SOCIETY WITH ITS PRODUCTION AND SERVICES, TO THE SHAREHOLDERS WITH ITS PROFITABILITY AND TO THE SECTOR WITH ITS FIRSTS. IT CREATES ALL THIS ADDED VALUE WITH THE IDEAL OF A SUSTAINABLE WORLD.

INVESTMENT TO THE SOCIETY AND SHAREHOLDERS

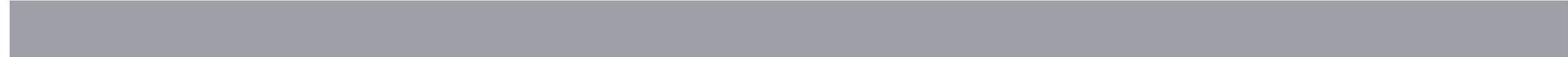
KATMERCILER TRANSFORMED ITS
EXPERIENCES OF 27 YEARS SINCE
ITS FOUNDATION INTO AN
INTEGRITY OF VALUES.

İSMAIL KATMERCİ was a young and determined entrepreneur when he established in 1982 our group's first company with the name Katmerciler Profil Inc. in order to trade section and sheet metal. Those were the years in which Turkey evolved from closed economy to free market economy. The construction sector was developing rapidly. İsmail Katmerci saw the gap in the emerging sector and realized the potential of on board equipment, which was an urgent need at that time. So was born Katmerciler On Board Equipment Ind. and Trade Inc. in 1985. Katmerciler began to produce tipper with this new company and made a strong entry into the sector.

Exactly 27 years passed by. Children born in those years are approaching age 30. Those children got acquainted with private television channels in 1990s, internet left its mark on their formation. Now the world was getting bigger for them. Information became much more easily accessible for them, developments in health sector helped them overcome many illnesses, thanks to investments in transportation the world got both bigger and smaller for them. Also Katmerciler contributed a small share in this transformation. Garbage trucks with tippers carrying the brand of Katmerciler collected garbage, ladders of many trucks fighting with fire rose with Katmerciler. With the awareness of its responsibility Katmerciler directed its services, quality and skills to the manufacturing of the right products.



**CHILDREN HAVE
DREAMS,
ADULTS HAVE
IDEAS. OUR
IDEAS SHOULD
SERVE THEIR
DREAMS.**





KATMERCILER FROM PAST TO PRESENT

THE MILESTONES OF THE JOURNEY, WHICH BEGAN WITH TIPPER PRODUCTION, MADE KATMERCILER A COMPANY OPEN TO PUBLIC, INSTUTIONAL AND SUSTAINABLE .



KATMERCILER, which left behind a quarter century, continues its journey growing stronger. Between the lines of its success story of 27 years are lying important decisions, investments and strategic moves. In 1984, just two years after its foundation, the company developed its capabilities rapidly and started production of fire fighting equipment. In such a short period getting to the production from tipper to fire fighting equipment was the first signals of the company's rapid growth mentality.

By 1993 the company had to move to a wider area in order to increase its production capacity. It located in İzmir Atatürk Organized Industry Zone at Çiğli and began operating in an 14.500 square meter area, of which 3200 square meter part was closed. By 1996 also this capacity wasn't enough. Closed area expanded to 6500 square meter.

After beginning the production of garbage truck haulage in 1994, Katmerciler's markets got beyond national borders four years later, in 1998. First export was to Japan.

In 2000s Katmerciler entered Middle East market through Iraq, Africa market through Algeria and Egypt. In 2004 with the production of recovery trucks the company increased variety of products thoroughly. In 2006 it began to service the defence ministry with the

sale of 195 equipment.

In the last quarter of 2010 the company developed a new vision by opening to public. The company became responsible not only to the society but also to the shareholders.

Lastly implementing a partnership last year, Katmerciler increased its capacity much more. 6 million dollars were invested in GimKat, which was established with French Gimaex's partnership. GimKat operates next to Katmerciler's factory in an area of 17.052 square meter, of which 10.000 square meter part is closed. Today Katmerciler covers an area of 31.552 square meter in İzmir Organized Industry Zone and continues its production of on board equipment.

Foundation of 'Katmerciler Profil'

1982

1985

**Foundation of
'Katmerciler on
board' company**

1987

**Starting the
production of fire
fighting equipment**

1993

**Moving the production plant
to Atatürk Organized
Industrial Zone at Cigli**

1994

**Beginning the production
of garbage equipment**

**First export
made to Japan**

1998

1999

**Establishing of qual-
ity control management
department and getting
the certificate TSE EN
ISO 9001**

2001

**Entering Middle East
market through Iraq**

**Entering Africa market through Algeria and Egypt
Taking place of second generation in senior management**

2002

2004

**Beginning the
production of
recovery
equipment**

2005

**EN ISO 14001:
Getting 2004
Environment
Management System
Certificate**

2006

**Production for US military
Beginning the
production of combined
jetting equipment**

**Production of
195 equipment
for defence
ministry**

2007

2008

Production of 75 fire fighting equipment for Iraq Energy Ministry

R&D support from TUBITAK for hydraulic ladder fire truck with height of 28 meter
Concentrating on African market via Nigeria
Order from Baghdad Governate in Iraq
180 tankers

2009

2010

Order from general directorate of forestry
320 rapid response sprinkler vehicles

Production of 15 anti riot vehicles for national police.

Order from gendarmerie (military police) 1642 cabins of rapid response patrol vehicle

Public offering 24 percent of company's shares

2011

Establishing GimKat in partnership with French Gimaex International

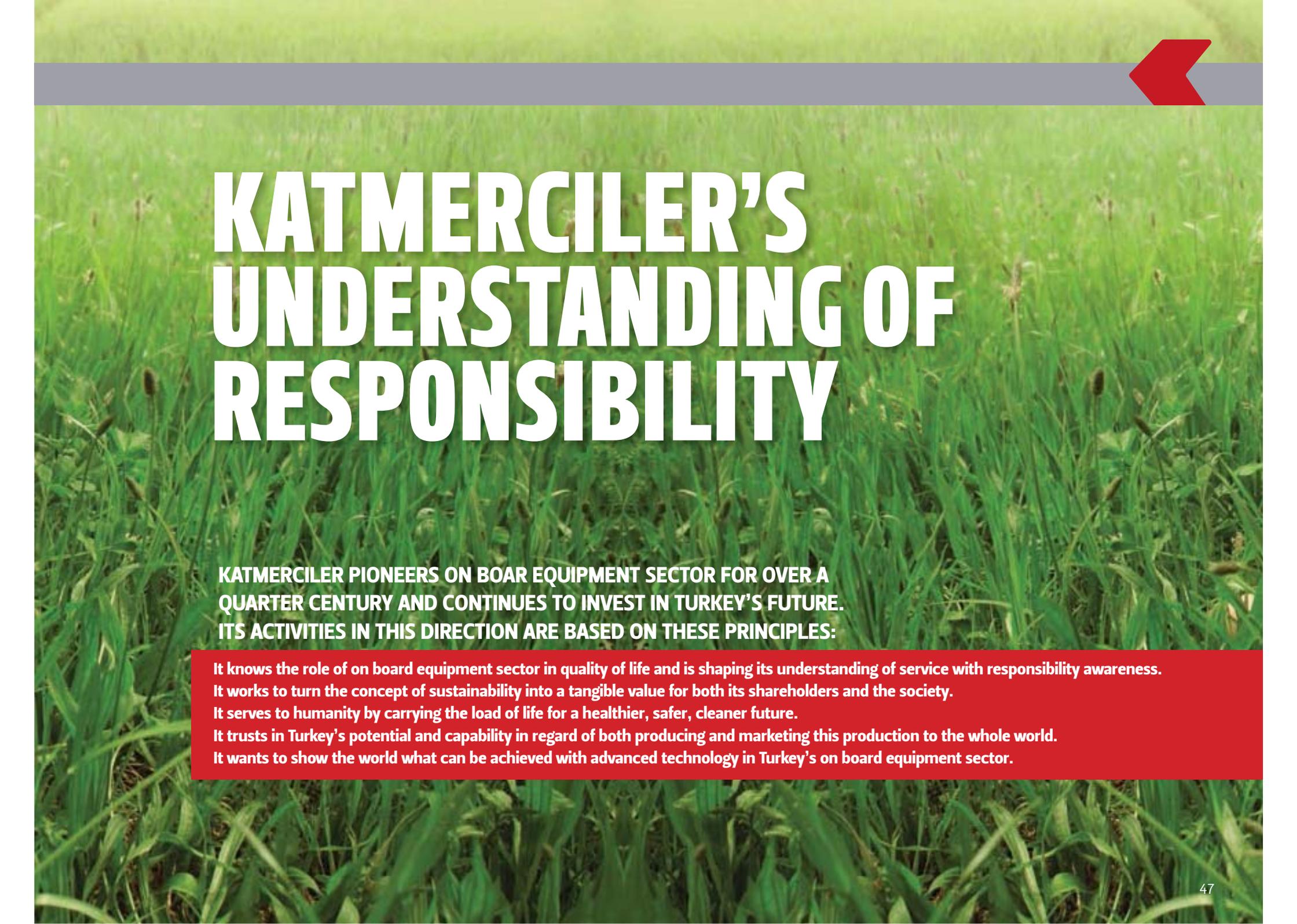


TO THE FUTURE, WITH TRUST...

KATMERCILER TRUSTS ITS OWN INSTITUTIONAL CULTURE IN BUILDING THE FUTURE. IN THIS DIRECTION THE COMPANY CARRIES OUT ITS ACTIVITIES WITH THE IDEAL OF A WORLD, WHICH IT WILL LEAVE AS A LEGACY TO FUTURE GENERATIONS.

KATMERCILER, by nature of its sector, has been serving to humanity since its inception. Therefore the culture of the institution has been shaped according to this service mentality and the production designing has been based on the society's needs for 27 years of presence. Today Katmerciler continues its mission with a much more institutionalized roadmap as the responsibility of a publicly traded company requires. The company, which conducts growth and profit oriented activities in a sustainable manner, imagines the world, it will leave to future generations and makes investments in the axis of this horizon.





KATMERCILER'S UNDERSTANDING OF RESPONSIBILITY

KATMERCILER PIONEERS ON BOARD EQUIPMENT SECTOR FOR OVER A QUARTER CENTURY AND CONTINUES TO INVEST IN TURKEY'S FUTURE. ITS ACTIVITIES IN THIS DIRECTION ARE BASED ON THESE PRINCIPLES:

- It knows the role of on board equipment sector in quality of life and is shaping its understanding of service with responsibility awareness.**
- It works to turn the concept of sustainability into a tangible value for both its shareholders and the society.**
- It serves to humanity by carrying the load of life for a healthier, safer, cleaner future.**
- It trusts in Turkey's potential and capability in regard of both producing and marketing this production to the whole world.**
- It wants to show the world what can be achieved with advanced technology in Turkey's on board equipment sector.**

FOR A SUSTAINABLE WORLD AND SUSTAINABLE LEADERSHIP

KATMERCILER BELIEVES THAT THE WAY OF DELIVERING A BETTER LIFE TO FUTURE GENERATIONS GOES THROUGH SUSTAINABILITY. AND CONTINUES ITS ACTIVITIES IN THIS DIRECTION.





TOWARDS REGIONAL LEADERSHIP

TURKEY IS GROWING VIA STABILITY, LOGISTICAL ADVANTAGES AND POTENTIAL AND A ON BOARD EQUIPMENT COMPANY IS EXPORTING TO 42 COUNTRIES. KATMERCILER, BACKED BY TURKEY'S ECONOMIC POWER, IS MOVING CONFIDENTLY TOWARD REGIONAL LEADERSHIP.

**IN JANUARY-DECEMBER 2011 PERIOD THE INCREASE
IN HEAVY COMMERCIAL VEHICLE MARKET**

25%

2011 was a pretty bright year for heavy commercial vehicle sector. During January-December period the heavy commercial market in EU and EFTA countries increased 25 percent compared to the same period of the previous year. Furthermore in Turkey same market increased 44 percent and reached the level of 47 thousand vehicles. Certainly these positive figures in heavy commercial vehicle market mean so much also for the development of on board equipment sector. Rapid growth performance both in Turkey and Europe creates important opportunities for Katmerciler, which makes production in a strategic position and therefore has logistical advantages. In Middle East and North Africa the production level of heavy commercial vehicles is limited, hence Katmerciler is becoming a major force in the region. Also thanks to GimKat, established in 2011 in partnership with French Gimaex International, Katmerciler is now a much more important producer in the region and has come a long way towards becoming a regional power. Strong growth signals in on board equipment sector are not just specific to 2011. The positive momentum gained by Turkish economy in last 10 years not only revived private sector but also led a major increase in public spending. Thus Katmerciler, while making sales both through private and public sectors, got the wind of Turkey's economy behind.

Katmerciler renders service to world brands like Volvo, Mercedes Benz, Ford, Renault, BMC, Isuzu, Hyundai, Scania, MAN, Iveco and Mitsubishi. The company, which is cooperating with these big producers, participates in various domestic and foreign tenders either indirectly as the equipment producer of truck producers or directly on its own by acquiring vehicles from producers. As the leader of on board equipment sector, Katmerciler is serving not only Turkey, but the whole region through partnerships with all these brands. These references make Katmerciler even more assertive in the world league.







**KATMERCILER BECAME A GLOBAL BRAND DUE TO EVER GROWING EXPORT NETWORK.
THE LAST COUNTRY WHICH JOINED THIS NETWORK WAS RUSSIA IN 2011.**

- | | | | | | | | | | | |
|-------------|--------------|---------|-----------|------------|----------|--------------|-----------|------------|---------|--------|
| Afghanistan | Algeria | Angola | Austria | Azerbaijan | Bulgaria | Croatia | Egypt | France | Georgia | |
| Germany | Ghana | Greece | India | Iran | Iraq | Japan | Jordan | Kazakhstan | KKTC | Kosovo |
| Kuwait | Lebanon | Libya | Macedonia | Morocco | Nigeria | Palestine | Portugal | Qatar | Romania | |
| Russia | Saudi Arabia | Senegal | Syria | Sweden | Taiwan | Turkmenistan | UAE/Dubai | Ukraine | Yemen | |

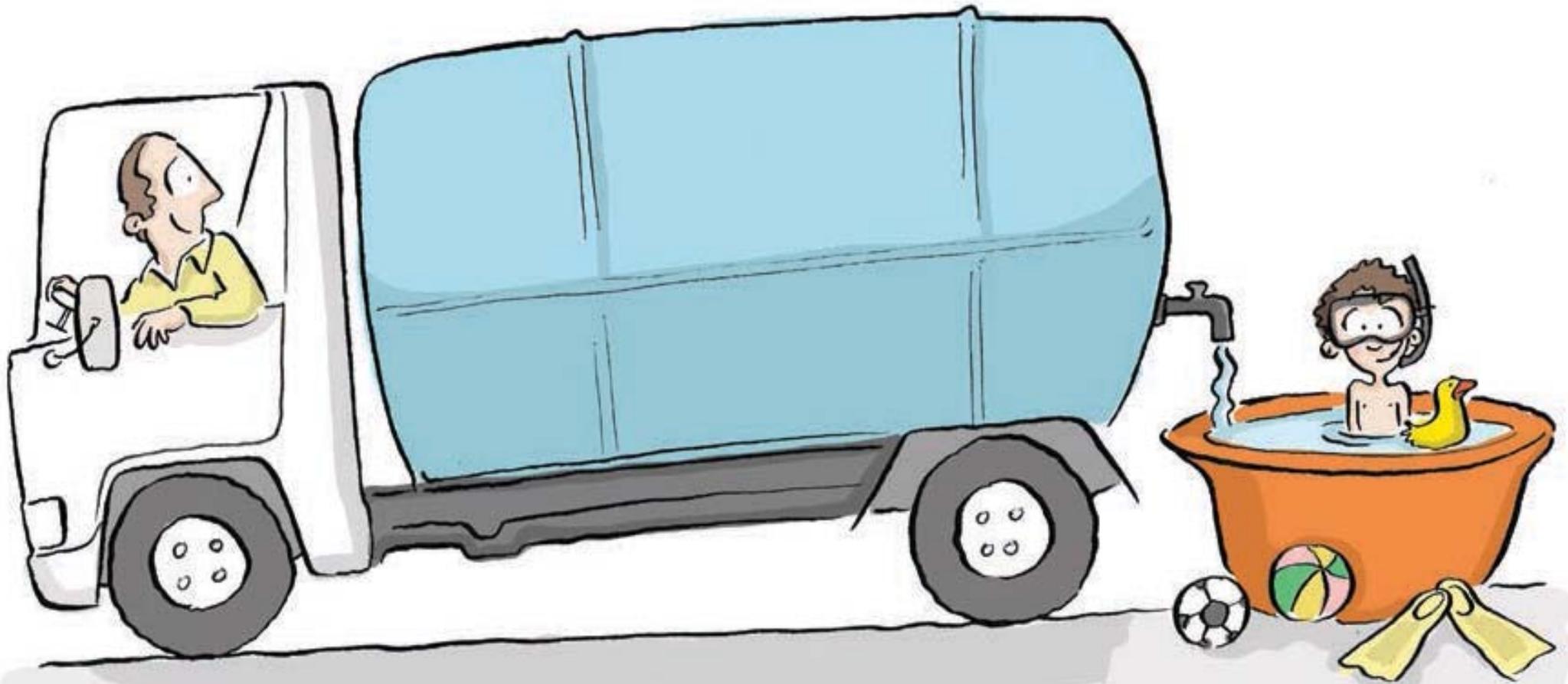




WORLD BRANDS PREFER KATMERCILER



OUR VEHICLES



**OUR CHILDREN ARE THE
LIFE ENERGY WE NEED**

ON BOARD EQUIPMENTS ADD VALUE TO THE SOCIETY

KATMERCILER'S ON BOARD EQUIPMENT PRODUCTION IS NOT ONLY FULFILLING THE SOCIETY'S NEEDS BUT ALSO ADDING VALUE TO THE SOCIAL LIFE. THESE PRODUCTS ARE SERVING WITH THE MISSION OF LEAVING A CLEAN AND SAFE WORLD TO FUTURE GENERATIONS.

FIRE FIGHTING, transportation, combined jetting and recovery vehicles... All of them add value to everyday life, provide cleanness and safety to people's lives in a modest way. Katmerciler mobilizes its facilities, knowledge and experience for these vehicles production. Its equipment production has a wide range such as fire truck, garbage truck, cresspit emptier, anti riot vehicle, water tanker, combined jetting vehicle, tipper, platform, open-closed body, hook lift, skip loader, mini packer, crane chassis,

sprinkler, double cabin, snow plougher, recovery vehicle, mobil workshop and water tender. Production is planned according to market demands and transitions made between product groups for efficient capacity usage.

Katmerciler has the capacity and capability to produce equipment on board of different brands and types of vehicles thanks to its wide design portfolio. In addition, Katmerciler makes also new designs according to the orders it receives. Planning of design and production is carried out by Project and R&D department. To date this department has put its signature under almost thousand designs according to orders and sector's demands. Design team gives us also the ability to produce new equipment needed by the sector.

OUR VEHICLES



FIRE TRUCKS

KATMERCILER increases its expertise and potential in fire truck equipment, which constitutes the largest share of its incomes, day by day. In this context, Katmerciler will also be able to mass produce equipments like high ladder or airport fire truck and have the capacity to export them thanks to GimKat, which was established in partnership with French Gimaex International. It is planned to produce fire trucks' ladders with a height of 52 meter and above in near future in Gimaex, which has received an order worth of 580.000 euro from France at the first stage. The new company is one of the most serious breakthroughs towards becoming a global player in fire trucks.



TYPES OF FIRE TRUCKS PRODUCED

- Hydraulic Ladder Fire Truck
- Aerial Ladder Platform
- Portable Ladder Fire Truck
- Narrow Field Fire Truck
- Rescue Fire Truck
- Rapid Intervention Vehicle



ENVIRONMENTAL TRUCKS

Among Katmerciler's production environmental trucks provide highest social benefits and have a major share in company's incomes.



GARBAGE TRUCKS

Garbage truck models like hydraulic pressing, semi trailer, skip loader and minipacker play a critic role in city cleaning. With improved safety systems, high performances, definitive tightness sealing and optimum capacities these vehicles are indicators of Katmerciler's quality mentality.



Hydraulic Pressing Garbage Trucks

This type offers optimum solution to inner-city garbage cleaning. Puts safety in foreground. Stands out with a compression rate of between 1/3-1/6.

Garbage Semi Trailer

This type is used after collecting the garbage with garbage trucks to deliver it to garbage unloading areas in a more economic way.





Minipacker

This type is produced to transport smaller-scale waste. Has a body capacity between 3-6 cubic meter.



Skip Loader

Double-arm crane serves to lift and load the containers and then to move them to the desired location and to empty them by overthrowing

ENVIRONMENTAL TRUCKS

COMBINED JETTING VEHICLE

Combined canal jetting units are used to vacuum suction the canals filled with cesspit and to open them with high-pressure water. Katmerciler produce major, medium and kuka types of this vehicles. Katmerciler imports only the pump and produces all the other parts by itself.



Types of Combined Jetting Vehicle

- Major type combined jetting
- Medium type combined jetting
- Kuka type combined jetting

CESSPIT EMPTIER & CESSPIT EMPTIER TRAILER

Equipment is designed to collect by suction and transport the sewage and slud. Cesspit emptier consists of a subframe connected to the vehicle's chassis, a cylindrical tank, a hydraulically opening full diameter tailgate and the vacuum system powered by the PTO.





ROAD SWEEPER

This vehicle is produced since 2010. Its water tank capacity is between 500-1800 liter.



HOOK LIFT

It carries containers with the help of these features:
Container lock system providing carriage security during driving,
secure side barriers, load holding valve on pistons against hose explosion.



TRANSPORTATION TRUCKS

Katmerciler serves to transportation sector with most reliable methods by presenting on board equipment solutions from water to construction transportation



Water & Fuel Tanker

This tankers are designed to carry and transfer by pumping water or fuel. If in demand they can be used also for road cleaning. Tanks can be elliptical, cylindrical or D shape and are made of sheet metal or stainlee steel. Inside there are sufficient baffles. On the top there is e manhole with a caliber of 500 mm. When the tank is full, under it a ventilation pipe is put but without causing loss of water or fuel.



Katmerciler manufactures both sand and stone type tipper or tipper trailer in different capacities. Tippers are made of standard or pool type normal steel (ST-37, ST-52) or hardox material. Carriage capacity is increased by manufacturing from hardox material in half pipe type lighter body.

Tipper



Cargo trailer

Produced as two or three axles. Body floor is made of ST-37.2 plate. Also can be made of wood. Gates are made of sheet metal and aluminium. Chassis and axles are in compliance with highway regulations and norms of Turkish Standard Institute.

SPECIAL PRODUCTS



Low Bed Trailer

This vehicle is used to transport products, which are not allowed to move on highway by themselves. Manufactured straight or baslin type as customer requests.

RECOVERY VEHICLE

Katmerciler focuses especially on this vehicle's production because of its high profit margin. It is produced in heavy, medium and light duty types.



PLATFORM

Produced in three types: Articulated, telescopic and sliding. With their different capacities and heights provide most reliable services.

SPECIAL PRODUCTS



ANTI RIOT VEHICLE

ANTI VEHICLE riot, which decongests illegal acting crowds with paint, gas, water cannon, is one of the tangible evidence of the achievements of our R&D activities. Katmerciler consolidates its existence in defence industry with its experience and production capability. The company produced 54 anti riot vehicles whereas this number was 14 in 2010.

Katmerciler imports only monitor, engine and pump of this vehicle, but produces all the other parts inc. electronic system by itself. Defence industry has an important place in Katmerciler's future strategies. Katmerciler produced also armoured anti riot vehicles before and with this reference it will pursue a more active production activity in this direction. The most important criteria of the defence industry is technology and quality, therefore to sell vehicles to the defence industry one must meet these conditions. Katmerciler's production in this direction also hints its technology and quality standards.



MOBILE GREASING TRUCK

It is mounted on truck and pick-up truck with louvered type and closed body and serves as greaser and lubricator.



SNOW PLOUGH

It opens the roads and prevents glaciation by plowing snow and then covering with salt.



CARGO BODY WITH CRANE

It consists of case at rear truck, driver place an done hydraulic crane between driver's place and case. By crane it is capable of self loading and unloading on its board.



MOBILE WORKSHOP

It is designed as a workshop mounted on truck and pick up truck with isolated closed body. Gives mobile maintenance and repair service.



UNRIVALLED IN THE SECTOR

INSTITUTION CULTURE, ENVIRONMENT AWARENESS, APPROCH TO ITS EMPLOYEES, R&D INVESTMENTS AND QUALITY UNDERSTANDING MAKEN KATMERCILER A COMPANY INTEGRATED WITH FUTURE. ALL THESE VALUES ASSURE KATMERCILER'S SUSTAINABILITY.

KATMERCILER'S ADVANTAGES IN COMPETITION

- ◀ Institution culture and business experience of 27 years
- ◀ The only representative of its sector in stock exchange
- ◀ Export leader of on board equipment sector
- ◀ Wide range of products with 30 types of vehicles
- ◀ Establishing GimKat with the collaboration of French Gimaex International, the only company of its sector actualized a partnership of this scale
- ◀ Vision of international cooperation, new product development and entering new markets
- ◀ Project and R&D department, which constantly updates its technological know-how
- ◀ Capacity and capability of on board equipment production for vehicles of different types and brands with a portfolio of more than thousand designs.
- ◀ The only company honoured with an international award for its activity report.

- 
- ◀ After sale guarantee for two years in the country and for one year abroad.
 - ◀ Support of spare parts supply for at least 10 years.
 - ◀ Quickness and quality of after sale service.
 - ◀ Workforce with quality and experience
 - ◀ Under one roof turnkey production capability
 - ◀ Quality standards documented with national and international certificates and work philosophy of never compromising from quality
 - ◀ Capable of receiving R&D incentive bonus from TUBITAK in its field of activity.

OUR VALUES THOSE DIFFERENTIATE US

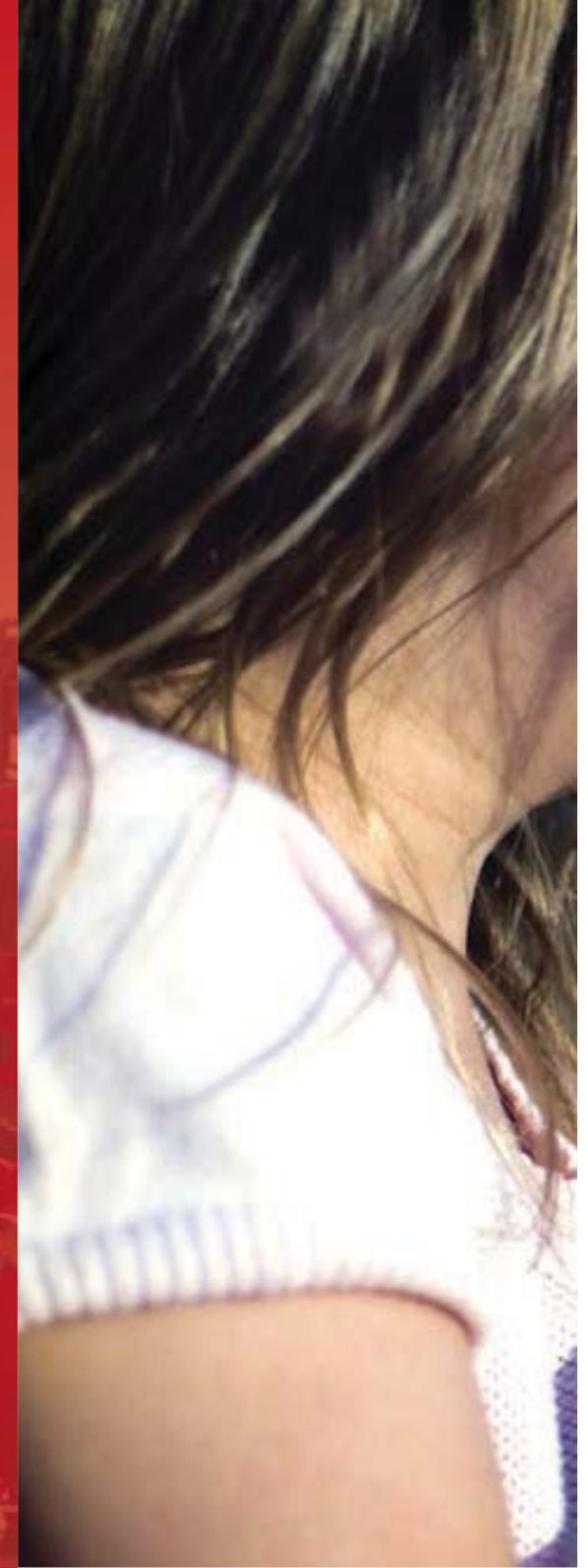
INSTITUTIONAL RESPONSIBILITY

**KATMERCILER'S DEFINITION OF
INSTITUTIONAL RESPONSIBILITY
AIMS SUSTAINABILITY BY
FOCUSING ON PEOPLE.
THIS RESPONSIBILITY COVERS
CUSTOMERS, SHAREHOLDERS
AND SOCIETY AS A WHOLE.**

KATMERCILER is shaping its understanding of institutional responsibility by imagining the world it will leave as a legacy to future generations. Providing products and services in international standards, healthy developments of them, conducting activities according to the interests of customers and shareholders are among Katmerciler's priorities. In line of the scope of its activities it is exactly inside people's lives. Katmerciler's institutional responsibility efforts are conducted in the axis of corporate citizenship.

OUR HUMAN RESOURCES PRINCIPLES

- ▼ Providing a productive and safe work environment to make our employees proud of our firm
- ▼ Providing our employees constant education and self development opportunities
- ▼ Ensuring to protect our employees' pecuniary and unpecuniary rights
- ▼ By preparing good career planning for employees rising their potentiel to maximum levels
- ▼ As the top management conducting open and transparent management policy
- ▼ Ensuring and protecting equality of opportunity among our employees in all areas
- ▼ Aiming constantly developing and improving our human resources policy
- ▼ For work safety to organize and implement control systems for workers who use production equipments and tools
- ▼ Pereventing work accidents and professional illnesses





ENVIRONMENT AWARENESS

KATMERCILER TURNS ENVIRONMENT AWARENESS INTO INSTITUTION CULTURE BY COMMITTING TO FULLFIL ALL ENVIRONMENTAL OBLIGATIONS

Katmerciler makes contributions to clean environment with its on board equipment products and controls its production processes. Constantly developing its environmental performance and looking for solutions to global environment problems are among its principles. In this direction it becomes the spokesperson of future generations. Katmerciler imbues this awareness to its all employees as institution culture.

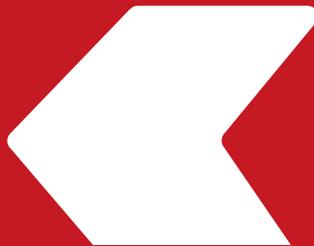
KATMERCILER'S ENVIRONMENT POLICY

- ▼ Bearing the responsibility of leaving behind a cleaner world to future generations
- ▼ Fulfilling all legal legislations, regulations and obligations environment-related
- ▼ Preventing pollution right at its source in line with environment awareness approach
- ▼ Reducing the consumption of natural resources by using them efficiently
- ▼ Reducing the level of hazardous wastes to minimum
- ▼ Taking active measures for recycling the wastes
- ▼ Monitoring, improving and developing environmental performance
- ▼ Being in cooperation with public institutions, customers, subcontractors and neighbouring establishments about environment
- ▼ For implementing Environment Integrated Management System's targets raising environment awareness of employees

KATMERCILER FAMILY

KATMERCILER SEES ITS WORKMATES WITHIN THE COMPANY AS FAMILY MEMBERS AND IS THEIR GREATEST SUPPORTER BOTH FOR THEIR IN-COMPANY HAPPINESS AND PERSONEL DEVELOPMENT.

THE FOUNDATION of all values displayed by Katmerciler has been built by its employees. Katmerciler in awareness of this defines its workmates as family members rather than employees and mobilizes its all resources for their development. Katmerciler established in-company sharing networks to support this family and is cooperating with local intitutions and organizations in order to create opportunities for people with limited means but high skills. Workmates are taking education not only about individual and professional topics but also about first-aid and natural disasters like earthquake, fire etc. Katmerciler supports their voluntary participating in social activities in the name of the balance between work life and private life.



KATMERCILER FAMILY'S PRIVILEGES

- Effective and safe work environment
- Education and personal development opportunities
- Career planning support
- Open and transparent management policy
- Equality of opportunity without language, religion, race and gender discrimination



INVESTMENT IN TECHNOLOGY

KATMERCILER AIMS TO DEVELOP ITS PRODUCTION CAPABILITY BY ENJOYING ALL BENEFITS OF TECHNOLOGY. IN THIS DIRECTION IT MAKES R&D INVESTMENTS, GETS PARTNERSHIP WITH TUBITAK AND ADOPTS OTHER INNONATIVE APPROACHES.

KATMERCILER continues its activities according to its vision of becoming a world company and displays its assertiveness through its technological studies. Katmerciler dedicates 1 percent of revenues to R&D and increases this rate day by day. It aims to increase the share of R&D to 2 percent in 2015. It continues also to develop its production capabilities thanks to TUBITAK's grants . According to the 5746 numbered law of supporting R&D activities, TUBITAK pays up to 60 percent of the investments for the productions, which are made for the first time within the company. So Katmerciler on the one hand reduces its costs and on the other hand brings in TUBITAK certificated products to service sector. Katmerciler's R&D department closely pursues developments in on board equipment sector and uses its wide knowledge to meet new needs. R&D department, which has qualified personnel and latest technological facilities, on the one hand aims to produce equipments that make a difference on the other hand Works on the applicability of the existing equipments in different areas. These studies turn Katmerciler in technologically most advanced on board equipment production base of not only Turkey, but the whole region. By adding the partnership with French Gimaex, Katmerciler now operates in a vision of much more broader perspective.



UNIVERSAL QUALITY MENTALITY

ONE OF THE imperatives of sustainability objectives is undoubtedly quality. And Katmerciler trusts its own quality in its journey to sustainability. Certified quality management systems of the company are the evidence of this. Quality mentality is implemented not only in production but in all sectors of the company. Katmerciler's after sale policy is another indicator of how much it is confident of its quality. After sale the company continues to serve to customers with the same thoroughness. It aims to ensure customer satisfaction without compromising quality. The service department of the company supports the customers, whether inside the country or abroad, after sale with its skillful experts at full capacity.



AFTER SALE SERVICE MENTALITY

- Speed and quality of after sale service is the first priority of Katmerciler.
- The products are guaranteed for 2 years in the country and for 1 year abroad against manufacturing defect and assembly fault except usage and user's mistake.
- Service department with its expert staff at full capacity supports customers both in the country and abroad.
- For every product Katmerciler manufactured spare part supplying is guaranteed for at least 10 years.
- Since every products is developed according to customers' demands and expectations, customer feedback is considered with great care.



KATMERCILER'S QUALITY POLICY

- By manufacturing all products the aim is going beyond international standards.
- Quality always comes first.
- Katmerciler's all employees work with the principle 'quality first'.
- Constant development and improvement inc. existing facilities is the life style of the company.
- After sale quality mentality continues and ensuring the trust of the customer is essential.





**KATMERCILER'S
INVESTOR RELATIONS
POLICY AIMS
CONSTANTLY
INFORMING ITS
PARTNERS AND LET
THEM TO REACH THIS
INFORMATION IN THE
EASIEST WAY. SO THE
STAKEHOLDERS ARE
KEPT INFORMED
ABOUT EVERY DETAIL.**

IN CLOSE RELATIONSHIP WITH STAKEHOLDERS

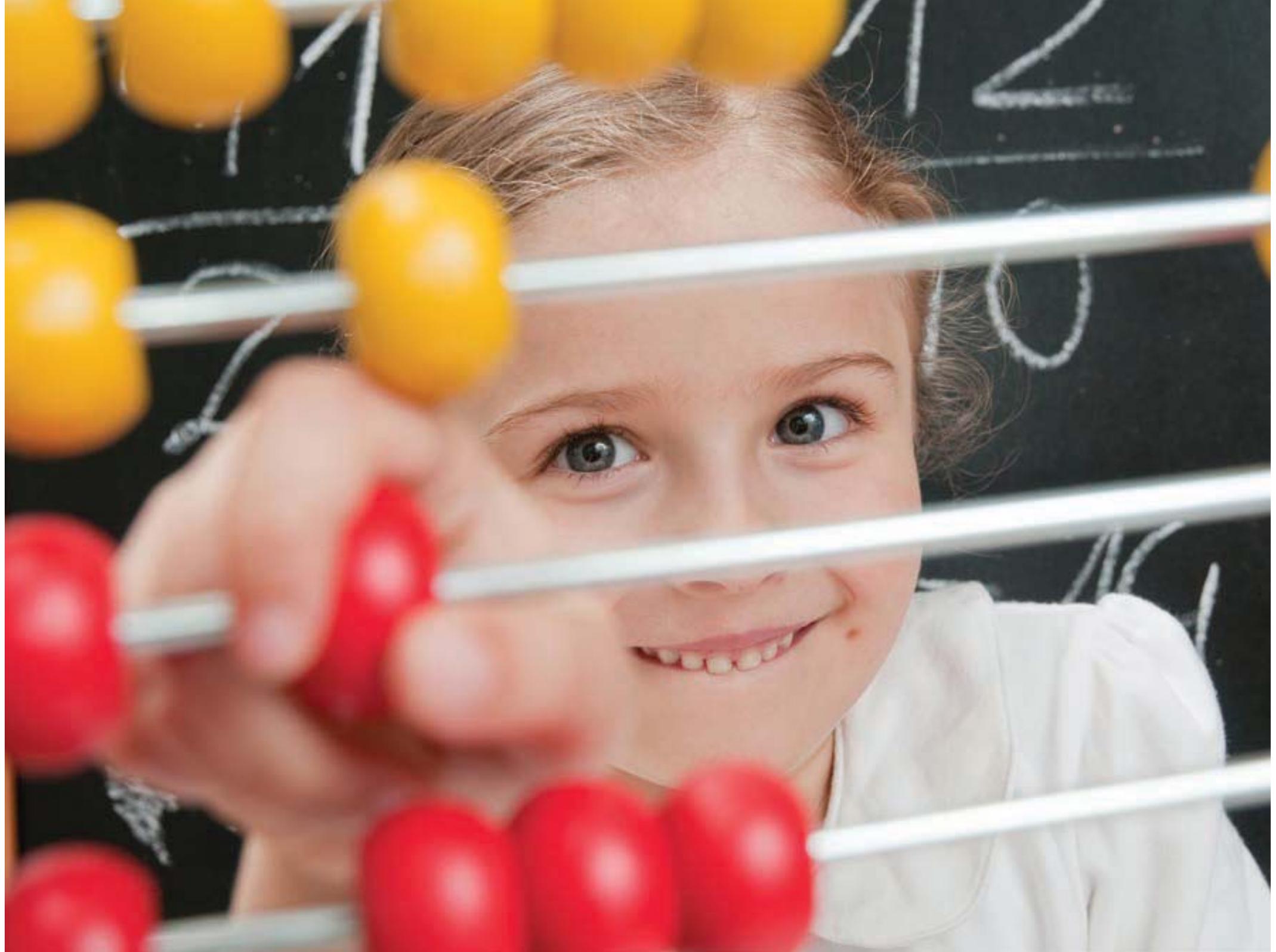


AFTER GOING public in late 2011 Katmerciler's biggest gain was its major progress towards institutionalization. The company was aware that this new term also brought great responsibility. Since then Katmerciler gained partners from all over Turkey and became a much more greater family. All applications regarding public clarification are managed in full harmony with SPK (Capital Markets Board of Turkey) and IMKB (Istanbul stock exchange) regulations. Katmerciler displays an open and transparent approach not only to its stakeholders and investors but also to all related public authorities and finance and capital market organizations. The company declares its financial information according to generally accepted accounting principles, International Financial Reporting Standards (IFRS) and Capital Market Law in an accurate, fair, timely and detailed way. And it provides a seamless, active, open communication platform through its investor relations unit. With the membership in Investor Relations Association as well, closely follows the trends of investor relations, and adapts best applications to its organization.



RESPONSIBILITIES OF KATMERCILER INVESTOR RELATIONS UNIT

- Records related to stakeholders are kept update safely and healthy.
- Except the information in the category of not disclosed to public, confidential or trade secret, shareholders verbal or written information demands about the company are replied thoroughly.
- General Assembly meeting is organized according to legislation in force, main contract and other in-company regulations.
- In General Assembly meeting all the documents, which shareholders may need, are kept available all the time.
- Voting results are registered and related reports are sent to shareholders in case demanded.
- Every issue about public clarification, inc. legislation and company's public informing policy, is carefully monitored.
- 'Investor relations' section in the institutional site (www.katmerciler.com) is constantly updated in order to let the stakeholder reach company's information via internet fast and easy.
- According to SPK's notification of serial 8, number 54, material disclosures are reported to IMKB through public clarification platform.
- Changes in legislation related to Capital Market Law are monitored and brought to attention of relevant units within the company.



KATMERCILER ARAC USTU EKIPMAN SAN. ve TIC. A.S.

01 JANUARY 2011 – 31 DECEMBER 2011

ANNUAL REPORT

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PARTNERSHIP STRUCTURE AND CAPITAL DISTRIBUTION

Authorized Capital: TL 25.000.000

Paid up capital: TL 25.000.000

Our Company's partnership structure is as below, and İsmail Katmerci is the ultimate controlling shareholder with 58.11% shares.

PARTNERS	AMOUNT OF SHARES	PERCENTAGE OF SHARES
İsmail Katmerci	14.528.333,40	58.11
Public Segment	6.071.666,60	24.29
Other	4.400.000,00	17.60
TOTAL	25.000.000,00	100,00

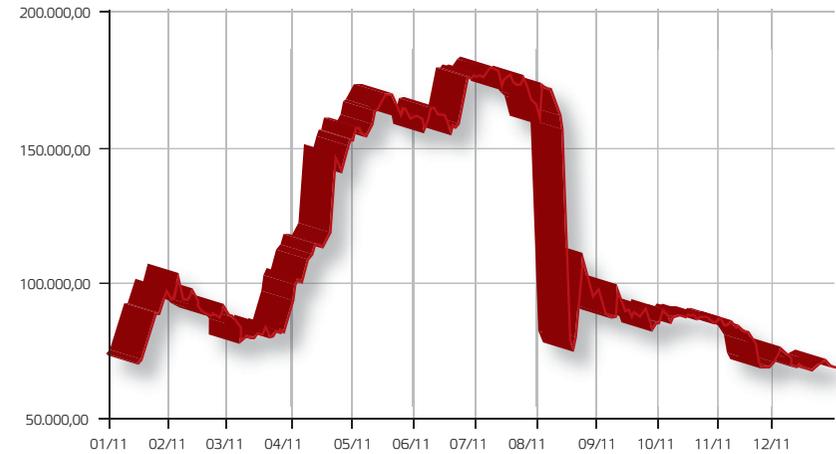
Via Bonus Stock Incentive within the Public Offering Incentives, investors who gained the right to receive 5% additional stock by maintaining their purchased stocks from the public offering of Company shares for 90 days between dates 11.11.2010 and 08.02.2011, received their stocks of TL 35.833,30 nominal value on 22.02.2011.

PROGRESS IN STOCK PRICES WITHIN THE PERIOD:

Our Company's shares that are traded in the II. National Market of Istanbul Stock Exchange, were traded with minimum price of TL 2.61 maximum price of TL 7.51 per lot, between 01.01.2011–31.12.2011.

Progress in the market value of our Company's shares between 01.01.2011 and 31.12.2011 are shown in the chart below.

KATMERCILER MARKET VALUE CHART (TL 1000)





AMENDMENTS MADE IN ARTICLES OF INCORPORATION AND ITS REASONS

As per the 6th article of 'Capital and Shares' of the Articles of Incorporation, in 18.05.2011, the Company applied to Capital Markets Board for a preapproval to increase paid capital from TL 12.500.000 to TL 25.000.000 by 100% capitalization issue; TL 6.005.230 to be financed through share premium, and TL 6.494.770 from extra reserves.

The Capital Markets Board approved the application by the article dated 04.07.2011. The Amendment drafts approved in 21.07.2011 by Ministry of Industry and Commerce, were also approved by the General Assembly at the Extraordinary General Meeting dated 27.07.2011. Additionally, it was registered by Izmir Trade Register Office in 04.08.2011.

AMENDMENT OF ARTICLES OF INCORPORATION

FORMER VERSION

CAPITAL AND SHARES:

Article 6: The Company's capital is TL 12.500.000. This capital is divided into a total of 12.500.000 shares (TL 1 nominal price per share); 1.000.000 of which are group A, 11.500.000 of which are group B. The total of A Group shares are registered shares; the total of B Group shares are bearer shares. The TL 11.000.000 (Eleven million Turkish Liras) constituting the former capital is paid in full. This once, the increased TL 1.500.000 will be paid by completely limiting the stock rights of current partners and by going public; B Group bearer shares will be issued.

SHAREHOLDER	SHARE GROUP	NUMBER OF SHARES	AMOUNT (TL)
Ismail Katmerci	(A)	800.000.-	800.000.-
Havva Katmerci	(A)	50.000.-	50.000.-
Mehmet Katmerci	(A)	50.000.-	50.000.-
Ayşe Nur Çobanoğlu	(A)	50.000.-	50.000.-
Furkan Katmerci	(A)	50.000.-	50.000.-
Ismail Katmerci	(B)	8.000.000.-	8.000.000.-
Havva Katmerci	(B)	500.000.-	500.000.-
Mehmet Katmerci	(B)	500.000.-	500.000.-
Ayşe Nur Çobanoğlu	(B)	500.000.-	500.000.-
Furkan Katmerci	(B)	500.000.-	500.000.-
Public Share	(B)	1.500.000.-	1.500.000.-

NEW VERSION

CAPITAL AND SHARES:

Article 6: The Company's capital is TL 25.000.000. This capital is divided into a total of 25.000.000 shares (TL 1 nominal price per share); 2.000.000 of which are group A, 23.000.000 of which are group B.

The total of A Group shares are registered shares; the total of B Group shares are bearer shares.

TL 12.500.000 is paid in full, and confirmed by the No. 485-2010-03-153-90 report of CPA (İzmir Certified Public Accounting registered as No. 485 licence register) Gürsel Erkul Iliz, dated 24.11.2010. The Company increased Paid Capital by TL 12.500.000; TL 6.005.230 to be financed through share premium, and TL 6.494.770 from extra reserves.

The shares representing the Company's capital are monitored within the framework of dematerialization basis.

FEATURES AND AMOUNT OF CAPITAL MARKET INSTRUMENTS ISSUED WITHIN THE YEAR

Katmerciler issued 12,500,000 shares, due to the 100% capitalization issue between 01.01.2011 – 31.12.2011.

The bonus shares issued were distributed to right holders at a ratio of 100% within the framework of the dematerialization basis, in 18.08.2011.

Shares issued with TL 12,500,000 nominal value will maintain dividend right as per 2011. In case of profit realization and distribution, shareholders will be paid 2011 dividends for the first time.

MEMBERS OF BOARD OF DIRECTORS AND SUPERVISORS

Articles of Association of our Company and the elections of the Board of Directors and Supervisors members are carried out by the General Assembly, as per the Turkish Commercial Code and related regulations. The Company's 2010 Annual General Meeting was held in 11.05.2011.

A- BOARD OF ADMINISTRATORS AND SUPERVISORS:

Members of the Board of Administrators and Supervisors elected at the General Assembly held in 11.05.2011 are as follows:

ADMINISTRATIVE BOARD			
NAME AND SURNAME	TITLE	TERM OF DUTY	
Mehmet Katmerci	Chairman of the Executive Board, General Manager	11.05.2011	11.05.2012
Furkan Katmerci	Vice President of the Executive Board	11.05.2011	11.05.2012
Havva Katmerci	Executive Board Member	11.05.2011	11.05.2012

BOARD OF SUPERVISORS			
NAME AND SURNAME	TITLE	TERM OF DUTY	
Osman Gürbüz Özkara	Supervisor	11.05.2011	11.05.2012
Erkan Gül	Supervisor	11.05.2011	11.05.2012



AUTHORITIES AND RESPONSIBILITIES OF ADMINISTRATIVE BOARD MEMBERS AND SUPERVISORS

Authorities and responsibilities of Administrative Board Members and Supervisors are determined as per the 10th, 16th and 17th articles of the Company's Articles of Incorporation.

In the 21st and 22nd articles of the Articles of Incorporation, authorities and responsibilities of the Board of Supervisors are stated.

B- COMMITTEE LIABLE OF SUPERVISION

Members of the Committee Liable of Supervision are; Vice President of the Executive Board Furkan Katmerci; Administrative Board member Havva Katmerci, who are not executive members.

The Committee Liable of Supervision supports the Administrative Board with the purpose of supervising the Company's accounting system, public disclosure of financial information, and process and efficiency of the internal control system.

Audit Committee Working Principles have been approved by the Administrative Board in 10.10.2011, within the context of CMB Corporate Governance Policies Part IV, Article 5.6, and CMB Independent Audit Report Serie:X No.22 Article 25. It is placed on the Company's website as approved.

C- MODIFICATIONS MADE WITHIN THE YEAR REGARDING SENIOR MANAGEMENT AND INFORMATION ON PEOPLE ON DUTY

No changes have been made in the Company management within this period. Administrators are listed below: Administrators are listed below:

NAME - SURNAME	TITLE	PROFESSION	PROFESSIONAL EXP.
Mehmet Katmerci	Chairman of the Administrative Board, General Manager	Businessman	19 YEARS
Gökmen Ölçer	Financial Coordinator	Certified Accountant	19 YEARS

MEHMET KATMERCİ (CHAIRMAN OF THE ADMINISTRATIVE BOARD – GENERAL MANAGER):

Mehmet Katmerci worked in all departments of the Company since 1992, was elected as Chairman of the Administrative Board and the General Manager in 2001. He contributed to the Company's recent move towards exportation and the increase in profit. He is still the Chairman of the Administrative Board and the General Manager. Additionally, he has been carrying on his duties as the Chairman of the Administrative Board and the General Manager of Katmerciler Profil Sanayi ve Ticaret A.S. and Isipan Otomotiv ve Üst Ekipman Metal Makine San. ve Tic. A.S, two group companies.

GÖKMEN ÖLÇER (FINANCIAL COORDINATOR):

Gökmen Ölçer started his career in 1993, in Piri Reis Co. Ltd. as an accounting supervisor. He worked as an Accounting Administrator and Accounting Manager between 1997–2004 in EGS Egeser Wear Ind. Domestic and Foreign Trade Inc. Ölçer was employed in Taris as General Accounting Manager, in Taris Iplik Inc. as Supervisory Board Member, Administrative Board Member, Vice Chairman of the Executive Board, Chairman of the Administrative Board between 2004–2009. He worked in Taris Tat Alcoholic Beverages Inc. as Vice General Manager, Administrative Board Member, also in Taris Pamuk Realty Investment Consultancy Inc. as Supervisory Board Member. Ölçer earned the right to receive his licence of independent accountant and financial accountant (Certified Public Accountant licence) in 1998, in compliance with the law No. 3568; he is a member of Izmir Chamber of Independant Accountants and Financial Advisors. He is assigned to the Financial Coordinations by Katmerciler Araç Üstü Ekipman San. ve Tic. A.Ş. on 07.04.2009.

THE COMPANY'S SECTOR OF ACTIVITY AND POSITION

In 2011, Automotive Main Industry Exports has been 11.9 billion USD, sub-Industry exports where our Company is also involved has been 8.5 billion USD, at a total industry exports of 20.4 billion USD.

Compared to 2010, Main Industry exports increased by 12%, and sub-industry exports by 17%. (TAYSAD)

On Vehicle Equipment Sector, where our Company also operates in, is considered to be the sub-sector of Automotive Sub-Industry.

Our Company's domestic and overseas production and sales figures are included in automotive sub-industry figures statistically.

AUTOMATIVE SUB-INDUSTRY EXPORTS (USD)		
	2011	2010
Turkey	8,457,193,003	6,736,566,317
Katmerciler	32,046,561	16,900,803
KATMERCILER'S SHARE	0.38%	0.25%

PRODUCTION AND CAPACITY

	1 JANUARY -31 DECEMBER 2011			1 JANUARY -31 DECEMBER 2010		
	CAPACITY IN UNITS	PRODUCTION IN UNITS	C.U.R. %	CAPACITY IN UNITS	PRODUCTION IN UNITS	C.U.R. %
Garbage	188	514	273	188	376	200
Fire	690	118	17	690	428	62
Dumper	287	48	17	287	147	51
Canalization and Cleaning	95	27	28	95	10	11
Sewage Truck	70	39	56	70	25	36
Tanker	274	54	20	274	156	57
Street Sweeping	12	24	200	12	32	267
Social Incidents Response Vehicle		28			17	
Armoured Response Vehicle		24				
Rescue Vehicle + Equipment		49				
Hooklift Vehicle + Equipment		14				
Other	87	43	49	87	34	39
GENERAL C.U.R. (%)			58%			72%

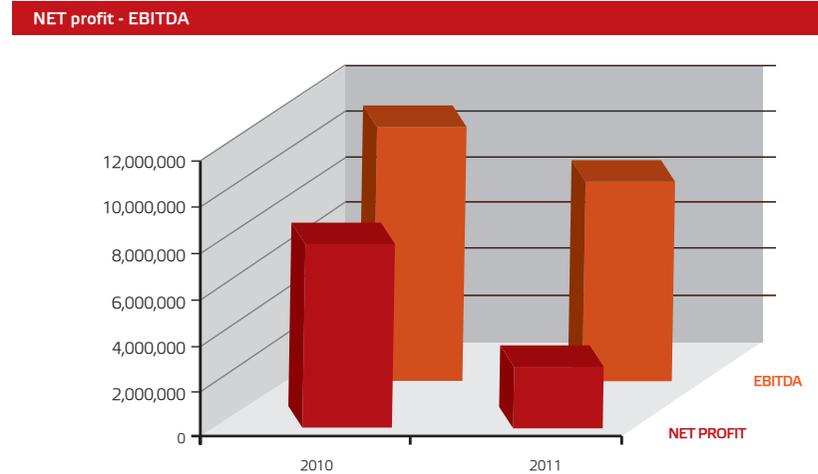
Our Company used 58% of its capacity in manufacturing 982 equipments in 2011.

	1 JANUARY -31 DECEMBER 2011		1 JANUARY -31 DECEMBER 2010	
	CAPACITY IN UNITS	SALE IN UNITS	SALE IN UNITS	
Garbage	188	144	73	
Fire	690	12	49	
Dumper	287	4	134	
Canalization and Cleaning	95	3		
Sewage Truck	70	9	1	
Tanker	274	7	82	
Street Sweeping	12	8		
Romork	32			
Social Incidents Response Vehicle				
OTHER	87	21	5	
GENERAL C.U.R. (%)		208	344	



SALES AND THE COMPANY'S ANNUAL PERFORMANCE

SALES	1 JAN - 31 DEC 2011	1 JAN - 31 DEC 2010
Garbage Box+Garbage Equipment	20,627,758	12,621,129
Fire equipment + Fire Truck	17,748,467	19,366,606
Dumper Box	3,060,506	3,049,199
Platform Box	3,730,741	1,728,622
Canalization Vehicle And Equipment	3,633,897	2,529,588
Sewage Truck and Equipment	3,446,956	6,768,243
Water and Fuel Tanker + Equipment	2,902,902	2,770,122
Street Sweeping Vehicle + Equipment	3,640,000	4,476,000
Social Incidents Response Vehicle	2,616,000	-
Armoured Response Vehicle	6,685,509	-
Rescue Vehicle + Equipment	1,823,884	-
Hooklift Vehicle + Equipment	1,823,884	-
Other	15,787,346	8,349,946
TOTAL SALES COST	85,703,966	61,659,455
COST OF SALES	66,510,819	43,200,869
GROSS SALES PROFIT	19,193,147	18,458,587
COST OF ACTIVITIES	11,135,712	8,053,404
ACTIVITIES PROFIT	8,057,435	10,405,183
EBITDA	8,572,400	10,760,840
NET SALES PROFIT	2,398,607	7,926,977



The Company's total assets have increased by 98% compared to the previous year, and reached TL 118,111,985.

The Company's 2011 sales revenue has increased by 39%, and the share of exports in 2010 total revenue which was 42%, increased to 65% in 2011.

The Company's equity capital has reached TL 29,891,671 as of 31.12.2011, which indicates an increase of 13% compared to previous year. Operating profit margin, which was 17% in 2010, was 9% in 2011.

The Company's current ratio as of 31.12.2011 was 1.22, and the net working capital was TL 16,400,774.

OUTPUT IN BRIEF (TL)		
	12/31/2011	12/31/2010
Sales Revenue - Net	85,703,966	61,659,456
Exports Revenue - Net	55,646,304	25,916,613
Operating Income	8,057,435	10,405,183
Operating Profit Margin	9%	17%
Profit Before Tax	3,692,259	10,255,423
Net Profit	2,398,607	7,926,977
Net Profit Margin	3%	13%
Current Assets	91,938,485	38,947,047
Fixed Assets	26,173,500	20,602,676
Size of Assets	118,111,985	59,549,723
Short Term Foreign Resources	75,537,711	24,609,672
Long Term Foreign Resources	12,682,603	8,466,208
Equity Capital	29,891,671	26,473,844
Financial Liabilities	39,375,601	13,789,096
Investment Expenditure	4,393,107	5,233,273

Additionally, basic ratios reflecting our Company's performance are stated under 'Article 12'.

PROGRESS IN INVESTMENTS AND UTILIZATION OF INCENTIVES

R&D ACTIVITIES

Within the context of Company's Development of Fire Equipment with Hydra Ladder of 45 Meters Project, the Company applied to TUBITAK (The Scientific and Technological Research Council of Turkey) to benefit from grants; received grants for TL 82,407 with reference to YMM (Chamber of Certified Public Accountants) reports No.485-03-187-17 dated 19.07.2011, and TL 138,957 with reference to YMM report no No.485/2011-03-240-70 dated 13.12.2011; making a total of TL 221,364. This amount

is reflected in Special Funds, in Equity Capital.

INVESTMENTS

The Company spent TL 4,393,107 between 01.01.2011-31.12.2011, regarding our new investment activities, discloses by the announcement in the Public Disclosure Platform, dated 01.03.2011.

DIVIDEND POLICY

By resolution No. 2011/12 on 25.02.2011, our Administrative Board organized a profit distribution regarding year 2010 and consequent years. This distribution was presented to the shareholders at the General Assembly meeting held on 11.05.2011.

Principles related to the Company's Articles of Incorporation, Article 34 titled 'Determination and Distribution of Profit' are formed in compliance with the Turkish Commercial Code and the Capital Market Law.



FINANCIAL RESOURCES AND RISK MANAGEMENT POLICIES

25% (2010: 44%) of our Company's consolidated assets as of 31.12.2011 are financed through equities, and 75% (2009: 56%) of it through foreign resources. Financing is performed through foreign resources for the investments regarding the continuance of existing operation and the Company strategies, and for operating capital needs. Approximately 55% (2010: 58%) of financing from foreign resources composed of trade activities, and 45% (2010: 42%) of financial receivables. Within this context, our Company is in cooperation with domestic financial establishments.

Due to trade operations and utilization of financial instruments for these operations, our Company is exposed to interest rate risk and foreign exchange rate risk as loan risks, liquidity risks and risks generating from financial markets.

Risks mentioned are managed in accordance with principles listed below:

CREDIT RISK

Credit risk, is the risk of a customer or the other party not being able to perform the liabilities stated in the agreement. Our Company's collection risk is basically generated from trade receivables. Bad debt risk is fairly low, since a significant part of trade receivables are to be collected from the world's and Turkey's prominent chassis truck producers and public institutions, and since export product payments are collected either in cash or via letters of credit.

LIQUIDITY RISK

Our Company manages liquidity risk via matching groups of financial assets and liabilities by pursuing cash flow regularly.

Prudent liquidity risk management represents keeping sufficient cash, using sufficient loan operations and fund resources, and the power to close out market positions.

Risk of funding existing and possible future payable needs, is managed by accessing reliable creditors in adequate numbers.

INTEREST RATE RISK

Due to its assets earning interest and liabilities paying interest, our Company is open to interest rate risk, which generates from changes in interest rates. This risk is managed in the balance sheet by balancing amount and terms of interest rate sensitive assets and liabilities, or if necessary, through derivatives.

FOREIGN EXCHANGE RATE RISK

The Company experiences foreign exchange rate risk due to various income and cost items of foreign currencies, and due to foreign payables, receivables, and financial payables generating from these items.

When it is required in terms of financial assets and liabilities in terms of foreign currencies, the Company keeps the risk at a reasonable level by buying and selling foreign currencies at spot rates.

In order to minimize foreign exchange rate risk in the balance sheet, the Company occasionally keeps its idle cash as foreign currency.

The Company is exposed to floating exchange rate risk on the ground that most bank loans have variable interest rates.

FORECASTING OF COMPANY'S DEVELOPMENT

In line with our Company's strategic objectives, R&D investments will progress in 2012, becoming a brand and studies for institutionalization will be conducted swiftly.

Katmerciler intends to perform organizations, that add value to customers and enhance the ability to manufacture innovative products, in order to fulfill sustainable growth and profitability, and increase its market share in on vehicle equipment sector, not only of Turkey but also of the world. In this context, the company established a new company together with Gimaex International of France, which is one of the world's leading establishments producing fire equipment. This new company was founded in İzmir, with the purpose of exploring new markets, manufacturing new equipments with different technologies, in addition to the current production and sales capacity. The new company was founded with 50% to 50% titled GimKat Araç Üstü Ekipman San. ve Tic. A.S., with TL 2,500,000 capital, at the address 10032 Sok. No:8 A.O.S.B. Cigli/Izmir. It was registered by Izmir Trade Register Office in 11.10.2011, gaining a corporate identity.

BASIC RATIOS

LIQUIDITY RATIOS	12/31/2011	12/31/2010
CURRENT RATIO	1.22	1.58
COMMERCIAL RECEIVABLES / ASSETS	0.27	0.26
FINANCIAL STRUCTURE RATIOS		
TOTAL FOREIGN RESOURCES (K.V.+U.V.) / TOTAL ASSETS	0.75	0.56
EQUITIES / TOTAL ASSETS	0.25	0.44
RATIOS RELATED TO PROFITABILITY		
GROSS SALES PROFIT / NET SALES	0.22	0.30
EBITDA MARGIN	0.10	0.17

PERSONNEL AND EMPLOYEE MOVEMENTS, EMPLOYEE RIGHTS AND BENEFITS

- The number of employees, which was 231 at the beginning of 2011, increased to 302 as per 31.12.2011.
- We are liable by TL 929.210 severance payments, as of period-end, to our employees who earned their rights to receive severance payments as of 31.12.2011.

DONATIONS

The total amount of our Company's donations and grants amount in TL 11.020 in the period of 01.01.2011 – 31.12.2011. (31.12.2010: TL 14.075)

OFF-CENTER ORGANISATIONS

We do not have any off-center organizations.



INFORMATION ON AFFILIATES' CONSOLIDATION

Main activity areas of consolidated companies and parent company's participation ratios are as follows:

AFFILIATES	ACTIVITY SCOPE	THE GROUP'S PARTICIPATION RATIO (%)	
		31 Dec 2011	31 Dec 2010
Katmerciler Profil Sanayi ve Ticaret A.S	Painting Labour	93.33	93.33
Isipan Otomotiv ve Ust Ekipman Metal Makine San. ve Tic. A.S	Welding Labour	95.67	89.00
Kat Arac Ustu Ekipman Pazarlama ve Dis Ticaret Ltd. Sti.*	Marketing	-	90.00

Consolidation is performed within the parent company; Katmerciler Arac Ustu Ekipman San. ve Tic. A.S. .

Accounting policies of the companies, that are included in consolidation, are habilitated according to the parent company's accounting policies. All operations, balances, income and costs within the Group have been eliminated in consolidation.

AFFILIATES	ACTIVITY SCOPE	THE GROUP'S PARTICIPATION RATIO (%)	
		31 DEC 2011	31 DEC 2010
GimKat Arac Ustu Ekipman Sanayi ve Ticaret A.S.	On vehicle equipment production	49.99	-

Gimkat Arac Üstü Ekipman Sanayi ve Ticaret A.Ş., which is the 49.99% participation of the Group has not been included in consolidation since its call has not been paid as of 31.12.2011.

REPORT ON COMPLIANCE WITH MANAGEMENT POLICIES

1. DECLARATION OF COMPLIANCE TO CORPORATE MANAGEMENT POLICIES

1.1 INSTITUTIONAL MANAGEMENT PRINCIPLES THAT ARE NOT YET APPLIED

Our Company believes in the significance of compliance to Institutional Management Principles, that were published in 2003, and revised by the Capital Markets Board in 2005. However, compliance to some principles is not fulfilled yet due to reasons such as the market, and the Company's current structure not being able to correspond to some principles, conflicts in compliance both domestically and overseas, issues that might delay the Company's activities; thus conducts on performing the compliance are being carried out, as explained below.

1.2. COMPLIANCE STUDIES CONDUCTED WITHIN THE PERIOD

Audit Committee Working Principles have been approved by the Administrative Board in 10.10.2011, within the context of CMB Corporate Governance Policies Part IV, Article 5.6, and CMB Independent Audit Report Serie:X No.22 Article 25. It is placed on the Company's website as approved:

KATMERCILER ARAC USTU EKIPMAN SAN. ve TIC. A.S. AUDIT COMMITTEE DUTY AND WORKING PRINCIPLES

1 - GOAL AND GROUNDS:

The aim in the preparation of this document is to accurately monitor the financial and operational activities of Katmerciler Araç Üstü Ekipman San. ve Tic. A.Ş. (the Company) Audit Committee (a. Committee).

This document has been prepared within the context of Article 25 of CMB Independent Audit Report Serie:X No.22, Article 5.6 of CMB Corporate Governance Policies republished in February 2005, and Articles 26 and 27 of the Company's Articles of Incorporation; by the 2010/17 resolution of the Company's Administrative Board, dated 22.04.2010.

2 - STRUCTURE AND WORKING PRINCIPLES OF THE AUDIT COMMITTEE

The Audit Committee is made up of two non-executive members selected among the Administrative Board members. At least one member should have accounting or finance formation and/or experience. In the related accounting period, counsel of independent experts could be utilized, other than the independent audit firm experts' feedback, in case that the Audit Committee considers necessary. This sort of consultancy fee is compensated by the Company.

The Audit Committee assembles every three months, at least four times. Timing of the meetings are arranged in convenience with the timing of Administrative Board Meetings. For urgent matters, the Audit Committee may gather extraordinarily by the convocation of one of its members, any member of the Administrative Board or by the Chairman's request.

If the Audit Committee deems necessary, Company executives may hold meetings with internal and external auditors, employees, customers, suppliers, and creditors; receive



written or verbal information; on condition that they maintain confidentiality. These meetings may be held and correspondence may be effected via all sorts of electronic communication channels, taking the confidentiality of Company information into consideration. Any resource required for the meetings, deliberations and studies of the Audit Committee will be compensated by the Company, via Administrative Board's approval. The Audit Committee declares all evaluations and proposals that are within its scope of duty and responsibility to the Administrative Board in written; in addition to regular declaration of ordinary meetings' conclusions.

3 – DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

- a) The Audit Committee monitors the Company's accounting system, public declaration of financial information, independent audit and functioning and efficiency of the Company's internal system. Selection of the independent audit company, preparation of internal audit agreements, initialization of audit process, and monitoring every stage of independent company's studies. Additionally, the Audit Committee takes all precautions to ensure that all sorts of internal and independent audits are conducted sufficiently and transparently.
- b) The Audit Committee determines the independent audit company that will provide services, and presents it to the approval of the Administrative Board. The Audit Committee declares the Administrative Board of any possible factors that might damage the independence reputation of the audit company, prior to presenting an audit company to the Administrative Board's approval.
- c) The independent audit company immediately declares to the Audit Committee; significant factors about the Corporation's accounting policies and implementation, alternative options for applications and public declarations in the context of the Board's accounting standards and policies; their possible consequences and significant

correspondence with the Company Administration, in written.

ç) Methods and measures for the inspection and conclusion of complaints regarding the Company's accounting, internal control and independent audit systems; and also methods and measures for the evaluation of declarations by the Company employees regarding the Company's accounting and independent audit in the context of confidentiality are issues determined by the Audit Committee.

d) The Audit Committee presents public declarations of annual and periodic financial tables and annotations to the Administrative Board in written, including its own evaluations. This presentation is done through checking the conformity of the reports with international accounting policies and principles, with legal regulations, and their accuracy, by taking the opinions of Company executors in charge and independent auditors.

4 – OTHER FACTORS:

- a) The Auditing Committee monitors conformity of internal regulations and policies that prevent any conflicts that may arise between administrative board members, executors and other employees. The Committee also monitors regulations and policies that prevent the abuse of confidential commercial information.
- b) For a better audit quality, this document can partially or completely be amended in parallel with developments, by the request of the Audit Committee or one of the Administrative Board members, through the Board's approval.
- c) The Audit Committee's duties and responsibilities do not abolish the Administrative Boards missions generating from the Turkish Commercial Code.

List of 'Person who can be informed internally' is prepared, and declared to the public via the Company's website. (www.katmerciler.com.tr)

PART I – SHAREHOLDERS

2. RELATIONS WITH SHAREHOLDERS DEPARTMENT

During the utilization of shareholders rights, compliance with legislation, Articles of Incorporation and other internal regulations are assured; as well as the assurance on the utilization of these rights. Katmerciler A.Ş. conducts relations with shareholders within Financial Coordination. Primary goal of the Company is to provide that shareholders' right to information is fulfilled with justice and accuracy. In addition, the Company fulfills the partnership rights of shareholders accurately and in shortest term possible. Major activities conducted by the Relations with Shareholders Unit are:

- To keep registration of shareholders up to date, safe and sound.
- To fulfill shareholders' verbal and written demands from the Company, except for the trade secrets that are not disclosed.
- To ensure that the General Assembly Meeting is in compliance with the legislation in effect, the Articles of Incorporation or other internal regulations.
- To prepare the documents that the shareholders might benefit from in the General Assembly.
- To ensure accurate registration of voting results and delivery of these reports to shareholders on demand.
- To look out for and pursue every kind of issue regarding informing the public, including the legislation and the Company's information policy.
- To prepare the context of 'investors relations' tab on the Company's corporate website (www.katmerciler.com.tr), to update it periodically, to ensure that the shareholders access the Company information fastly and easily.
- To inform the public by announcing the 'Special Occasion Declaration' by ISE via Public Disclosure Platform, grounded on Capital Markets Board's Series VIII, No: 54 notice.
- To pursue legislative changes related to the Capital Markets Board and bring them to the

relevant department's attention.

- To represent the Company in the presence of the Capital Markets Board, Istanbul Stock Exchange and the Central Registry Agency.

Employees liable of relations with shareholders department:

-Gökmen Ölçer
Financial Coordinator
-Nebile Haspolat
Chief Accountant
Phone: 0232 376 75 75
Fax: 0232 394 01 97
e-mail: yatirimci.iliskileri@katmerciler.com.tr

NOTIFICATION OF INVESTORS IN 2011

In 2011, all written and verbal inquiries forwarded to the Investor Relations Unit have been responded to, as shown with statistical data below:

Notifications via phone	: 17
Notifications via e-mail	: 71

3. UTILIZATION OF THE RIGHT TO INFORMATION OF SHAREHOLDERS

Utilization of the right to information and examination is assured on a non-discriminatory basis within the Company.

With the intention of expanding shareholders' rights to information and to ensure accurate usage of these rights, in addition to financial statements, necessary information and



documents are also brought into utilization of shareholders electronically in the Company's corporate website (www.katmerciler.com.tr), which is updated periodically.

Shareholders' verbal or written inquiries within the period are fulfilled verbally or written on a non-discriminatory basis, within Capital Markets Legislation.

Special occasion declarations, which are obligatory to be presented to ISE within the context of Public Disclosure Platform, financial statements and other information on the Company are presented electronically as well; bearing an electronical signature.

Company activities are audited periodically by AC International Independent Auditing and Accounting and Financial Advising Inc., an independent auditing company selected by the Administrative Board by Supervisory Committee's recommendation, and by the Supervisors elected in the General Meeting. There is no regulation in the Articles of Incorporation regarding the assignment of a private auditor.

4. GENERAL ASSEMBLY INFORMATION

All of Group A shares of the Company capital are registered, and Group B shares are to the bearer. Prior to the General Meeting, informative documents will be prepared regarding the items in the agenda and they will be disclosed to the public via internet website.

The Company called two General Meetings in 2011; one of which was Ordinary, and the other was Extraordinary. The Ordinary General Meeting regarding 2010 activities was held on May 11, 2011.

The Extraordinary General Meeting held in 27.07.2011, was regarding increasing paid capital from TL 12.500.000 to TL 25.000.000 by 100% capitalization issue. It was approved as per the 6th article of 'Capital and Shares' of the Articles of Incorporation.

The Ordinary and Extraordinary General Meetings were held at the head office of the Company. Informative documents, Minutes of Meetings, Attendance Sheets and Supervisor Reports are published in our website. (www.katmerciler.com.tr)

5. VOTING AND MINORITY RIGHTS

The voting procedure in General Meetings is proclaimed to shareholders prior to the meeting. At the Company, applications obstructing the voting right are avoided, and each shareholder is provided with the simplest and most appropriate method to exercise their right to vote.

There is no privilege stated in the Articles of Incorporation, regarding the exercise of voting rights. Each share has the right for one vote. There are no legal persons among the Company's affiliates. There is no provision in the Articles of Incorporation that obstructs non-shareholders to vote by proxy as representatives. With their participation to the General Assembly, shareholders representing minority shares constitute the management together with the majority of shareholders. Cummulative voting method is not included in the Articles of Incorporation.

6. DIVIDEND DISTRIBUTION POLICY AND PERIOD

By the Administrative Board resolution No. 2011/12 dated 25.02.2011, our Company's dividend distribution policy regarding year 2010 and consequent years is constituted, and published in the Company's website (www.katmerciler.com.tr), under investor relations tab.

In the Company's Articles of Incorporation, Article 34, titled 'Determination and Distribution of Dividends' is formed in compliance with the Turkish Commercial Code and the Capital Market Law.

7. TRANSFER OF SHARES

Our Company's capital consists of 1.000.000 registered Group A, and 11.500.000 Group B bearer shares. 3.000.000 B Group bearer shares are traded in ISE Secondary National Market. As per our Company's Articles of Incorporation, persons who own Group A registered shares (including ownership through legacy or grants) are not permitted to sell or transfer their shares without the written consent of the Company's Administrative Board. The Administrative Board is authorized to overrule the demands on this matter without stating a reason. In condition that the Administrative Board's written consent is obtained, persons who own Group A registered shares are permitted to exchange their shares with Group B bearer shares.

There are no restrictions regarding Group B bearer shares. Transfer of these shares are subject to provisions of the Turkish Commercial Code, Capital Markets Law, and other relevant legislations.



PART II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. COMPANY'S INFORMING POLICY

GOAL

As in every field of activity, Katmerciler is conscious to its responsibility towards all of its partners. Katmerciler performs a clear and transparent attitude towards relevant public authorities, finance and capital markets institutions as well as all investors and shareholders. The Company considers acting in accordance with corporate citizenship principles as a natural manner. This approach establishes the basics of Katmerciler's informing policy.

The goals of Informing Policy are; by taking company strategies and performance into consideration, to share information equally with the public and authorized establishments, existing and potential investors and shareholders. Within this context, the Company shares information on its accumulative performance, future expectations, strategies, goals and visions, excluding commercial confidential information; to offer a continuous, efficient and open communication platform through investor relations department, by declaring financial information accurately and promptly, and in detail; within the frame of generally accepted accounting principles, International Accounting Standards and Capital Markets Law. Katmerciler complies with regulations of Capital Markets Board and Istanbul Stock Exchange Market (ISE), in all practices regarding public disclosure.

MANDATE AND LIABILITY

The Executive Board is liable for the constitution, audit and update of the Informing Policy. The Informing Policy authorized by the Administrative Board is submitted to shareholders and disclosed to the public through the website. Financial Coordination is assigned for pursuing every kind of matter regarding public disclosure.

METHODS AND TOOLS

Within the frame of Capital Markets Board regulations and the Turkish Commercial Code, when determining its public disclosure and enlightenment policy, Katmerciler Araç Üstü Ekipman San. ve Tic. A.Ş. utilizes the following methods and tools:

- Special Occasion Declarations presented to ISE (Public Disclosure Platform notifications are presented simultaneously and electronically).
- Financial Reports delivered periodically to ISE (Public Disclosure Platform notifications are presented simultaneously and electronically).
- Annual and interim activity reports (Published in print and in the Company website www.katmerciler.com.tr).
- Corporate website (www.katmerciler.com.tr).
- Information and introduction documents prepared for investors.
- Prospectus, circular, announcement texts and documents, as per Capital Markets Board regulations.
- Press releases and bulletins via printed and visual media.
- Notices and announcements made via Turkish Registry Gazette and daily newspapers.
- Bulletins intended to inform investors and shareholders.

PUBLIC DISCLOSURE OF SPECIAL OCCASIONS

Special occasion declarations are disclosed to the public within the context of Capital Markets Board, Series VIII, Notice No, titled 'Principles Regarding Public Disclosure of Special

CORPORATE GOVERNANCE POLICIES

Occasions.' Special occasion declarations that intend to assist persons or establishments in decision-making process, are prompt, accurate, eligible, sufficient and remote from deceptive expressions. Mentioned declarations can not be used for advertising purposes.

Public declaration, in circumstances which might affect capital market tools, is prepared by Investor Relations Department, and is signed by the Accounting Manager, Financial Coordinator and General Manager in accordance with the work-flow and approval procedure, and delivered to ISE on the same or consequent day until 9.00 am.

Electronically signed special occasion declarations and financial statements are delivered to Public Disclosure Platform within the framework of ISE and Capital Markets Board Regulations. These are published in the Company website within the next working day, following the day of public disclosure.

Our Company's history, up-to-date and retrospective information are available on the website. Important headlines from the website are summarized as below:

- 1- Stock and Investor Information
- 2- Preferred Stock
- 3- Financial Reports
- 4- Corporate Identity and Management
- 5- Special Occasion Declarations
- 6- Public Offering Documents

Precautions are taken regarding any extrinsic intervention to the information published in the Company website.

PUBLIC DISCLOSURE OF FINANCIAL STATEMENTS

Our Company's financial statements are prepared within the provisions determined by Capital Markets Board and in accordance with International Accounting Standards. Annual and semi-annual financial statements are declared to public by independent auditing in conformity with International Standards on Auditing. Financial statements and annotations

are submitted for Administrative Board's approval before declared to public, within the frame of Capital Markets Board legislations, and with conformity of Supervisory Committee. After the signing of the attestation, financial statements, annotations and Independent Audit Report are delivered to IMKB in line with regulations of Capital Markets Board and IMKB. Financial statements, annotations and Independent Audit Report are available on Katmerciler's website.

ANNUAL REPORT PUBLIC DISCLOSURE

Katmerciler annual report is constituted in accordance with international standards, Capital Markets Board regulations and institutional management principles. Annual report is prepared by Investor Relations department, and then submitted for Administrative Board's approval. Printed copies of the annual report, which is accessible on the website 15 days prior to General Meeting, can be supplied from Investor Relations department. In addition, interim reports, prepared for quarterly periods, are announced to public through Public Disclosure Platform; and available for investors' information on Company website.

WEBSITE

Katmerciler website, in Turkish and English languages, is effectively utilized for public informing with its detailed and up-to-date content regarding Company activities, as a communication platform, which enables share- and stakeholders keep track of stock performance up-to-date and conveniently.

NOTICE AND ANNOUNCEMENTS

As per Capital Markets Law, Turkish Commercial Code and Katmerciler Articles of Incorporation; announcements regarding General Meeting, Articles of Incorporation modification, capital increase and dividend payments are made via Trade Registry Gazette, Public Disclosure Platform and Company website. Investor Relations department gives detail information to the public by looking out for news in printed or



visual media that might positively or negatively effect Katmerciler's stocks. Only authorized persons are allowed to give information to the press or the public about the Company.

PERSONS AUTHORIZED TO GIVE INFORMATION

Except for the matters mentioned above, and the matters announced to public through special occasions declarations; persons authorized to give information are the Chairman of Administrative Board and General Manager.

COMMUNICATION WITH CAPITAL MARKETS PARTICIPANTS

As per Capital Markets Board's Series VI, Notice No. 41, 7th Article 'Regarding the Principles That the Incorporations Subject to Capital Markets Law, will Comply with', in order to provide communication between our Company and investors, based on Administrative Board Decision No.2010/20 dated 28.04.2010, a 'Relations with Shareholders Department' is constituted. Relations with Shareholders Department; fulfills the investors' verbal or written demands, except for the confidential information and trade secrets that are not disclosed to the public.

9. SPECIAL OCCASION DECLARATIONS

Our Company made four special occasion declarations within the period. Regarding public declarations made in year 2010, no situation that required Capital Markets Board or IMKB request annotations occurred. There is no special occasion declaration, except IMKB, since Company does not have a quote capital market tool in foreign stock markets. No sanctions are applied as the special occasions declarations are completed within the term set forth by the law.

10. COMPANY WEBSITE AND CONTENT

For the intention of giving information to shareholders and the public, our Company is

actively utilizing the Company website, www.katmerciler.com.tr, as projected by Capital Markets Board Principles. Entire information stated in Capital Markets Board Institutional Management Principles Part II. Article 1.11.5, is available on the website.

Financial Coordination is responsible for the constitution of 'Investor Relations' tab on the website, update of information and addition of new information. Works intended for better website service are continuing.

11. DECLARATION OF NATURAL PERSON PREDOMINANT SHAREHOLDER/SHAREHOLDERS

İsmail Katmerci is the ultimate controlling shareholder with 58.40 % shares. Our predominant partner is declared to public in Public Offering Prospectus and Public Disclosure Platform Company General Information Form.

12. PUBLIC DECLARATION REGARDING PERSONS ABLE TO BE INFORMED INTERNALLY

Great importance is attached to the attention that must be paid to the rules by all Company employees, regarding the information acquired within the Company, for the balance between transparency and protection of Company benefits. Every kind of precaution is taken regarding the prevention of the utilization of information acquired within the Company.

The information on Company, that are acquired during work time, not desired by the Company to be shared with persons other than the necessary persons, are accepted as 'Company Info'. While all employees who work for Katmerciler A.S. and maintain Company confidentiality, they do not utilize information directly or indirectly. None of the Katmerciler employees can perform any activities that will generate revenue by the sale or purchase of Katmerciler A.S. shares, utilizing the information they acquired internally.

In case that Company Administrators of the Company, who are able to acquire information that might effect value of capital market tools, purchase or sell via Company's issued capital market tools; they are obliged to public declaration. Such declarations are available on Company's website as well.

PART III – STAKEHOLDERS

13. INFORMING STAKEHOLDERS

Company respects and protects the rights that the stakeholders acquired through mutual agreement and contracts, considering that cooperating with stakeholders is for the Company's benefit.

14. STAKEHOLDERS' PARTICIPATION IN ADMINISTRATION

Employees participation in Administration as stakeholders, is supported via tools such as suggestions, surveys etc., in a manner that Company activities are not failed.

15. HUMAN RESOURCES POLICY

Katmerciler Group; has been conducting its operations in a human-focused manner grounding on its principle of preserving employee commitment and contentment at the highest level, since its establishment. Efficient management of effort constitutes the basis of our human resources policy. In our fast growing company, human resources processes are managed within the scope of institutional culture and codes of conduct. In our Company, basic principles of human resources are; respect, sufficiency (the right person), career planning, being scientific, equality of opportunity, justice, objectivity and job security.

16. INFORMATION ON CUSTOMER AND SUPPLIER RELATIONS

In relations with customers and suppliers; honesty, trust, consistency, professionalism and respect to mutual benefits principles are pursued. In manufacturing, a complete fulfillment of customer needs and expectations is aimed at. Company's trade secrets, information on customers and employees are kept confidential. Donations of the Company are declared to the stakeholders and the public duly.

17. SOCIAL RESPONSIBILITY

Sensitive to matters such as protection of the environment and natural life, customer rights and public health; and in compliance with legislations. Cooperates with civil society organizations with a view to social responsibility.



PART IV – ADMINISTRATIVE BOARD

18. STRUCTURE AND CONSTITUTION OF ADMINISTRATIVE BOARD AND INDEPENDENT MEMBERS

According to the Articles of Incorporation; Company's business and management is conducted by an Administrative Board that is composed of minimum three and maximum seven members, who are elected by the General Board, among candidates nominated by Group A shareholders in Turkish Commercial Code chambers. The number of Administrative Board members is determined in a manner that enables Administrative Board members to perform efficient and creative works, to make rapid and rational decisions, and to organize the constitution of committees and efficiency of their works. It is obligatory to elect all Administrative Board members among candidates nominated by Group A shareholders. Company's Administrative Board constitutes of three members for year 2011. Mr. Mehmet Katmerci takes place in the Administrative Board as Executive Member.

ADMINISTRATIVE BOARD MEMBERS

Mehmet Katmerci	Chairman	Executive Duty
Furkan Katmerci	Member	Non – Executive Duty
Havva Katmerci	Member	Non – Executive Duty

In the case of an available member seat, new member assignment is conducted by remaining members of the Administrative Board. The assignment is then submitted for the approval of General Board at the soonest meeting. Thus, assigned member performs duty until the soonest General Meeting and in the act of General Board's approval, the member fills in for previous member.

There are no independent members in Company Administrative Board. All members are

elected in representation of specific shareholders. Company benefits from Administrative Board members' knowledge and experiences.

19. QUALIFICATIONS OF ADMINISTRATIVE BOARD MEMBERS

Company Administrative Board is formed in a manner that enables highest efficiency. Administrative Board members qualify for Capital Markets Board's Institutional Management Principles.

20. COMPANY MISSION, VISION AND STRATEGIC OBJECTIVES

OUR VISION

Katmerciler; aims to grow together with its partners, employees, suppliers and customers, and become a world brand in on-vehicle equipment sector.

OUR MISSION

Katmerciler undertakes determination of our leadership in the market as a duty

- by continuing to grow in domestic and international markets,
- With a production understanding that grounds on customer satisfaction,
- by always protecting customer rights through support during and after sales,
- within an awareness that contains the close follow of technological developments;
- by being sensitive towards the environment and human,
- by gaining strenght through the determination and support of our employees,
- In order to always succeed; for our country, customers, employees, business partners and stockholders.

STRATEGIC PRINCIPLES

- Achieving an R&D percentage increase by 2% in 2015.
- Dominate Africa and Middle East garbage truck market.
- Become more known in world on-vehicle equipment sector as Katmerciler brand by year 2015.

21. RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

Company's activities regarding risk management are conducted by Financial Coordination. In addition, our Company is audited periodically by a Certified Public Accountant with a full approval contract and an Independent Auditing company. Findings of both auditing exercises are first shared with Committee Liable of Supervision members and delivered to Administrative Board. The Company's work-flow, procedures, employee authorization and responsibilities are taken under control within risk management and internal control system.

22. AUTHORIZATION AND RESPONSIBILITIES OF ADMINISTRATIVE BOARD MEMBERS AND ADMINISTRATORS

Authorization and responsibilities of Company Administrative Board members are clearly defined in the Articles of Incorporation.

23. FUNDAMENTALS OF ADMINISTRATIVE BOARD ACTIVITIES

According to the Company's Articles of Incorporation: Administrative Board assembles when required by the business, but at least once in a month in any case, on Chairman or Vice Chairman's call. Any member might request a written convocation from the Chairman for the Administrative Board Meeting. Administrative Board meetings are held at the head office. However, if Administrative Board decides, meetings might be held somewhere else.

Administrative Board's agenda is determined by Chairman of Administrative Board. With Administrative Board's decision, changes in agenda might be done.

24. TRANSACTIONS WITH COMPANY AND PROHIBITION OF COMPETITION

General Board's approval is obtained within Turkish Commercial Code's 334th and 335th articles, in case that Chairman and members of Administrative Board perform operations regarding company business, in person or on behalf of another or by becoming such companies' partners.

25. CODES OF CONDUCT

No discrimination by race, ethnic origin, nationality, religion or gender among employees. Equal opportunities are provided to employees in equal conditions, wage and promotion are grounded on performance and efficiency. A safe and healthy work place is provided to employees, and so is progress opportunity in their careers. It is fundamental that employees relate within respect, trust and sense of team work. Employees are not allowed to utilize undisclosed information on Company for their or others' benefit. As well as personal and occupational matters, employees are trained for first-aid situations, earthquake and fire. Considering the employees' business and private life balances, our Company encourages them to willingly participate in social and communal activities.

26. NUMBER, STRUCTURE AND INDEPENDENCE OF COMMITTEES FORMED IN ADMINISTRATIVE BOARD

SUPERVISION COMMITTEE:

In the Company, a Committee Liable of Supervision is constituted of non-executive Administrative Board members, for the purpose of inspecting the accounting system, financial information and public disclosures, and supervising process and efficiency of internal control system; so that the Administrative Board is enabled to fulfill tasks and responsibilities. For year 2010, Furkan Katmerci and Havva Katmerci are elected members of Committee Liable of Supervision by Administrative Board. Committee Liable of Supervision conducts activities in accordance with Capital Market Legislation and Capital Market Board Institutional Management Principles. Members in the mentioned committee are not independent members.



Name Surname	Position	Company Relation
Furkan Katmerci	Committee Chairman	Vice Chairman of the Executive Board
Havva Katmerci	Committee Member	Administrative Board Member

27. FINANCIAL RIGHTS OF ADMINISTRATIVE BOARD

According to the Company Master Agreement; amount and sorts of financial rights of Administrative Board members are determined by the General Board every year. A specific payment is made either monthly or yearly or per meeting. For the year 2011, a total amount of TL 561.588 gross payment is made to the Administrative Board members.

KATMERCILER ON-VEHICLE EQUIPMENT IND. AND TRADE INC. AUDIT REPORT

Title	: Katmerciler Araç Üstü Ekipman San. ve Tic. A.Ş.
Registered Office	: İzmir
Capital	: 25.000.000,-TL
Activity Scope	: On-vehicle equipment Production – Sale
Names and Duty Terms of Auditors	: Osman Gürbüz Özkara Duty term 1 year : Erkan Gül Duty term 1 year
Number of Administrative Board Meetings and Supervisory Meetings	: Attended all Administrative Board Meetings held in 2011.
Context, Dates and Result of Investigations on Partnership Accounts, Books and Documents	: In terms of Tax Legislation, Capital Market Legislation and Commercial Law, investigation and controls were performed during the first weeks of 3rd, 6th, 9th and 12th months and no matters were encountered that require condemnation.
Dates and Results of Countings Performed in Partnership Treasury, as per Clause 3, 1st Subclause, 353rd Article of the Turkish Commercial Code	: Physical counting is performed in the Company Treasury every month-end, and no matters were encountered that require condemnation.
Dates and Results of Investigations performed as per Clause No.4, 1st Subclause, 353rd Article of the Turkish Commercial Code	: During the investigations on the first day of each month, it is determined that existing securities conform with book entries.
Submitted Complaints and Illegals and Actions Taken Regarding These	: No complaints were submitted.

To our knowledge; attached, prepared on 31.12.2011, prepared in compliance with provisions of Capital Markets Board's Series: XI No. 29 titled 'Notice of Principles Regarding Financial Reporting in Capital Market', reflect Company's actual activity results of the actual financial state on aforesaid date and in aforesaid period, correctly.

We have investigated accounting and operations of 01.01.2011-31.12.2011 period of Katmerciler Arac Ustu Ekipman San. ve Tic. A.S. Company, according to Turkish Comemrcial Code, Capital Markets Legislation, Master Agreement of Partnership and other legislation and generally accepted Accounting Principles and Standarts.

In our opinion; balance sheet prepared on 31.12.2011, reflet Partnership's actual financial state and aforesaid period results of income statement of 01.01.2011-31.12.2011 period veridically and correctly; profit distribution suggestion is in compliance with Capital Markets Board regulations and Partnership Master Agreement. We submit approval of balance sheet and income statement, and acquittance of Administrative Board, to your votes.

Best Regards.

AUDITOR
Osman Gürbüz ÖZKARA

AUDITOR
Erkan GÜL



INDEPENDENT AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF KATMERCILER ARAC USTU EKIPMAN SAN. VE TIC. A.S. AND AFFILIATE PARTNERSHIPS REGARDING THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2011



Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş.

To the Executive Board,

1. We have audited the consolidated balance sheet prepared on 31.12.2011 and attached, consolidated comprehensive income regarding the financial year ended on the same date, changes in equity and cash-flow statements of Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. (the Company) and its affiliates (together referred to as 'Group').

Business Administration's Responsibility Regarding Financial Statements

2. Business Administration is responsible for preparing consolidated financial statements in accordance with financial reporting standards published by Capital Markets Board, and presenting them honestly. This responsibility, for the purpose of enabling accurate reflection of truth, includes preparation of consolidated financial statements in a manner that no important inaccuracies sourcing from mistake and deception or irregularities are made, design, exercise and maintenance of necessary internal control system, accounting estimations and selection of appropriate accounting policies.

Independent Auditing Company's Responsibility

3. Our responsibility is to deliver opinion on these consolidated financial statements, grounding on the independent auditing we performed. Independent auditing is completed in accordance with independent auditing standards published by Capital Markets Board. These standards require follow of ethics and the conduction of independent auditing by planning and in order to ensure a reasonable assurance regarding whether consolidated financial statements reflect reality duly. Independent auditing that we performed, includes the usage of independent auditing techniques for the intention of collecting independent auditing evidence related to amounts and annotations in consolidated financial statements. The choice of independent auditing techniques is made to our professional knowledge, in a manner that it also contains risk evaluation regarding that consolidated financial statements do not contain important inaccuracies sourcing from mistake and deception or irregularities. In this risk evaluation, internal control system of the business is taken into consideration.

However, it is not our goal to express opinion on the efficiency of internal control system; for the purpose of designing independent auditing techniques in tune with the conditions, our goal is to present the relation between internal control system and consolidated financial statements, which are prepared by the business administration. Independent auditing also includes the evaluation of accordance in presentation of consolidated financial statements, important accounting estimations and accounting policies adopted by business administration.

We believe that the independent auditing evidences that we obtain during independent auditing form a sufficient and proper basis for our opinion.

Opinion

4. In our opinion; the attached consolidated financial statements accurately reflect the consolidated financial state, consolidated financial performance of year ended on 31.12.2011 and consolidated cash-flow of Katmerciler Araç Üstü Ekipman San. ve Tic. A.Ş. and affiliate partnerships as of 31.12.2011, within the frame of financial reporting standards published by the Capital Markets Board.

Istanbul, 13 April 2012

**AC ISTANBUL INTERNATIONAL INDEPENDENT AUDITING AND
ACCOUNTING AND FINANCIAL ADVISING INC.**

Member of Enterprise Network Worldwide



CEMAL ÖZTÜRK

Responsible Partner Lead Auditor



**CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
1 JANUARY 2011-
31 DECEMBER 2011**





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CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2011

* All amounts are indicated in Turkish Lira (TL)

ASSETS	ANNOTATION REFERENCES	INDEPENDENTLY AUDITED PERIOD 31.12.2011	INDEPENDENTLY AUDITED PERIOD 31.12.2010
CURRENT ASSETS		91,938,485	38,947,047
Cash and Cash Equivalents	6	5,360,843	2,074,438
Trade Receivables			
Receivables from Related Parties	37	18,342	
Other trade Receivables	10	31,475,841	14,757,777
Other Receivables			
Other Receivables from Related Parties	37		4,416,064
Other Receivables	11	1,813,250	1,462,478
Reserves	13	43,762,638	11,416,680
Other Current Assets	26	9,507,571	4,819,610
FIXED ASSETS		26,173,500	20,602,676
Trade Receivables	10		108,668
Other Receivables	11	17,226	16,163
Investment Properties	17	5,456,211	7,219,437
Tangible Fixed Assets	18	18,234,585	11,914,946
Intangible Fixed Assets	19	233,202	161,439
Goodwill	20	1,759,039	1,093,640
Deferred Tax Assets	35	61,823	62,316
Other Tangible Assets	26	411,414	26,067
TOTAL ASSETS		118,111,985	59,549,723

RESOURCES	ANNOTATION REFERENCES	INDEPENDENTLY AUDITED PERIOD 31.12.2011	INDEPENDENTLY AUDITED PERIOD 31.12.2010
SHORT TERM LIABILITIES		75,537,711	24,609,672
Financial Liabilities	8	29,137,410	7,182,429
Commercial Liabilities			
Commercial Liabilities to Related Parties	37		
Other Commercial Liabilities	10	22,827,113	10,674,481
Other Liabilities			
Other Liabilities to Related Parties			
Other Liabilities		1,561,886	2,002,732
Period Income Tax Liability	35		
Provisions for Liabilities	22	481,693	376,878
Other Short Term Liabilities	26	21,529,609	4,373,151
LONG TERM LIABILITIES		12,682,603	8,466,208
Financial Liabilities	8	10,238,191	6,606,667
Other Liabilities	11	338,854	
Provisions for Liabilities			
Provisions for Employee Benefits	24	929,211	683,194
Deferred Tax Liabilities	35	1,176,347	1,176,347
EQUITY CAPITAL		29,891,671	26,473,844
Equities Belonging to the Parent Company		29,751,844	26,337,683
Paid Capital	27	25,000,000	12,500,000
Share Premium			6,005,230
Restricted Profit Reserves	27	1,005,557	749,194
Special Funds	27	221,364	
Previous Years' Profit / Loss	27	1,126,316	(927,969)
Net Profit/Loss for the Period		2,398,607	8,011,228
Minority Interest	27	139,827	136,160
TOTAL RESOURCES		118,111,985	59,549,773

Notes are supplementary part of the financial statements' attached.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT (TL) AS OF 31 DECEMBER 2011

RESOURCES	ANNOTATION REFERENCES	INDEPENDENTLY AUDITED PERIOD 31.12.2011	INDEPENDENTLY AUDITED PERIOD 31.12.2010
ONGOING BUSINESSES			
Sales Revenue	28	85,703,966	61,659,456
Cost of Sales (-)	28	(66,510,819)	(43,200,869)
GROSS PROFIT / LOSS		19,193,147	18,458,587
Research and Development Costs			
Marketing, Sales and Distribution Costs	29	(5,219,676)	(3,296,335)
General Administration Costs	29	(3,577,629)	(4,553,629)
Other Business Income	31	1,075,382	745,225
Other Business Expenditures	31	(3,413,589)	(948,664)
FINANCIAL PROFIT / (LOSS)		8,057,435	10,405,183
Financial Revenues	32	4,932,051	3,537,544
Financial Costs	33	(9,297,227)	(3,687,304)
ONGOING BUSINESS PRETAX PROFIT / LOSS		3,692,259	10,255,423
Ongoing Business Tax Revenues / (Costs)	35	(1,293,652)	(2,328,447)
Net period Income / (cost)	35	(1,217,786)	(2,361,447)
Deferred Tax Income / (cost)	35	(75,866)	33,001
Distribution of Net Period Income / (Loss)		2,398,607	7,926,977
Minority Shares	27	(72,120)	(84,252)
Parent Company Shares	27	2,470,727	8,011,228
Earnings per Share from ongoing Businesses			
		0.10	0.64
Diluted Earnings per Share from Ongoing Businesses			
		0.14	0.53



KATMERCILER ARAC USTU EKIPMAN SANAYI VE TIC. A.S. AND AFFILIATE PARTNERSHIPS CONSOLIDATED INCOME STATEMENT FOR THE ACCOUNTING PERIOD FINALIZED ON 31.12.2011

	INDEPENDENTLY AUDITED PERIOD 31.12.2011	INDEPENDENTLY AUDITED PERIOD 31.12.2010
NET PERIOD PROFIT / (LOSS)	2,398,607	7,926,977
Other Comprehensive Income	-	-
Change in Financial Assets Value Reserve	-	-
Change Fixed Assets Value Reserve	-	-
Change in Hedge Fund Value Reserve	-	-
Change In Foreign Currency Translation	-	-
Actuarial Gains and Losses on Pension Plans	-	-
Share of Other Comprehensive Income of Associates	-	-
Tax Relating to Components of Other Comprehensive Income / (Expenditure)	-	-
OTHER AFTER-TAX COMPREHENSIVE INCOME	2,398,607	7,926,977
OTHER COMPREHENSIVE INCOME	2,398,607	7,926,977

CONSOLIDATED FINANCIAL STATEMENTS

KATMERCILER ARAC USTU EKIPMAN SANAYI VE TICARET A.S. AND AFFILIATE PARTNERSHIPS

CONSOLIDATED EQUITY CHANGE STATEMENT DATED 31.12.2011 AND 31.12.2010

	CAPITAL	SHARE PREMIUMS	LEGAL RESERVES	EXTRAORD. RESERVES	SPECIAL FUNDS	ACCUMULATED PROFIT / LOSS	NET PERIOD PROFIT / LOSS	MINORITY SHARES	TOTAL
BALANCE AS PER 01 JANUARY 2010	3,500,000	0	224,792	170,774	176,394	2,010,656	4,857,510	245,588	11,185,714
Capital Increase	7,500,000	-	-	-	-176,394	-7,323,606	-	-	0.00
Legal Reserves	-	-	353,629	-	-	-353,629	-	-	0.00
Extraordinary Reserves	-	-	-	-	-	-	-	-	0.00
Capital Increase Through Public Offering	1,500,000	6,005,230	-	-	-	-	-	-	7,505,230.00
Revaluation of Financial Investments	-	-	-	-	-	-	-	-	0.00
Modifications Regarding Revaluation of Tangible Fixed Assets	-	-	-	-	-	-	-	-	0.00
Government Incentive Support	-	-	-	-	-	-	-	-	0.00
IAS – Sourced Modification	-	-	-	-	-	-118,900	-	-25,176	-144,076.00
Paid Dividends	-	-	-	-	-	-	-	-	0.00
Transfer to Accumulated Losses	-	-	-	-	-	4,857,510	-4,857,510	-	0.00
Net Period Profit	-	-	-	-	-	-	8,011,228	-	8,011,228.00
Minority Shares	-	-	-	-	-	-	-	-84,252	-84,252.00
BALANCE AS PER 01 JANUARY 2010	12,500,000	6,005,230	578,421	170,774	0	-927,969	8,011,228	136,160	26,473,844
Capital Increase	12,500,000	-6,005,230	-	-6,494,770	-	-	-	-	0.00
Legal Reserves	-	-	427,136	-	-	-427,136	-	-	0.00
Extraordinary Reserves	-	-	-	7,450,302	-	-7,450,302	-	-	0.00
Capital Increase Through Public Offering	-	-	-	-	-	-	-	-	0.00
Modifications Regarding Revaluation of Tangible Fixed Assets	-	-	-	-	-	-	-	-	0.00
Revaluation of Affiliates	-	-	-	-	-	-	-	-	0.00
Special Funds	-	-	-	-	221,364	-	-	-	221,364
IAS – Sourced Modification	-	-	-	-	-	794,188	-	3,667	797,855
Transfer to Accumulated Losses	-	-	-	-	-	8,011,228	-8,011,228	-	0
Net Period Profit	-	-	-	-	-	-	2,398,607	-	2,398,607
Minority Shares	-	-	-	-	-	-	-	-	0.00
BALANCE AS PER 01 JANUARY 2011	25,000,000	0	1,005,557	1,126,306	221,364	10	2,398,607	139,827	29,891,671

Notes are supplementary part of the financial statements' attached.



KATMERCILER ARAC USTU EKIPMAN SAN. VE TIC. A.S. AND AFFILIATE PARTNERSHIPS

INDEPENDENTLY AUDITED CONSOLIDATED CASH-FLOW STATEMENTS DATED 31.12.2011

	ANNOTATION REFERENCES	INDEPENDENTLY AUDITED PERIOD 31.12.2011	INDEPENDENTLY AUDITED PERIOD 31.12.2010
CASH EARNED FROM OPERATING ACTIVITIES			
PERIOD NET PROFIT		2,398,607	7,926,977
MODIFICATIONS REGARDING CONFORMITY BETWEEN CASH EARNED FROM OPERATING ACTIVITIES AND NEW PROFIT:			
Amortization and Redemption	18,19	514,965	355,657
Fixed Assets Sales Profit / (Loss)	31	564,989	(14,221)
Increase in Provision for Severece Payments	24	246,016	381,820
Interest Income	32	(152,243)	(549,800)
Interest Cost	33	-	365,632
Deferred Tax	35	75,866	(33,001)
Exchange Difference Income		(1,103,174)	(2,747,549)
Exchange Difference Cost		985,330	1,677,683
Provisions for Bad Debt	10	943,840	0
Provision for Warranty Cost	22	160,740	139,929
Provision for Vacation Payment	22	320,953	236,949
Provision for Inventories	13	137,829	-
Cancellation of Provision for Inventories	13	(147,250)	-
CASH-FLOW USED IN OPERATING ACTIVITIES BEFORE THE CHANGES IN BUSINESS ASSETS AND LIABILITIES:			
		4,946,467	7,740,076
Decrease/(Increase) in Short term Trade Receivables	10	(16,718,064)	3,059,166
Decrease/(Increase) in Reserves	13	(32,345,958)	(5,409,006)
Decrease/(Increase) in Other Short term Receivables	11	(350,772)	(4,719,124)
Decrease/(Increase) in Other Current Assets	26	(4,687,961)	(2,325,653)
Decrease/(Increase) in Short term Trade Receivables	10	12,152,632	(3,704,918)
Decrease/(Increase) in Trade Receivables from Related Parties	37	(18,342)	-
Decrease/(Increase) in Leasing Payables		(32,794)	-
Decrease/(Increase) in Receivables from Related Parties	37	4,416,064	-
Decrease/(Increase) in Provisions for Short Term Receivables	22	104,815	376,878
Decrease/(Increase) in Other Short Term liabilities	11	(440,846)	214,307
Decrease/(Increase) in Other Short Term liabilities	26	17,156,458	1,472,121
Decrease/(Increase) in Tax Provisions	35	0	0
Paid Tax		(2,387,689)	(739,436)
Decrease/(Increase) in Other Long Term Liabilities		-	-
Paid Severece Payments	24	(305,966)	(109,649)
CASH-FLOW USED IN OPERATING ACTIVITIES:			
		(18,511,956)	(4,145,238)
INVESTMENT ACTIVITIES			
Purchase of Tangible And Intangible Fixed Assets	18	(8,374,939)	(6,577,105)
Revenue from Sold Tangible Fixed Assets		1,717,950	47,141
CASH-FLOW USED IN INVESTMENT ACTIVITIES - NET:			
		(6,656,989)	(6,529,965)
FINANCING ACTIVITIES			
Capital Increase		-	1,500,000
Share Premium		-	6,005,230
Long and Short Term Credit Usage		69,893,781	37,951,673
Payment of Short/Long term Bank Loans		(41,374,434)	(32,603,703)
Collected Interest	32	826,209	240,195
Paid Interest		(890,207)	(523,001)
CASH-FLOW USED IN FINANCING ACTIVITIES - NET:			
		28,455,348	12,330,198
Decrease/(Increase) in Cash and Cash Equivalents		3,286,404	1,654,995
CASH AND CASH EQUIVALENTS AT PERIOD BEGINNING			
	6	2,074,438	419,443
CASH AND CASH EQUIVALENTS AT PERIOD END			
	6	5,360,843	2,074,438

Notes are supplementary part of the financial statements' attached.

► NOTE : 1

COMPANY'S ORGANIZATION AND NATURE OF ACTIVITIES

Katmerciler Arac Ustu Ekipman Sanayi ve Ticaret A.S. (Parent company) and two subsidiaries and affiliates form Katmerciler Group.

The Company was established by İsmail Katmerci, in 1985. The Company's subject of activity is all sorts of on vehicle equipment production. As of balance sheet date, İsmail Katmerci owns 58% of company shares and maintains administration.

COMPANY'S HEAD OFFICE ADDRESS AND PARTNERSHIP STRUCTURE

The Company's partnership structure is presented in Annotation 27. The Company is registered in Turkey. Contact details of the Company are as below:

Ataturk Organize Sanayi Bolgesi 10032 Sokak No:10 Cigli/IZMIR
Tel: 0 232 376 75 75 (6 hat)
Fax: 0 232 376 85 81
<http://www.katmerciler.com.tr>

As of 31.12.2011, the Group's personnel is composed of 302 employees (31.12.2010 – 231 employees); 50 of whom are management staff, the rest of which are blue-collar workers.

AFFILIATES	SUBJECT OF ACTIVITY	THE GROUP'S SHARES (%)	
		31 DEC 2011	31 DEC 2010
Katmerciler Profil Sanayi ve Ticaret A.S.	Painting Work	93.33	93.33
İspan Otomotiv ve Ust Ekipman Metal Makine San. ve Tic. A.S.	Welding Process	95.67	89.00
Kat Arac Ustü Ekipman Pazarlama ve Dis Ticaret Ltd. Sti.*	Marketing	-	90.00

* At the no.2011/07 Board Meeting dated 31.01.2012, it was decided that the 90% Kat Arac Ustu Ekipman Pazarlama ve Ticaret Ltd. Sti. 1,800 capital shares of total TL 45,000, equivalent TL 25.- nominal value to be sold at TL 54,000 in cash, and conveyancing was effected the same day. As a result of share transfer, the Company no longer owns shares of Kat Arac Ustu Ekipman Pazarlama ve Dis Ticaret Ltd. Sti.

PARTICIPATIONS	SUBJECT OF ACTIVITY	THE GROUP'S SHARES (%)	
		31 DEC 2011	31 DEC 2010
GimKat Arac Ustü Ekipman Sanayi ve Ticaret A.S.**	On Vehicle Equipment production	49.99	-

**Call payment of 49.99% participation to GimKat Arac Ustu Ekipman Sanayi ve Ticaret A.S. has not been realized as of 31.12.2011. Thus, it is not included in consolidation.

 **NOTE: 2**

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1: BASIS OF PREPARATION

APPROVAL OF FINANCIAL TABLES:

Attached financial tables were approved on April 13, 2012, by the Company's executive board. As per Turkish Commercial Code, the Company maintains the right to amend financial tables, as long as Shareholders' General Assembly does not approve and confirm financial tables.

PRINCIPLES OF PREPARATION OF FINANCIAL TABLES AND SIGNIFICANT ACCOUNTING POLICIES

The company and Affiliate Partnerships prepare their required books and legal financial statements in accordance with accounting principles defined by Turkish Commercial Code and Tax Legislation.

Capital Markets Board (CMB) determines the financial reports compiled by businesses, and procedures and principles regarding preparation and representation of these; according to Series XI No: 29 titled ' Notice of Principles Regarding Financial Reporting in Capital Market'. Based on this notice, businesses are required to compile their financial statements in accordance with International Financial Reporting Standards (IFRS) in European Union approved version. However, IFRS will be applied until differences between the IFRS approved by the European Union and the ones published by International Accounting Standards Board (IASB) are declared by Turkish Accounting Standards Board (TASB). Within this context, Turkish Accounting/Financial Reporting Standards (TAS/IFRS) published by TASB will be based on.

Owing to the fact that differences between the IFRS approved by the European Union and the ones published IASB are not declared by TASB yet as of balance sheet date, attached financial statements are compiled within the frame of CMB Series XI No: 29 notice, and in

accordance with IFRS; financial statements and annotations are presented in obligatory formats by CMB via announcements dated 14.04.2008, and 09.01.2009.

Accounting entries and preparation of legal financial statements are based on principles and conditions by CMB, Turkish Commercial Code (TCC), Tax Legislation and Uniform Accounting Plan by Turkish Republic Ministry of Finance (Ministry of Finance). These consolidated financial statements compiled according to CMB Financial Reporting Standards, are prepared grounding on historical cost principle in Turkish Lira, except for the financial assets and liabilities indicated with fair values. With the purpose of performing correct presentation as per CMB Financial Reporting Standards, Consolidated Financial Statements are compiled by displaying revision classifications.

Consolidated financial statements attached are compiled according to IAS/IFRS and include the revisions below, which are present in capital market book of account.

CURRENCY USED:

Functional currency and presentation currency for consolidated financial statements is Turkish Lira (TL), used in the Company's financial statements.

FINANCIAL TABLE ADJUSTMENTS AT HIGH INFLATION PERIODS

As per CMB's number 11/367 dated 17.03.2005 verdict, inflation accounting practice is terminated as of 01.01.2005 for the companies performing activities in Turkey, which compile financial statements in accordance with CMB Accounting Standards (including the ones adopting IFRS practices.). Based on this, as of 01.01.2005, Standard No. 29 titled ' Financial Reporting in Economies of High Inflation ' published by IASB is not applied.

CONSOLIDATED FINANCIAL STATEMENTS

BUSINESS CONTINUITY ASSUMPTION

Consolidated financial statements are prepared according to going concern principle with the assumption that the Company and its affiliate partners included in consolidation will derive benefit from assets and fulfill liabilities in the following year and within the natural flow of its activities.

COMPARATIVE INFORMATION AND RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

For the purpose of enabling determination of financial state and performance trends, the Group's current period consolidated financial statements are prepared comparatively to prior period.

Consolidated financial tables of the related period are organized comparatively. Prior period trade receivables and payables, advances received and given are revised. Other current assets of TL 883,777, other short term receivables of TL 1,469 are classified as liabilities; and other financial liabilities of TL 1,794,755 are classified as receivables. As per these classifications, necessary amendments of Annotations 10, 11, 26 and 38 have been actualized.

BASIS OF CONSOLIDATION

Subsidiaries

Consolidation is conducted within the body of Katmerciler Arac Ustu Ekipman San. ve Tic. A.S.

Control is established over a business's financial and operational policies in order to benefit from the business activities. Affiliate Partnerships represent the companies that the Company has control and authority over financial and operational policies in line with the Company benefits, by means of utilization of actual control over financial and operational policies and authorization to utilize more than 50% of vote right, or unauthorization to utilize more than 50% of vote right, in consequence of shares belonging to the Company directly and/or indirectly and shares on which the Company has the right to vote.

Capital percentages of Affiliate Partnerships, that are included in consolidation as of 31.12.2011 and 31.12.2010 are expressed in Annotation-1.

Affiliate Partnerships are included within consolidation as of the transfer date of control on

the Group's activities.

Principles below are applied when preparing consolidated financial statements:

Full Consolidation Management

Financial statement items of Parent Company and Affiliate Partnerships, except for the paid-in-capital and equities of purchase date are summed up. Intergroup receivables and payables of partnerships that are subject to consolidation method, are mutually deducted.

Parent Company's shares in affiliate partnerships are mutually eliminated from Capital Account in Affiliate Partnerships and Financial Investments in Parent Company.

As of the date when partnership within consolidation turns into affiliate partnership and only for one time in following share purchases, cost of Affiliate Partnership share acquisition to the Parent Company is appropriated from the equity value of these shares in Affiliated Partnership's evaluated financial statement. Difference in favour of registered value is indicated as a separate item as positive goodwill, in consolidated financial statement's assets; difference in opposition to registered value is related to comprehensive income statement as negative goodwill.

Amounts that represent shares out of Parent Company and Affiliate Partnerships are deducted from all equity account group items, including paid / deducted capital, of Affiliate Partnerships within consolidation. Also, they are indicated separately from Parent Company's share in equities in consolidated financial statement, within equities, and titled 'Minority Shares' in consolidated comprehensive income statement.

Profits and losses generating from sales and purchases between the Parent Company and its affiliates are cancelled in consolidated income tables. Related cancellations include intersales and interpurchases of financial investments, stocks, tangible and intangible fixed assets, that are subject to consolidation.

2.2: MODIFICATIONS IN ACCOUNTING POLICIES

Important modifications in accounting policies are applied retrospectively, and prior period financial statements are recomplied.

2.3: MODIFICATIONS AND ERRORS IN ACCOUNTING ESTIMATES

In case that modifications in accounting estimations are related only to a single period,



they are applied for current period of the modification. If modifications are related to future periods, they are both applied for the modification period and future periods. Significant accounting errors are applied retrospectively, and prior period financial statements are recompiled.

2.4 MODIFICATIONS IN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

New and Revised International Financial Reporting Standards

Excluding new standards summarized below, preparation of consolidated financial statements of the terminated accounting period grounding on accounting policies, and IFRIC comments as per 31.12.2011; consolidated financial statements are prepared in accordance with 31.12.2010 statements.

New standards, modifications and comments valid from 1 January, 2011:

IFRIC 19 Payment of Financial Liabilities via Equity Tools

This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 clarifies that these equity instruments will be defined as “paid price”, as per paragraph 41 of IAS 39. As a result, financial liability is excluded from financial statements, and equity instruments are operated as the price for terminating financial liability.

IFRIC 14 Minimum Funding Conditions (Amendments)

The purpose of this amendment is to allow corporations to evaluate their voluntary advance payments for minimum funding requirement, as assets.

IAS 32 Financial Instruments: Presentation and Disclosure: Classification of issuances involving new rights (Amendment)

This amendment is related to issuance of rights in specific currencies as derivative liabilities, as per the effective standard. The amendment addresses that issued rights must be recognized as equities in line with specific conditions, regardless of the currency of optional usage of rights.

IAS 24 Related Party Disclosures (Amendment)

The amendment redefines the related party term. It clarifies which circumstances would affect

the relations of persons or key administrators to related parties. Additionally, operations conducted with government institutions, government-controlled corporations or institutions jointly controlled by the government are exempt from declaration .

On May 2010, IASB published a third frame regularization, in order to resolve discrepancies and to clarify statements. Various enforcement dates have been determined for amendments. Amendments valid as per Jan. 01, 2011 are as below:

IFRS 3 Business Combinations

This amendment clarifies that amendments in IAS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation, IAS 39 Financial Instruments: Recognition and Measurement and amendments that abolish exemption for conditional fees are not valid for conditional fees of business combinations that took place prior to the implementation of IAS 3, that was re-regularized in 2008.

Moreover, this improvement, the right to property means that the proportional share of the net assets of acquired businesses, expressed as components of the measurement options for non-controlling interests (fair value of property rights, or the proportional share of the net assets of the business through the purchase of vehicles which) limits the scope. As a result of this improvement, a business (a business that is part of the merger process) purchased the business (mandatory or voluntary) accounting for share-based payment transactions necessitate replacement; such as fees and expenses, and separation of post-merger.

IFRS 7 Financial Instruments: Disclosures

The amendment clarifies the required disclosures and emphasizes the interaction of numerical and qualitative disclosures with the nature and degree of risk-relation of financial instruments.

IAS 1 Presentation of Financial Statements

The amendment clarifies the requirement for analyses regarding other extended income, while presenting statement of changes in equity or financial statement annotations.

IAS 27 Consolidated and Separate Financial Statements

This amendment clarifies amendments in IAS 21 Affect of Changes in Exchange Rate, IAS 31 Affiliates, and IAS 28 Investments in Subsidiaries.

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IAS 34 Interim Reporting

The amendment guides in how to implement principles in IAS 34, and adds to disclosures.

IFRIC 13 Customer Loyalty Programme

Correction, provided to customers within the program to receive a gift in fair values are determined based on the value scores of the cases, utilization of customer loyalty discounts given to other customers who participate in the program and clarifies the issue should be considered in the amount of incentives.

Published but yet ineffective and not earlier applied standards

Approval of the interim consolidated financial statements as of publishing date, but not yet entered into force for the current reporting period and began to apply new standards early by the Group, comments and changes are as follows. Unless otherwise specified, the Group will make necessary changes, after the enforcement of new standards and interpretations that will affect financial statements and annotations.

IFRS 9 Financial Instruments – Stage 1 Classification and Statement of Financial Instruments

The new standard is valid for accounting periods commencing at or after January 1, 2013. The first phase of IFRS 9 brings new provisions regarding the classification of financial assets and liabilities. Amendments made on IFRS 9 in October 2010 affect the measurement of other fair value option provisions. Changes in fair value regarding credit risk of fair value option provisions are required to be presented in other extended income statements.

Early implementation of the standard is authorized. This standard is not yet approved by the European Union. The Group has not yet evaluated the affects of the standard on financial position and performance.

IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (Amendment)

The amendment is valid for the accounting periods commencing on or after January 1, 2012; early implementation is authorized.

IAS 12 is amended as follows: (i) as a prediction legally valid until proven otherwise, the fair value model under IAS 40, deferred tax on investment property measured at carrying value of real estate sales will also be recovered through the calculation basis. (ii) Deferred tax of assets not depreciated that is calculated by the revaluation model in IAS 16 will always be measured through basis of sales. This amendment is not yet approved by the European Union. The Group has not yet evaluated the affects of the amendment on financial position

and performance.

IFRS 7 Financial Instruments – Statements regarding extended analysis of off-balance sheet transactions (Amendment)

The amendment is valid for the accounting periods of or after July 1, 2012; early implementation is authorized. The purpose of the amendment is to enable better comprehension of financial assets transfer transactions (such as securitization) by financial statement readers. Additionally, the amendment imposes obligation to additional disclosure that disproportional transfer of financial assets are realized accurately at period-ends. This amendment is not yet approved by the European Union. The Group has not yet evaluated the affects of the amendment on financial position and performance.

IFRS 10 Consolidated Financial Statements

The standard is valid for accounting periods ending at or after January 1, 2013 and the amendments will be implemented retrospectively. Standards of IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Investments in other Entities are authorized to be implemented simultaneously.

IAS 27 Consolidated and Separat Financial Statements replace the section regarding consolidation of standards. A new “ control “ definition is made in order to determine which companies will be consolidated. It is a principle-based standard that grants more space to the decisions of people who prepare financial tables. This standard is not yet approved by the European Union. The Group has not yet evaluated the affects of the standard on financial position and performance.

IFRS 11 Joint Arrangements

The standard is valid for accounting periods ending on or after January 1, 2013 and the amendments will be implemented retrospectively. Early implementation is authorized on condition that IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Investments in Other Entities are applied simultaneously and retrospectively.

Accounting of joint business affiliations and activities are regularized. In the context of the new standard, business affiliations are not authorized for proportional consolidation. This standard is not yet approved by the European Union. The Group has not yet evaluated the affects of the standard on financial position and performance.



IFRS 12 Disclosure of Investments in Other Entities

The standard is valid for accounting periods ending on or after January 1, 2013 and the amendments will be implemented retrospectively. Early implementation is authorized on condition that UFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements are applied simultaneously and retrospectively.

It involves all annotation statements regarding participations, business subsidiaries and affiliates and structural administrations in IAS 31 Interests in Joint Ventures and IAS 28 Investments in Subsidiaries. Additionally, it involves prior statements regarding consolidated financial statements in IAS 27 Consolidated and Separate Financial Statements standards.

IFRS 13 Fair Value Measurement

While the new standard states how to measure fair value in the context of IFRS, it does not bring amendments forward regarding when fair value could be applied and/or how it should be implemented. It is a guide for all fair value measurements. Additionally, the new standard imposes obligations for additional disclosure of fair value measurements. Implementation of this standard is obligatory for accounting periods ending on or after January 1, 2012; and it will be applied retrospectively. Additional disclosures should only be presented for periods as of the implementation date of IFRS 13 – hence, disclosures comparative with prior periods are required. This standard is not yet approved by the European Union. The Group has not yet evaluated the affects of the standard on financial position and performance.

IAS 27 Separate Financial Statements (Amendment)

As a result of the enforcement of IFRS 10, amendments have been made in IAS 27 as well. In consequence of these amendments, IAS 27 involves only the accounting of separate financial statements regarding joint affiliates, jointly managed administrations and subsidiaries. Transitional provisions of these amendments are the same with IFRS 10. This standard is not yet approved by the European Union.

IAS 28 Investments in Associates (Amendment)

As a result of the enforcement of IFRS 11, amendments have been made in IAS 28 and the name of the standard has been changed as IAS 28 Investments in Associates. In addition to the amendments and associations, recognition for equity management in associates has

been brought forward. Transitional provisions of this standard are the same with IFRS 11. This standard has not yet been approved by the European Union.

IAS 19 Employee Benefits (Amendment)

The standard is valid for accounting periods commencing on or after January 1, 2013 and early implementation is authorized. Other than several exceptions, the implementation will be retrospective. In the context of the standard's amendment, many subjects have been clarified and modified. Among many significant amendments, most important of them are the abolishment of the implementation of benefit range application. Additionally, the separation of short- and long-term employee benefits liability is estimated, not according to the principle that their rights but according to the specified payment date. The Group has not yet evaluated the affects of the standard on financial position and performance.

IAS 1 Presentation of Financial Statements (Amendment)

The amendments are valid for accounting periods commencing on or after July 1, 2012. The amendments only modify the grouping of items shown in other extended income statements. At a future date, classifiable (or restorable) items in income statements will be shown separately from items that can not be classified. This standard is not yet approved by the European Union. The Group has not yet evaluated the affects of the standard on financial position and performance.

2.5. SIGNIFICANT ACCOUNTING POLICIES SUMMARY

Cash and Cash Equivalents

Cash and cash equivalents include cash available, and short term investments such as three months or less, have specified value via bank deposits, are easily cashable, of high liquidity and with low value change risk (Annotation – 6)

Cash in deposit consists of Turkish Lira and balances in foreign currency. Balances in Turkish Lira are indicated in entries with their registered values, and balances in foreign currencies are indicated as exchanged into Turkish Lira, by means of Central Bank of Turkey buying rate of exchange rate at the end of the reporting period.

Bank deposits consist of drawing accounts, as TL and balance in foreign exchange. Foreign exchange accounts are indicated in entries as exchanged into Turkish Lira by

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means of Central Bank of Turkey buying rate of exchange rate at the end of the reporting period.

Reporting period over-due checks received are indicated in Notes Receivable; and are subject to rediscounting in terms of Government Debt Securities interest rate that is valid at reporting period.

Fair Value

For the reason that foreign currency cash and cash equivalents are exchanged into Turkish Lira at current rate at the reporting period, it is accepted that fair values of these assets comply with their registered values.

It is assumed that bank deposits, registered values of deposits correspond with received checks-notes; as these assets with low risk of decrease in value sell out in short-terms.

Trade Receivables and Provision for Doubtful Receivables

It represents receivables from customers in return for merchandise or service sales within the Group's principle activities. The Group's trade receivables and other receivables are registered with fair values at registration date.

Trade receivables that are registered with invoice values, are transferred with net values, while provisions for bad debt are deducted. In reporting periods after entry date, trade receivables are indicated on the basis of discounted cost values via Government Debt Securities interest rate. Short term receivables with no specific interest rate are registered by grounding on the invoice amount; in case that the original effective interest rate is insignificant.

Received and delivered deposits and warrants are not reported within this item, but within other receivables and payables, in classification.

Provision for bad debt is separated in case that trade receivables are uncollectible, and are reflected in consolidated financial statements under cost. Provision is the difference between the receivable's registered value and collectible amount, which might be collected via warrants or securities.

While evaluating whether receivables experienced decrease in value, including related establishment and key customers, debtor's past performances, and credibility in markets, performance from balance sheet date to approval date of financial statements and renegotiated conditions must be taken into consideration. If the amount of decrease in value

recedes due to a situation taking place after its registration as loss, aforesaid amount is reflected in other incomes in current period.

Discounted trade receivables and other allowance values for provision for bad debt is assumed to be in correspondance with assets' fair values.

Related Parties

In line with the purpose of financial statements; partners, executive administrative personnel and Administrative Board members and companies controlled or highly affected by these are accepted and mentioned as related parties.

Operations with related parties regarding Group's activity scope are performed in fair price market conditions. (Annotation – 37)

Netting / Clearing

Every kind of item that has importance in content and amount, even in similar qualification, are displayed separately in financial statements. Insignificant amounts, items resembling in terms of bases and functions are summed up together. It cannot be estimated that, indicating operation and incidents on the basis of net amounts as a result of basis of operation and incidents requiring offsetting, or keeping track of assets on the basis of amounts after decrease in value is deducted, are not violations of offset law.

Fair Value

It is assumed that fair value of short and long term bank loans are in correspondance with the cost of aforesaid financial liabilities, registered values constituted by means of calculation on the basis of effective interest rate and including accrued interest payables at the end of reporting period. Likewise, trade payables' discounted costs and fair values are accepted in correspondance.

Reserves

Reserves are evaluated via net realizable value or the lower one of acquisition costs. Cost of reserves includes all purchase costs and other costs performed in order to bring reserves to current situation and location. The Company evaluates reserves according to FIFO method. Net realizable value is determined by; first summing up estimated completion cost and required estimated sales cost for realizing the sale, and then deducting it from estimated



sales price that is constituted within ordinary commercial activities. (Annotation – 13)

Other Receivables and Payables

Other receivables and payables which do not fall in trade receivables and payables classification, are shown in this item. Items such as delivered deposits and securities, receivables from tax departments and payable taxes, other various receivables, other bad debts are reported in this group. Other payables which do not fall in any payables classification mentioned here, are shown under this title.

(Annotation – 11)

Other Assets and Liabilities

Income and cost accruals of future period that do not fall in other assets classification in balance sheet, advance-paid taxes and funds, business advance, personnel advance, deferred VAT, other VAT and other various liquid/fixed assets are reported in this item.

(Annotation – 26)

Deferred incomes and cost accruals of future periods and other various payables and liabilities are reported here, in classification.

Subsidiaries and Goodwill

The Group's affiliates that are consolidated in financial statements and that are subject to joint administration are Katmerciler Profil Sanayi ve Ticaret A.Ş. and Isipan Otomotiv ve Üst Ekipman Metal Makine San. ve Tic. A.S.

Income statement reflects Company's percentage in activity results of affiliate partnerships. Except for goodwill, which occurs in purchase; Company's investment in Affiliate Partnerships is indicated with its amount. Balances and operations among the Company's Affiliate Partnerships are eliminated including intercompany profits and unrealized profits and losses. Consolidated financial statements are prepared by utilizing similar accounting principles applied for similar operations and incidents.

Consolidated income statement reflects the Company's percentage in activity results or Affiliate Partnerships.

Purchase cost of a business is distributed in identifiable assets, liabilities and conditional liabilities of affiliated company, on purchase date. The difference between purchase cost and rational value of identifiable assets, liabilities and conditional

liabilities of affiliated company are recognized in consolidated financial statements as goodwill. Assets (movable financial losses etc.), intangible assets, conditional liabilities that do not take place in Company's financial statements are reflected in rational values in financial statements. Goodwill amounts in purchased company's financial statements cannot be assessed as identifiable assets.

Registered value of goodwill is reviewed annually and if needed, revised considering constant decrease in value.

In rational value of identifiable assets and payables, affiliate cost is exceeding part of the Company's share is reflected in financial statements as negative goodwill. In cases that negative goodwill is related to expected loss and costs; and that this matter is determined within partner's affiliation plan, and that is calculated credibly, and that does not represent identifiable payables on affiliation date; related part of negative goodwill is included in income statement as income, in the period during which loss and costs are entered in financial statements.

Investment Property

Lands or buildings or parts of a building or both, which are held for the purpose of acquiring leasing income or increase in value or both, instead of being used in merchandise and service production or supply, or used for management or sold during ordinary process of business are classified as realties.

An investment property is recognized as an asset, in cases that there is possible acquisition of future economical benefits related to the realty, and that cost of investment property is measurable credibly.

Fair Value Method

Following first recognition operation, the Group adopted fair value method and evaluated all investment properties via fair value method. (Annotation – 17)

Acquisition and losses sourcing from the changes in investment property's fair value are reflected in the consolidated financial statements and profit is included in loss, in the related period.

Tangible Fixed Assets

The Group performs producing activities in the building owned. Following first recognition

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operation, adopted fair value method and evaluated all investment properties via fair value method. (Annotation – 18)

Acquisition sourcing from the changes in investment property's fair value is classified separately as increase in tangible fixed assets. Losses are; first offset from value increase fund and balance is lapsed in profit/loss accounts.

Revaluation

Buildings and lands reported in the Group's financial statements are indicated on basis of revaluated amounts. Fair value of buildings is determined by an independent evaluation company licenced by CMB. Revaluated amount is calculated by deducting consecutive accrued amortization and value decrease loss from fair value on revaluation date.

Increases in revaluated value are reported in equities.

If an asset's book value is increased as a result of revaluation, this increase is recognized in other comprehensive income and indicated directly in equity account group, under revaluation value increase. However, revaluation value increase is recognized as income to the extent that same asset reversed revaluation increase related to prior profit or loss.

If an asset's book value is decreased as a result of revaluation, this decrease is recognized as loss. However, this decrease is recognized to the extent of every kind of receivable balance included in revaluation surplus related to this asset in other comprehensive income. Aforesaid decrease, recognized in other comprehensive income is offset to revaluation surplus title, from the amount collected in equities. (Annotation – 18)

Tangible Fixed Assets

Tangible fixed assets are indicated on the basis of deducting accrued amortization and value decrease provision from cost price. Lands are not subject to amortization.

Amortization is calculated using 'straight line' method on the basis of estimated economic lives below:

TANGIBLE FIXED ASSETS	ECONOMICAL LIFE (%)
Building	40-50
Facility machinery and equipment	1-10
Vehicles	5
Inventory	2-10

In cases that the balance sheet values of tangible fixed assets, incidents, and situations cannot be liquidated, it is revised whether there is value decrease in tangible fixed assets exceeds realizable estimated value, these assets or cash generating items are brought back to realizable values. Realizable value of tangible fixed assets is the higher one among net sales price and net book value. While determining usage value, estimated future cashflow is reduced to present-day values, via pre-tax discount rate reflecting purchase money of the cash to be acquired in present day's market conditions and risks native to that asset. Net book value of usage for an asset that does not generate independent cashflow is determined for the cashflow generating items group that contains the asset.

Intangible Assets

Intangible assets that are acquired separate from a business are capitalized on basis of cost amount. Intangible assets that are acquired as parts of transfer of a business are capitalized in cases that related asset's current market value is available for credible evaluation. However, attention is paid to not let this current market value create negative goodwill deriving from purchase, or increase existing negative goodwill. Intangible fixed assets are amortized according to straight-line amortization method, throughout related asset's estimated economic lifetime.

Purchase cost of new software is capitalized in the case that aforesaid software is not a part of related hardware, and classified as intangible asset. Softwares are amortized in 3 years via normal amortization method. Amortization is calculated via 'straight-line' amortization method on basis of estimated economic lives below.

INTANGIBLE ASSETS	USEFUL LIFE
Rights	3 years
Other Intangible Assets	10 years



Tax Asset / Liability Provisions

Related current tax liability or asset in current period and prior periods are calculated as per tax legislation in effect, on the basis of tax rates in effect and regarded valid in respect of balance sheet date.

Deferred tax is calculated considering balance sheet liability method. Deferred tax is reflected considering tax effect of temporary differences between financial statement values of assets and liabilities and legal tax basis.

Deferred tax receivables and liabilities are calculated according to the tax rate in effect on balance sheet date and also valid in asset realization or liability execution periods.

Borrowings and Borrowing Costs

Bank loans are registered with values after the deduction of transaction costs and commissions from loan amount of the date. Bank loans are indicated on basis of discounted cost value, via effective interest in consecutive periods method. The difference between the amount remaining after the deduction of transaction costs and the discounted cost value, is reflected in income statements as financing cost during loan period. Borrowing costs that can directly relate to purchase when usage-aimed assets are in question, are included in related asset's cost.

If received loan term is less than 12 months as of balance sheet date, it should be displayed within short term liabilities; if it is longer than 12 months, in long term liabilities. (Annotation – 8)

Financial Leasing

Group; registers in consolidated financial statement its fixed assets acquired via leasing on basis of lower one of either related asset's fair value or minimum rental payments' present day value in reporting period. When calculating minimum rental payments' present-day value in reporting period, valid interest rate in leasing operations is used in discounting rental payments of future periods. As of reporting period, capital leasing liabilities are shown in financial statement according to their terms; short or long; interest costs of current period are related to comprehensive income statement.

Fixed assets acquired via leasing are included in related fixed asset items in consolidated financial statement; are subject to amortization according to economic life or rental period; whichever ends first. (Annotation – 8)

Trade Payables

As trade payables and other financial liabilities are short-term, it is considered that current market values of these are close to actual values. Notes Payable are expressed in discounted costs. As their interest rates are updated considering market conditions, it is believed that current market value of notes payable exceeds actual value. It is predicted that current market values of trade payables, remaining after rediscount provision is deducted, are close to actual values. (Annotation – 10)

Employee Benefits

a) Defined Benefit Plans

As per business law, Group is liable to make severance payments to employees who resign due to retirement after working for at least one year, or employees who are dismissed except for reasons such as resigning or misbehaviour. Severance payment is calculated by grounding on related company's knowledge sourcing from own experiences, related to estimated inflation rates and employee's resigning or dismissal, by using 'earned benefits' government bond rates on balance sheet date benefits, and via 'projection method' and reflected in consolidated financial statements. (Annotation – 24)

b) Defined Contribution Plans

Group makes compulsory Social Security Contribution payment to Social Security Institution. There are no liabilities as long as these contributions are made. These contributions are reflected in personnel costs in accrued period.

Provisions, Contingent Liabilities and Contingent Assets

a) Provisions

Provisions are registered if and only the Company has a past or ongoing liability (legal or structural), if due to this liability economically, profitable resources are available to be disposed, and if the liability amount can be determined credibly.

When gradual decrease in cash value gains importance, provisions are reflected in discounted values of possible expenditures on balance sheet date. When discounted value is used, increase in provisions due to passing time are registered as interest expenditure.

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b) Contingent Liabilities and Contingent Assets

Contingent liabilities represent liabilities, which source from past events and are not under the Company's complete control, able to confirm one or not-yet specific event's possibility to happen and its existence. In order to fulfill the liability, there is no possibility for economically profitable resources to be disposed of the Company or liability amount cannot be measured credibly. If the situation that requires resource transfer does not bear a high possibility, contingent liabilities are not reflected in consolidated financial statements, but explained in annotations. Contingent assets are not reflected in consolidated financial statements, but explained in annotations if they bear high economic profitability. (Annotation – 22)

Transactions in Foreign Currencies

When converting transactions in foreign currency, related exchange rates valid on operation date are based on. Exchange difference cost or incomes are reflected in income statement in related period. Central Bank of Turkey end period buying exchange rates that are used when converting the Group's balance sheet items in foreign currency, are as follows:

TANGIBLE FIXED ASSETS	BUY RATE USD/TL	SELL RATE USD/TL	EFFECTIVE BUYING USD/TL	EFFECTIVE BUYING USD/TL
31 December 2011	1,8889	2,4438	1,8876	2,4421
31 December 2010	1,5460	2,0491	1,5449	2,0477

Revenue

Merchandise sale is registered as revenue in cases that important risk and yields regarding ownership of merchandise are transferred to buyer. Company is concerned with sold merchandise's management and does not have effective control over aforementioned merchandise, evaluation if revenue amount is credible, it is possible for the Company to acquire economic benefit regarding the transaction. Before registering any merchandise sale as revenue, the Group took into consideration that merchandise subject to sale is delivered to buyer in a clear and provable way; and eliminated amounts, that are not delivered, from consolidated financial statements.

Service

Service presentation is included in financial statements, in the case of related operation results can be credibly estimated, and considering revenue related to operation completion level on balance sheet date.

Interest

Interest income is accrued in related period at the rate of effective interest that reduces remaining capital balance and cash input from related financial asset during its expected life, to its registered value of aforementioned assets and is included in financial statements in time considering asset's effective earning. The Group performs accrual of interest for non-commercial payable and receivables from related parties, and issues invoice.

Taxation and Deferred Taxes

Income tax liability on period's profit and loss includes current year tax and deferred tax. Current year tax liability represents tax liability that is calculated for period's taxable profit on basis of tax rates valid on balance sheet day. (Annotation – 35)

Segment Reporting

The Group performs approximately half of its sales in Turkey, and the rest is exported to Middle East and Africa. As there are no different kinds of products and different geographies that require segment reporting, financial reporting according to segments is not made.

Cash Flow Reporting

In cashflow statement, related period's cash flow is classified grounding on master, investment and financing activities, and reported. Cashflow regarding investment activities indicate cashflow used and gained by the Group investment activities(fixed and financial investments). Cashflow regarding financing investments indicate resources and pay-back of these resources by the Group in financing investments. Cash and cash equivalents include cash bank deposits and short term realizable investments with specific amount and high liquidity, and terms less than three months.

Provision of Diminution in Value of Inventories

Regarding reserve value decrease, reserves are physically and historically investigated.



Their availability is determined in line with technical team's opinion, and provision is reserved for items estimated to be unavailable. When determining realizable value in reserves, list sale prices and date regarding average discount rates within the year are utilized, and estimations are performed regarding sale costs. In consequence of these works, provision is reserved for reserves with net realizable values under cost values.

Dividend

Dividend receivables are registered as income in related periods. Dividend payables are reflected in consolidated financial statements as liability in related period, as an element of profit distribution.

Warranty Costs

Warranty expenditures are registered in related period as maintenance costs of merchandise. The Company produces and sells, labour and material costs undertaken by the Company, and the past data sourced estimations for consequent years for feed back and maintenance levels of regarding products, of which revenues registered as income in current period.

Paid-In Capital

Ordinary stocks are classified as equities. Cost related to new stocks and options issue is indicated in equities by deducting from collected amount and discounting tax effect.

Share Premiums

Share premium occurs as a result of investment stocks, which increased in value via the Company's affiliate partnership or equity methods, being sold for a higher price than nominal, or as a result of Company shares being sold for a higher price than nominal during public offering.

2.6. SIGNIFICANT ACCOUNTING EVALUATIONS, ESTIMATES AND ASSUMPTIONS

Preparation of consolidated financial statements requires declaration of reported balance sheet date amounts of assets and liabilities, contingent assets and liabilities, and also requires usage of estimation and assumptions that might effect amount of income and expenditures being reported throughout the financial year.

The Group performs future estimations. Accounting estimations, by their nature, might not exactly result the same as realized consequences. Estimations and assumptions that might lead to important corrections in registered values of asset and liabilities in the next financial reporting period, are stated below.

Intangible assets with indefinite useful lives and goodwill impairment determination study:

As per accounting policies stated in note 2.5 regarding intangible assets with unlimited useful life and goodwill, aforesaid amounts are reviewed by the Group for value decrease every year or more frequently when conditions indicate existence of value decrease.

Recoverable value of cash generating units is determined by grounding on usage value calculations. Specific estimations are made for these calculations. (Note 19 and 20). No decrease in value is determined as a result of aforementioned works.

➤ **NOTE: 3**

MERGING BUSINESS

None. (31.12.2010 – None.)

➤ **NOTE: 4**

PARTNERS

None. (31.12.2010 – None.)

➤ **NOTE: 5**

SEGMENT REPORTING

None. (31.12.2010 – None.)

➤ NOTE: 6

CASH AND CASH EQUIVALENTS

	31 DECEMBER 2011	31 DECEMBER 2010
Cash	120,058	198,652
Banks	2,593,884	1.875,786
Demand Deposit	2,593,884	725,610
TL	340,220	340,264
USD*	1,726,635	24,713
EURO*	527,029	360,633
GBP*	-	-
TL Time Deposits		1,150,176
Time Deposits less than 3 months overdue without barring		1,150,000
Accrual of Interest Income		176
Checks less than 3 months overdue **	2,646,901	-
TOTAL	5,360,843	2,074,438

Interest rate for TL deposits is 6.5% as of 31.12.2010.

As of 31.12.2011 tarihi, there are no time deposit accounts.

*In TL.

**Checks less than 3 months overdue are presented with discounted net values.

FOREIGN CURRENCY DEPOSITS	31 DECEMBER 2011	31 DECEMBER 2011
Banks / Demand Deposit		
USD	914,095	15,985
EURO	215,660	175,996
GBP		

➤ NOTE: 7

FINANCIAL INVESTMENTS

None. (31.12.2010 – None.)

► NOTE: 8

FINANCIAL LIABILITIES

SHORT TERM FINANCIAL LIABILITIES	31 DECEMBER 2011	31 DECEMBER 2010
Bank Loans	29,137,293	7,182,429
Capital Lease Obligations	378	-
Deferred Leasing Costs()	(261)	-
TOTAL	29,137,410	7,182,429

	INTEREST RATE(%)	ORIGINAL MONEY VALUE	31 DECEMBER 2011	INTEREST RATE(%)	ORIGINAL MONEY VALUE	31 DECEMBER 2010
BANK LOANS						
TL Loans	6.25-7.25	834,076	834,076	-	-	-
USD Loans	5.75-8.15	5,227,417	9,874,069	2.87-4.25	859,357	1,328,566
EUR Loans	4.70-8.00	7,541,182	18,429,265	3.50-5.25	2,856,797	5,853,863
TOTAL			29,137,410			7,182,429

LONG TERM FINANCIAL LIABILITIES	31 DECEMBER 2011	31 DECEMBER 2010
Bank Loans	10,238,191	6,573,757
Capital Lease Obligations	-	34,922
Deferred Leasing Costs()	-	(2,012)
TOTAL	10,238,191	6,606,667

	INTEREST RATE(%)	ORIGINAL MONEY VALUE	31 DECEMBER 2011	INTEREST RATE(%)	ORIGINAL MONEY VALUE	31 DECEMBER 2010
BANK LOANS						
TL Loans	-	-	-	-	-	-
USD Loans	4.3085-5.3085	4,734,695	8,943,365	3.85-5.11	3,049,027	4,713,795
EUR Loans	5.12	529,841	1,294,826	5.63	907,697	1,859,962
TOTAL			10,238,191			6,573,757

► NOTE: 9

OTHER FINANCIAL LIABILITIES

None. (31.12.2010 – None)

NOTE: 10

TRADE RECEIVABLES AND PAYABLES

SHORT TERM TRADE RECEIVABLES	31 DECEMBER 2011	31 DECEMBER 2010
Recepiants	3,653,951	10,283,413
Notes Receivable	-	4,635,766
Discount on Receivables (-)	(178,109)	(161,401)
Notes Receivable	-	(23,013)
Checks Received	-	(59,524)
Receivers	(178,109)	(78,865)
Doubtful Trade Receivables	943,840	918,146
Provisions for Doubtful Receivables (-)	(943,840)	(918,146)
TOTAL	31,475,841	14,757,777

MATURITIES OF RECEIPIANT ACCOUNTS	31 DECEMBER 2011	31 DECEMBER 2010
Past Due Receivables	-	1,971,856
Maturities of Receivables Up to 1 month	24,818,415	1,844,670
Maturities of Receivables Up to 3 months	2,220,114	5,795,578
Receivables More Than 3 months overdue	4,615,422	671,310
TOTAL	31,653,951	10,283,413

Maturities and Notes Receivables aging schedule as follows:

NOTES RECEIVABLES ACCOUNTS	31 DECEMBER 2011	31 DECEMBER 2010
Note Receivables Up to 1 month	-	1,272,000
Note Receivables Up to 3 months	-	2,083,476
Note Receivables More Than 3 months overdue	-	1,280,290
TOPLAM	-	4,635,766

LONG TERM TRADE RECEIVABLES	31 DECEMBER 2011	31 DECEMBER 2010
Recepiants	-	118.444
Discount on Receivables	-	(9.776)
LONG TERM TRADE RECEIVABLES (NET)	-	108.668

Movement of Provisions for Doubtful Receivables is as follows:

	31 ARALIK 2011	31 ARALIK 2010
Beginning of Period	(918.146)	(1.646.892)
Yearly Provision	(36.879)	-
Provisions No Longer Required	11.185	1.070
Improbable Receivables	-	727.676
PERIOD END	(943.840)	(918.146)

Credit risk analysis of trade receivables as of 31.12.2011 and 31.12.2010 are explained in detail in Annotation 38.

The Group has reserved provisions for doubtful receivables generating from its commercial activities.

SHORT TERM TRADE PAYABLES	31 DECEMBER 2011	31 DECEMBER 2010
Sellers	8,818,201	2,544,739
Debt Securities	13,060,771	7,486,497
Discount on Debt Securities (-)	(183,379)	(102,313)
Debt Securities	(2,231)	(745)
Debt Certificates	(97,851)	(80,249)
Sellers	(81,933)	(21,318)
Other Trade Payables	1,131,520	745,557
TOTAL	22,827,113	10,674,481

MATURITIES OF DEBT SECURITIES	31 DECEMBER 2011	31 DECEMBER 2010
Debt securities 1 month overdue	8,125,187	2,313,799
Debt Securities less than 3 months overdue	4,920,729	3,819,398
Debt Securities more than 3 months overdue	14,855	1,353,300
TOTAL	13,060,771	7,486,497

► NOTE: 11 OTHER RECEIVABLES AND PAYABLES

OTHER SHORT TERM RECEIVABLES	31 DECEMBER 2011	31 DECEMBER 2010
Other various receivables*	1,813,165	1,461,009
Other Deposits and Guarantees	85	1,469
TOTAL	1,813,250	1,462,478

* Company's receivables of 1.796.682,59 TL as of 31.12.2011 generate from its VAT receivables from the Tax Office.

LONG TERM RECEIVABLES	31 DECEMBER 2011	31 DECEMBER 2010
Deposits and Guarantees given	17,226	16,163
TOTAL	17,226	16,163

OTHER SHORT TERM PAYABLES	31 DECEMBER 2011	31 DECEMBER 2010
Arrears of Personnel Wages	536,154	365,303
Severance Debts	105,096	29,202
Taxes and Funds Payable	416,389	1,388,434
Social Security Withholdings Payable	502,648	218,794
Other liabilities payable	1,599	998
TOTAL	1,561,886	2,002,732

OTHER LONG TERM PAYABLES	31 DECEMBER 2011	31 DECEMBER 2010
Deferred Tax Liabilities	338,854	-
TOTAL	338,854	-

► NOTE: 12 PAYABLES AND RECEIVABLES FROM FINANCIAL ACTIVITIES

None. (31.12.2010 - None.)

➤ NOTE: 13 RESERVES

RESERVES	31 DECEMBER 2011	31 DECEMBER 2010
Raw Materials and Supplies	29,497,726	9,207,703
Works in progress	7,968,801	997,962
Finished Goods	3,981,998	968,551
Commercial Products	1,609,113	31,332
Other reserves	842,829	358,383
Provision for Reserve Value Decrease (-)	(137,829)	(147,250)
TOTAL	43,762,638	11,416,680

Activity statement for provisions of reserve value decrease is as below:

RESERVE VALUE DECREASE PROVISIONS	31 DECEMBER 2011	31 DECEMBER 2010
January 1 balance	147,250	175,297
Provisions reserved within the year	137,829	360,341
Terminated Provisions (-)	(147,250)	(388,388)
TOTAL	137,829	14,250

➤ NOTE: 14 BIOLOGICAL ASSETS

None. (31.12.2010 - None.)

➤ NOTE: 15 ON-GOING CONSTRUCTION CONTRACTS ASSETS

None. (31.12.2010 - None.)

➤ NOTE: 16 ASSETS THAT GAIN VALUE WITH RESOURCE MANAGEMENT

None. (31.12.2010 - None.)

➤ NOTE: 17

INVESTMENT PROPERTY

The group's fair value investment property is 5.456.211 TL, as per 31 December 2011.
(31.12.2010 – 7.219.437 TL.)

Movement for Investment Property is as below:

FAIR VALUE	1 JAN 2011	ADDITIONS	CORRECTIONS	OUTFLOWS	31 DEC 2011
Land, fields	5,773,187	-	-	(1,763,226)	4,009,961
Buildings	1,446,250	-	-	-	1,446,250
TOTAL	7,219,437	-	-	(1,763,226)	5,456,211

FAIR VALUE	1 JAN 2010	ADDITIONS	CORRECTIONS	OUTFLOWS	31 DEC 2010
Land, fields	4,883,188	898,350	(8.350)	-	5,773,189
Buildings	1,446,250	-	-	-	1,446,250
TOTAL	6,329,438	898,350	(8.350)	-	7,219,437

► NOTE: 18

INTANGIBLE ASSETS

18.1 PROPERTIES:

Movements for usage-aimed properties is as below:

FAIR VALUE	1 OCAK 2011	DÜZELTME	İLAVELER	DÜZELTME	ÇIKIŞLAR	31 ARALIK 2011
Land	6.310.400					6.310.400
Building	827.870					827.870
Factory Building	3.319.786		1.071.700			4.391.486
Surface Mechanisms	409.000					409.000
TOTAL	10.867.056	-	1.071.700	-	-	11.938.756

FAIR VALUE	1 JAN 2010	DÜZELTME	İLAVELER	DÜZELTME	ÇIKIŞLAR	31 JAN 2010
Land	2.900.000		3.410.400			6.310.400
Building	827.870					827.870
Factory Building	1.913.130		1.171.600	235.056		3.319.786
Surface Mechanisms	301.000		108.000			409.000
TOPLAM	5.942.000	-	4.690.000	235.056	-	10.867.056

PROPERTY ENDORSEMENTS:

Statement of hypotecs on realties as of December 31, 2011 is as below:

WARRANTY PATTERN	OWNER	QUALITY	DEGREE	TO WHOM	REASON	HYPOTEC REGISTRY DATE	CURRENCY TL/USD/EURO	AMOUNT
Hypotec	Katmerciler Profil A.Ş.	P-Factory Building	1	Halkbankası A.Ş.	Loan Usage	27.10.2005	EURO	600.000
Hypotec	Katmerciler A.Ş.(Konya)	Tarla	1	Halkbankası A.Ş.	Loan Usage	28.10.2005	EURO	300.000
Hypotec	Katmerciler Profil A.Ş.	P-Factory Building	2	Halkbankası A.Ş.	Loan Usage	06.06.2008	EURO	2.000.000
								2.900.000
Hypotec	Katmerciler Profil A.Ş.	P-Factory Building	3	Halkbankası A.Ş.	Loan Usage	06.06.2008	TL	2.000.000
Hypotec	Katmerciler Profil A.Ş.	P-Factory Building	3	Halkbankası A.Ş.	Loan Usage	08.05.2009	TL	3.000.000
Hypotec	Katmerciler A.Ş.	A-Factory Building	2	Halkbankası A.Ş.	Loan Usage	03.02.2011	TL	3.500.000
								8.500.000
Hypotec	Katmerciler A.Ş.	A-Factory Building	1	Halkbankası A.Ş.	Loan Usage	05.03.2010	USD	5.000.000
								5.000.000

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18.2 OTHER TANGIBLE FIXED ASSETS:

Activity statement for end 31 December 2011 and end 31 December 2010 are as below:

	1 JANUARY 2011	INPUTS	CORRECTION ENTRIES	OUTPUTS	31 DECEMBER 2011
LANDS AND BUILDINGS					
Usage-aimed Realities	10,458,056	1,071,700			11,529,756
Lands and Buildings	-				0
Below and Above Ground Machinery	409,000				409,000
Facility Machinery and Devices	1,562,014	453,963		(56,396)	1,959,581
Vehicles	810,100	1,129,243		(522,768)	1,416,575
Inventory	696,021	137,536	(2,579)		830,978
Other Fixed Tangible Assets	-				0
Ongoing Investments	55,594	4,393,107			4,448,701
TOTAL	13,990,785	7,185,549	(2,579)	(579,164)	20,594,591
B. AMORTISATION					
Below and Above Ground Machinery	8,042	9,720			17,762
Buildings	93,325	111,849			205,174
Vehicles	1,428,879	57,918		(56,395)	1,430,402
Inventory	173,251	202,496		(126,421)	249,326
Other Fixed Tangible Assets	372,344	87,056		(2,056)	457,344
TOTAL	2,075,840	469,038	-	(184,872)	2,360,008
NET BOOK VALUE	11,914,946				18,234,585
	1 JANUARY 2011	INPUTS	CORRECTION ENTRIES	OUTPUTS	31 DECEMBER 2011
LANDS AND BUILDINGS					
Usage-aimed Realities	5,641,000	4,817,056	-	-	10,458,056
Lands and Buildings	-	-	-	-	-
Below and Above Ground Machinery	301,000	108,000	-	-	409,000
Facility Machinery and Devices	1,541,820	-	61,176	(40,982)	1,562,014
Vehicles	594,713	443,262	(7,742)	(220,133)	810,100
Inventory	602,709	195,914	2,579	(105,181)	696,021
Other Fixed Tangible Assets	-	-	-	-	-
Ongoing Investments	-	55,594	-	-	55,594
TOTAL	8,681,241	5,619,826	56,013	(366,296)	13,990,785
B. AMORTISATION					
Below and Above Ground Machinery	-	8,042	-	-	8,042
Buildings	-	93,325	-	-	93,325
Vehicles	1,376,158	35,422	57,981	(40,682)	1,428,879
Inventory	230,929	103,280	0	(160,958)	173,251
Other Fixed Tangible Assets	399,580	70,211	2,056	(99,503)	372,344
TOTAL	2,006,667	310,280	60,037	(301,143)	2,075,840
NET BOOK VALUE	6,674,574				11,914,946

► NOTE: 19

INTANGIBLE FIXED ASSETS

	1 JANUARY 2011	INPUTS	OUTPUTS	31 DECEMBER 2011
Other Intangible Fixed Assets	134,611	59,825		194,436
Rights	167,898	57,863		225,761
TOTAL	302,509	117,689		420,198
B. AMORTISATION				
Rights	97,795	33,942		131,737
Other Intangible Fixed Assets	43,276	21,655	(9,671)	55,260
TOTAL	141,071	55,597	-	186,997
NET BOOK VALUE	161,439			233,202

	1 JANUARY 2011	INPUTS	OUTPUTS	31 DECEMBER 2011
COST VALUE				
Other Intangible Fixed Assets	72,235	62,376	-	134,611
Rights	115,751	52,147	-	167,898
TOTAL	187,986	114,523	-	302,509
B. AMORTISATION				
Special Cost				
Rights	71,402	26,393	-	97,795
Other Intangible Fixed Assets	31,576	11,700	-	43,276
TOTAL	102,978	38,093	-	141,071
NET BOOK VALUE	85,008	76,430		161,439

► NOTE: 20

GOODWILL

On the balance sheet dated 31.12.2011, affiliate partnerships' book value and fair value are determined in accordance with IAS, and the calculated TL 1.759.039.- is reflected in consolidated financial statements. (31.12.2010 - TL 1.093.640)

The Company's affiliate Isipan A.Ş. capital has been increased from TL 325.000 to TL 825.000 and the committed increased amount (TL 500.000) is paid by the Company. Capital increase was registered at İzmir Trade Registry Office in 06.06.11 and published in the trade gazette in 10.06.11.

Due to the sale of our 90% affiliate Kat Araç Üstü Ekipman Pazarlama Dış Ticaret Ltd. Şti by the executive board resolution No. 2011/47 dated 31.01.2011, consolidated financial statements dated 31.12.11 do not reflect goodwill calculations.

► NOTE: 21

GOVERNMENT INCENTIVE AND SUPPORT

Within the context of Company's Telescopic Boom Ladder Development Project with the amount of TL 667.691, the Company applied to Technology and Innovation Support Programmes Directorate ,in order to benefit from grants. The Company was given gratuitous grant at a total of TL 221.364; TL 82.407 in 19.07.2011 as per CPA report No CPA-485/03-187-17 dated 28.03.11, and TL 138.957 in 13.12.2011 as per CPA report No CPA-485/2011-03-240-70 dated 29.09.2011. This amount was reflected in Special Funds account in Equities.

► NOTE: 22

PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

22.1 PROVISIONS

The Company has undertakings for produced equipments; of 2 years for local, and 1 year for foreign production. As of balance sheet date, expense provisions have been reserved for probable future undertakings payable.

LIABILITY PROVISIONS	31 DEC 2011	31 DEC 2010
Provisions for Warranties Payable	160,740	139,929
Provisions for Unused Leaves	320,953	236,949
TOPLAM	481,693	376,878

22.2 COMMITMENTS NOT TAKING PLACE IN LIABILITY

Total amount of commitments and hypotecs of the Company are TL 27.549.747 as of December 31, 2011. (TL 20.997.511 as of 31 December 2010)



22.3 COMMITMENTS NOT TAKING PLACE IN LIABILITY

WARRANT, SECURITY AND HYPOTECs DELIVERED BY THE COMPANY	31 DECEMBER 2011		31 DECEMBER 2010	
	CURRENCY AMOUNT	EQUIVALENT TL	CURRENCY AMOUNT	EQUIVALENT TL
A. Total Amount of Warranties, Securities and Hypotecs Delivered				
On Behalf of Own Legal Entity	10,291,995	27,549,747	7,937,430	20,997,511
LETTER OF GUARANTEE	2,341,995	2,396,037	37,430	1,825,121
LETTER OF GUARANTEE (USD)	2,304,565	2,304,565	0	0
LETTER OF GUARANTEE(EURO)	37,430	91,471	37,430	76,698
LETTER OF GUARANTEE (TL).				1,748,423
HYPOTECs	7,900,000	25,031,520	7,900,000	19,172,390
HYPOTEC (USD)	5,000,000	9,444,500	5,000,000	7,730,000
HYPOTEC (EURO)	2,900,000	7,087,020	2,900,000	5,942,390
HYPOTEC(TL)		8,500,000		5,500,000
COLLATERAL	50,000	122,190		
Vehicle Collaterali (EURO)	50,000	122,190		
B. Total Amount of Warrants, Securities, Hypotecs				
Delivered on Behalf of Partnerships Included in Full Consolidation		NONE		NONE
C. Total Amount of Warrants, Securities, Hypotecs				
Delivered with the intention of supplying Payables of				
Other 3rd Parties for the Purpose of Conducting Ordinary Commercial Activities		NONE		NONE
D. D. Total Amount of Warrants, Securities and Hypotecs Delivered		NONE		NONE
i. Total Amount of Warrants, Securities and Hypotecs				
Delivered on behalf of the Parent Company				
ii. Total Amount of Warrants, Securities and Hypotecs				
Delivered on behalf of the Other Group Companies				
That are not included in Articles B and C.				
iii. Total Amount of Warrants, Securities and Hypotecs Delivered on				
behalf of third parties That are not included in Article C.				
TOTAL		27.549.747		20.997.511

Ratio of other warrants, securities and hypotecs to Company equities is 92.13% as of 31.12.2011. (79.31% as of 31.12.2010)

CONSOLIDATED FINANCIAL STATEMENTS

22.3 TOTAL INSURANCE AMOUNT OF ASSET VALUES

31 DECEMBER 2011				
ASSET TYPE	INSURANCE COMPANY	AMOUNT	START DATE	END DATE
Building	Mapfre Genel Sigorta A.Ş.	3,600,000	24.01.2011	24.01.2012
Building	Birlik Sigorta A.Ş.	1,800,000	11.03.2011	11.03.2012
Inventory	Mapfre Genel Sigorta A.Ş.	900,000	24.01.2011	24.01.2012
Ware	Mapfre Genel Sigorta A.Ş.	7,000,000	24.01.2011	24.01.2012
Safe Deposit	Mapfre Genel Sigorta A.Ş.	110,000	24.01.2011	24.01.2012
Machinery Equipment	Mapfre Genel Sigorta A.Ş.	1,600,000	24.01.2011	24.01.2012
Insurance		1,416,742	2011	2012
TOTAL		16,426,742		

31 DECEMBER 2011				
ASSET TYPE	INSURANCE COMPANY	AMOUNT	START DATE	END DATE
Building	Mapfre Genel Sigorta A.Ş.	3,600,000	24.01.2010	24.01.2011
Building	Birlik Sigorta A.Ş.	1,800,000	11.03.2010	11.03.2011
Inventory	Mapfre Genel Sigorta A.Ş.	900,000	24.01.2010	24.01.2011
Ware	Mapfre Genel Sigorta A.Ş.	3,000,000	24.01.2010	24.01.2011
Safe Deposit	Mapfre Genel Sigorta A.Ş.	220,000	24.01.2010	24.01.2011
Machinery Equipment	Mapfre Genel Sigorta A.Ş.	1,600,000	24.01.2010	24.01.2011
Insurance		816,296	2010	2011
TOTAL		11,936,296		

There are no warrants, securities or hypotecs received by the Company in return for receivables. Except for the warrants, securities or hypotecs delivered on behalf of own legal entity, there are no warrants, securities or hypotecs delivered on behalf of related parties, affiliate partnerships or third parties.

► NOTE: 23 COMMITMENTS

The Company has export commitments regarding short term and long term bank loans. These commitments are fulfilled by the Company, in due time.

In addition, the Company has 7 certificates of inward processing. Company's export and import commitments statements are as below:

EXPORT LOANS COMMITMENT STATEMENT		
YEARS	31 DEC 2011	31 DEC 2010
USD LOANS	5,464,000	859,357
EURO LOANS	7,348,237	2,856,797

INWARD PROCESSING LICENCE		
DOCUMENT NO	TERM	EXPORT COMMIT. (USD)
2011/D1-02692	10.05.2012	225,000
2011/D1-04371	31.07.2012	95,000
2011/D1-04372	31.07.2012	75,500
2011/D1-04373	31.07.2012	1,362,500
2011/D1-04535	07.08.2012	265,500
2011/D1-06410	03.11.2012	780,000
2011/D1-06412	03.11.2012	196,000

► NOTE: 24

EMPLOYEE BENEFITS

There are no other retirement plan agreements other than the stated obligation.

According to the Labor Law, the Company and the Company completed one year of retirement service who are dismissed or expired ... {506 of Law No. Temporary Law to Article 81 or the same (81 / C paragraph rearrangement: 4759 p. K. – 23.5.2002/m.3) 15 years or 3600 days} draftee be obliged to pay severance pay to those employees who died.

Payable cap severance payment valid as of 31.12.2011 is monthly TL 2,731.85 (31.12.2010: TL 2,517.01). Severance payment liability is not legally subject to any special funding. Severance payment liability is calculated according to estimation of present day value of possible future liability sourcing from employee's retirement.

Actuarial assumptions are used in the calculation of total liabilities, as follows:

PROVISIONS FOR SEVERANCE PAYMENT	31 DECEMBER 2011	31 DECEMBER 2010
Discount Rate	5,54%	5,92%
Turnover rate for retirement possibility estimation	95%	95%

PROVISIONS FOR EMPLOYEE BENEFITS	31 DECEMBER 2011	31 DECEMBER 2010
Provisions for Employee Benefits	929,210	683,194
TOTAL	929,210	683,194

PROVISIONS FOR SEVERANCE PAYMENT ACTIVITY STATEMENT	31 DEC 2011	31 DEC 2010
BEGINNING OF PERIOD	683.194	301.375
Non-consolidated Companies	-7,632	-
Interest Cost	56,627	41,116
Paid within period	-305,966	-109,649
Increase within period	502,988	450,353
PERIOD END	929,211	683,194

► NOTE: 25

RETIREMENT PLANS

None. (31.12.2010 – None)

► NOTE: 26

OTHER ASSETS AND LIABILITIES

OTHER CURRENT ASSETS	31 DEC 2011	31 DEC 2010
Deferred Tax Asset	2120,174	2,236,781
Deferred VAT	3,982,061	770,587
Other VAT	832,093	848,650
Advance Paid Tax and Funds	159,465	59,099
Business Advance Payments	41,996	20,716
Advance paid for Orders	2,371,782	883,777
TOTAL	9,507,571	4,819,610

OTHER FIXED ASSETS	31 DEC 2011	31 DEC 2010
Costs Related to Future Years	411,414	26,067
	411,414	26,067

OTHER SHORT TERM LIABILITIES	31 DEC 2011	31 DEC 2010
Deferred Tax Liability	1,696,624	1,729,746
Other VAT	832,093	848,650
Advance received from Orders	19,000,892	1,794,755
	21,529,609	4,373,151

All advances are for 2011 deliveries.

► NOTE: 27 EQUITIES

The Company's shareholders and their equity shares as of 31.12.2011 and 31.12.2010 are as below:

SHAREHOLDER	GROUP	31 DECEMBER 2011		31 DECEMBER 2010	
		AMOUNT	%	AMOUNT	%
İSMAİL KATMERCİ	A-B	14,528,333	58.11	7,300,000	58.40
HAVVA KATMERCİ	A-B	1,100,000	4.40	550,000	4.40
MEHMET KATMERCİ	A-B	1,100,000	4.40	550,000	4.40
AYŞENUR ÇOBANOĞLU	A-B	1,100,000	4.40	550,000	4.40
FURKAN KATMERCİ	A-B	1,100,000	4.40	550,000	4.40
PUBLIC SHARES	B	6,071,667	24.29	3,000,000	24.00
TOTAL		25,000,000	100.00	12,500,000	100.00

The Company adopts Share Capital System. This capital consists of 25.000.000 Reserves with each TL 1.- nominal price, 2.000.000 of which are in the name of the A group holders, and 23.000.000 of which are B Group bearer share.

Public shares of the Company are traded in the ISE II. National market.

Limited Reserves from Profit

Limited reserves from profit consist of legal reserves as of 31.12.2011 and 31.12.2010.

According to Turkish Commercial Code, legal reserves are separated into two groups, as Layout I and Layout II, as follows:

- Reserve Layout I : Layout I is reserved as spare capital until 5% of net profit reaches 20% of paid-in-capital.
- Reserve Layout II : After reserving 5% profit percentage of capital for shareholders and Layout I spare capital, 10% of distributable profit is reserved as Layout II spare capital.

As long as it does not exceed half of capital, legal spare capital can be used exclusively for covering losses, continuation of business when business is down, prevention of unemployment.

Layout spare capital sum, TL 1.00. 5.557, calculated on the basis of period profits as per Turkish Commercial Code in Group's financial statements dated 31.12.2011, is reflected in financial statements under equities as limited reserves from profit.(31.12.2010 – TL 749.194)

In Group's financial statements dated 31.12.2011, TL 1.126.316, which is reflected in financial statements under equities as extraordinary reserves, is indicated as under finansal tablollimited reserves from profit/loss. (31.12.2010 / TL (927.969)

MINORITY SHARES:

Group's activity statement regarding Minority shares, which are separately classified under equities in financial statement, is as follows:

31 DECEMBER 2011 MINORITY SHARE

Katmerciler A.Ş. Non-controlling Shares	: 205,741
İsipan A.Ş. Non-controlling Shares	: (65,914)
NON-CONTROLLING SHARES	: 139,827

31 DECEMBER 2010 MINORITY SHARE

Katmerciler A.Ş. Non-controlling Shares	: 210,820
İsipan A.Ş. Non-controlling Shares	: (65,914)
Kat Araç Üstü Ekipman Ltd. Şti. Non-controlling shares	: (8,746)
KONNON-CONTROLLING SHARES	: 136,160

► NOTE: 28

SALES AND COST OF SALES

Details regarding deliveries taking place in Group's sales revenue in periods is as below:

SALES	01 JAN. 2011 - 31 DEC. 2011	01 JAN. 2010 - 31 DEC. 2010
Domestic Sales	29,845,288	35,618,788
Overseas Sales	55,646,304	25,916,613
Other Revenues	212,374	180,055
Sales Discounts	-	-56,000=
TOTAL SALES	85,703,966	61,659,456

COST OF SALES	01 JAN 2011 31 DEC 2011	01 JAN 2010 31 DEC 2010
Direct Raw Material and Supplies Cost	60,963,852	35,478,730
Direct Labour Costs	1,647,425	353,144
Depletion and Amortization Costs	514,965	145,152
Other Production Costs	5,269,133	1,559,458
TOTAL PRODUCTION COST	68,395,375	37,536,484
Works in Progress Change	-6,970,839	315,561
Finished Goods Change	-3,013,448	-371,330
Sold Merchandise Cost	3,267,219	1,765,364
Service Sales Cost	4,249,045	3,566,402
Cost of Other Sales	583,467	388,387
TOTAL	66,510,819	43,200,869
GROSS PROFIT	19,193,147	18,58,587

SALES	01 JAN. 2011 31 DEC. 2011	01 JAN. 2010 31 DEC. 2010
Garbage box and garbage equipment	20,627,758	12,621,129
Fire equipment and fire truck	17,748,467	19,366,606
Dumper Box	3,060,506	3,049,199
Platform Box	801,321	1,615,073
Canalization Vehicle and Equipment	3,730,741	1,728,622
Sevage Truck and Equipment	3,633,897	2,529,588
Water and Fuel Tanker and Equipment	3,446,956	6,768,243
Street Sweeping Vehicle and Equipment	2,902,902	2,770,122
Social Incident Response Vehicle	3,640,000	4,476,000
Armoured Response Equipment	2,616,000	-
Rescue Vehicle and Equipment	6,685,509	-
Hooklift Vehicle and Equipment	1,823,883	-
Container Washing Vehicle	-	286,031
Container Transport Vehicle	-	249,047
Other Sales Income	10,803,323	4,634,618
TOTAL	81,521,263	60,094,278

MASTER ACTIVITY RELATED OTHER INCOMES	01 JAN. 2011 31 DEC. 2011	01 JAN. 2010 31 DEC. 2010
Spare Parts Sales Incomes	3,920,332	1,027,670
Waste Sales Incomes	262,371	192,891
TOTAL	4,182,703	1,565,176
TOTAL SALES INCOME	85,703,966	61,659,455

➤ NOTE: 29

RESEARCH AND DEVELOPMENT EXPENDITURES, MARKETING SALES AND DISTRIBUTION EXPENDITURES, GENERAL ADMINISTRATION EXPENDITURES

PRODUCTION AMOUNT	01 JAN 2011 31 DEC 2011	01 JAN 2010 31 DEC 2010
Garbage box and garbage equipment	514	376
Fire equipment and fire truck	118	428
Dumper Box	48	147
Platform Box	10	10
Canalization Vehicle and Equipment	27	10
Sevage Truck and Equipment	39	25
Water and Fuel Tanker and Equipment	54	156
Street Sweeping Vehicle and Equipment	24	32
Social Incident Response Vehicle	28	17
Armoured Response Equipment	24	0
Rescue Vehicle and Equipment	49	0
Hooklift Vehicle and Equipment	14	0
Container Washing Vehicle	0	2
Container Transport Vehicle	0	3
Other Sales Income	33	19
TOTAL	982	1.225

PRODUCTION AMOUNT	01 JAN 2011 31 DEC 2011	01 JAN 2010 31 DEC 2010
Garbage box and garbage equipment	484	373
Fire equipment and fire truck	110	425
Dumper Box	47	147
Platform Box	10	10
Canalization Vehicle and Equipment	21	10
Sevage Truck and Equipment	40	24
Water and Fuel Tanker and Equipment	45	156
Street Sweeping Vehicle and Equipment	22	32
Social Incident Response Vehicle	28	15
Armoured Response Equipment	24	0
Rescue Vehicle and Equipment	49	0
Hooklift Vehicle and Equipment	14	0
Container Washing Vehicle	0	2
Container Transport Vehicle	0	3
Other Sales Income	31	19
TOPLAM	925	1.216

	01 JAN 2011 31 DEC 2011	01 JAN 2010 31 DEC 2010
Sales and Marketing Expenditures	5,219,676	3,296,335
General Administration Expenditures	3,577,829	4,553,629
TOTAL	8,797,505	7,849,964

► NOTE: 30

COST BY QUALIFICATIONS

A- AMORTIZATION AND REPAYMENT		
	01 JAN 2011 31 DEC 2011	01 JAN 2010 31 DEC 2010
General Production Costs	201,862	145,152
Marketing, Sales and Distribution Expenditures	54,196	40,603
General Administration Expenditures	258,907	169,902
TOTAL	514,965	355,657

B- PERSONNEL COSTS		
	01 JAN 2011 31 DEC 2011	01 JAN 2010 31 DEC 2010
Direct Labour Costs	1,647,425	353,144
General Production Costs	7,894,052	4,248,486
Marketing, Sales and Distribution Costs	826,902	124,307
General Administration Costs	1,655,717	2,458,488
TOTAL	12,024,096	7,184,425

► NOTE: 31

OTHER ACTIVITIES INCOME/LOSS

OTHER ACTIVITIES INCOME	01 JAN 2011 31 DEC 2011	01 JAN 2010 31 DEC 2010
Terminated Provisions	315,355	183,005
Tangible Fixed Assets Sales Profit	147,844	14,221
Realty Expertize Evaluation Variance	-	90,000
Insurance Restoration Profit	25,258	3,095
Service Cost Projection	123,460	-
Rental Income	72,972	29,573
Other Income	390,493	425,331
TOPTAL	1,075,382	745,225

OTHER ACTIVITIES COSTS	01 JAN 2011 31 DEC 2011	01 JAN 2011 31 DEC 2011
Provision Costs	36,879	376,878
Fixed Assets Sales Loss	712,833	-
Realty Expertize Evaluation Variance	-	8,350
Other Costs	2,663,877	563,437
TOTAL	3,413,589	948,664

► NOTE: 32 FINANCIAL INCOMES

	01 JAN 2011 - 31 DEC 2011	01 JAN 2010 - 31 DEC 2010
Foreign Exchange Profit	3,953,599	2,747,549
Rediscount Interest Income	152,243	549,800
Interest Income	826,209	240,195
	4,932,051	3,537,544

► NOTE: 33 FINANCIAL COSTS

	01 JAN 2011 - 31 DEC 2011	01 JAN 2010 - 31 DEC 2010
Foreign Exchange loss (-)	3,595,464	1,677,683
Rediscount Interest Cost (-)	-	365,632
Short Term Debt Cost (-)	4,589,818	1,402,234
Long Term Debt Cost (-)	1,111,945	241,754
	9,297,227	3,687,304

► NOTE: 34 FIXED ASSETS KEPT FOR SALE AND DISCONTINUING OPERATIONS

None. (31.12.2010 - None.)

 **NOTE: 35**

TAX ASSETS AND LIABILITIES

The Company is subject to corporate taxes in effect in Turkey. For estimated tax, liabilities regarding Company's current period operations, necessary provisions are included in annexed financial statements.

Corporate tax rate, which will be accrued on corporate income subject to tax, is calculated on the basis of tax assessment, after costs that are registered as expenditures in commercial profit and not deducted from tax assessment are added; and dividends received from domestic Companies, tax-free incomes and investment discounts are deducted.

In Turkey, advance tax is calculated and accrued every three months. At the stage when year 2011 corporate incomes are taxed as advance tax periods, an advance tax of 20% is calculated on the basis of corporate incomes. (31.12.2010 – 20%).

Losses can be carried on for five years, with the purpose of deducting from taxable profit of future years. However, losses cannot be deducted retrospectively from profits of previous years.

There is no certain and accurate settlement regarding tax assessment in Turkey. Companies prepare their tax returns between dates 1 April – 25 April, during the year; following related year's last accounting date. These returns and accounting registries which are based on, can be investigated and changed by Tax Office within five years.

As per Constitutional Court's cancellation verdict, dated 23.07.2010, changes are made in temporary 69th Article of Income Tax Law, by the Law Regarding Amendments in Income Tax Law No 6009 and Certain Law Legislative Decrees. Thus, in compliance with the Constitutional Court's cancellation verdict, year limit is legislated away, while discount is limited to 25% of the earnings. In addition, the ones that did benefit as per in effect is applied.

Deferred Tax Assets and Liabilities

The Company recognizes its tax asset and liabilities deferred for temporary timing variances, which source from the differences between its legal financial statements and its financial statements that are prepared according to CMB's Notice on Accounting Standards. Aforementioned differences occur because taxable amounts of some income and cost items and financial statements prepared as per Financial Reporting Standards published by CMB take place in different periods.

Deferred tax liability or asset is determined according to balance sheet method, by calculating timing differences between amounts of assets and liabilities shown in financial statements, and amounts that are based on during legal tax assessment calculation, on basis of legislated tax rates or tax effects. Deferred tax liability or asset is reflected in financial statements at rates of increase or decrease in payable tax amount in future periods when aforesaid timing differences will disappear.

CONSOLIDATED FINANCIAL STATEMENTS

Group's statement of deferred tax and liabilities, prepared per tax rates in effect is as below:

	31 DECEMBER 2011		31 DECEMBER 2010	
	TOTAL TEMP. DIFFERENCES	DEFERRED TAX ASSET / LIABILITY	TOTAL TEMP. DIFFERENCES	DEFERRED TAX ASSET / LIABILITY
DEFERRED TAX LIABILITIES				
Prior Period Sales Revenue Transfer to Current Period	294.490	(58.898)	587.340	(117.468)
Prior Period Reserve Value Decrease Cancellation	-	-	175.295	(35.059)
Terminated Provision (Bad Debt.+Sev. Payment.)	152.439	(30.488)	7.710	(1.542)
Receivables Rediscount Calculation	153.939	(30.788)	417.150	(83.430)
Realty value increase	-	-	90.000	(18.000)
TFA Sales Correction (TFL Regis.Cancel+IFRS Sales Profit)	871.414	(174.283)	9.435	(1.887)
TPL Amortisation Cost Cancellation	1.153.397	(230.679)	883.425	(176.685)
Holiday Pay Provision Cancellation	16.990	(3.398)	-	-
Payables Rediscount	183.379	(36.676)	137.910	(27.582)
Cost Deduction of Deferred-Delivery Sales	-	-	222.355	(44.471)
Warrant Cost Provision Cancellation	139.929	(27.986)	-	-
DEFERRED TAX ASSETS				
Prior Period Sales Cost Transfer to Current Period	(222.357)	44.471	(454.510)	90.902
TFA Expertise (Realty) Value Decrease	-	-	(8.350)	1.670
TFA Sales Correction(TFL Regis. Canc. +IFRS Sales Loss)	(824.196)	164.839	(24.310)	4.862
TFA Financing Cost Deduction	-	-	(7.740)	1.548
Current Period IAS 16, IAS 38 Amortisation Cost	(524.636)	104.927	(364.945)	72.989
Reserve Value Decrease	(137.829)	27.566	(147.250)	29.450
Severance Provisions	(253.654)	50.731	(306.205)	61.241
Receivables Rediscount	(274.998)	55.000	(172.875)	34.575
Holiday Pay Provisions	(102.190)	20.438	(236.950)	47.390
Warrant Cost Provisions	(160.740)	32.148	(139.930)	27.986
Current Period deferred-delivery sales	-	-	(294.490)	58.898
Payables Rediscount (cancellation)	(86.049)	17.210	(538.070)	107.614
NET, REFLECTED IN PROFIT-LOSS FROM DEFERRED TAX RECEIVABLES		(75.866)		33.001

	31 DECEMBER 2011	31 DECEMBER 2010
Current Corporate Income Tax Cost	1.217.786	2.361.447
Advance Paid Taxes (-)	(1.217.786)	(2.361.447)
	0	0

	31 DECEMBER 2011	31 DECEMBER 2010
Current Corporate Income Tax Cost (-)	(1.217.786)	(2.361.447)
Deferred Tax Income / Cost (-)	(75.866)	33.001
	(1.293.652)	(2.328.446)

TAX EQUIVALENT	31 DEC 2011	31 DEC 2010
Trade Profit / Loss	4.370.775	10.904.172
Additions (+)	1.728.153	6.943.708
Non-allowable Charges (+)	1.728.153	6.943.708
Discounts and Exceptions	(10.000)	6.040.643
Other Discounts (-)	(10.000)	6.040.643
Financial Profit (Loss)	6.088.928	11.807.237
Calculated Tax (%20)	1.217.786	2.361.447
TOTAL TAX	1.217.786	2.361.447

TL 6.005.229 Premium on Issued Shares is first included in tax assessment, then, due to its tax exemption as per No. 5 item of the 8th article of Corporate Tax Law, it is subject to discount.

► NOTE: 36

REVENUE PER STOCK

Revenue per stock, which is declared in consolidated financial statement, is determined by dividing net profit by weighted average number of current stocks within related year. Companies are allowed to increase their capital by delivering stocks ('Bonus Shares') from accumulated profits, to current shareholders at a rate of their shares. This bonus share is considered as issued stock when calculating revenue per stock. Thus, weighted average number of stocks used in revenue per stock calculation, is obtained by retrospectively issuing bonus stocks.

Revenue per Stock Chart is as below:

	01 JANUARY 2011 01 DECEMBER 2011	31 JANUARY 2010 31 DECEMBER 2010
Net Period Profit Parent Partnership Shares	2.470.727	8.011.228
Profit from Stocks, of TL 1 Nominal Price	25.000.000	12.500.000
EARNINGS FROM STOCKS, OF TL 1 NOMINAL PRICE	0,14	0,53

► NOTE: 37

RELATED PARTIES' DECLARATIONS

Defining a company as a related party represents, one of the companies being controlled or highly effected by the other, or the company strongly effecting other company's financial and administrative decisions. In line with the purpose of financial statements, non-consolidated long term securities, participants, partners, enterprises subject to joint management are mentioned as related parties. Besides, board members and their families are also defined as related parties.

The Group's parent partnership is Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. Since operations between the Company and its affiliates are eliminated during consolidation, they are not stated in this note. The Company's receivables and payables that are eliminated in consolidation generate from commercial activities. The Company does not have guarantees, warrants or commitments in favour of its affiliates.

EXECUTIVE ADMINISTRATIVE BENEFITS	1 JAN 2011 31 DEC 2011	1 JAN 2010 31 DEC 2010
Wages, Bonus, etc.	478.969	763.341
Holiday Pay Provisions	9.473	e3.897
Sevarence Provisions	7.103	
	488.442	767.238

Details of sales to related parties between 01 January 2011 - 31 December 2011 are as follows:

SALES TO RELATED PARTIES	PRODUCT SALES	SERVICE SALES	TOTAL SALES
GimKat Araç Ustu Ekipman San. ve Tic. A.S. (from Katmerciler Araç Üstü A.S.)	-	10.602	10.602
GimKat Arac Ustu Ekipman San. ve Tic. A.S. (from Katmerciler Profil A.S.)	-	7.740	7.740
TOTAL	-	18.342	18.342

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Period-end balance of sales to related as follows:

AÇIKLAMA	31.12.2011				31.12.2010			
	RECEIVABLES		PAYABLES		RECEIVABLES		PAYABLES	
	COMMERCIAL	NONCOM.	COMMERCIAL	NONCOM.	COMMERCIAL	NONCOM.	COMMERCIAL	NONCOM.
Gimkat Araç Üstü Ekipman San. ve Tic. A.Ş.	18.342	-	-	-	-	-	-	-
Staff	-	-	-	-	-	210	-	-
Partners	-	-	-	-	-	4.415.855	-	-
TOPLAM	18.342	0	0	0	0	4.416.065	0	0

➤ NOTE: 38

QUALIFICATION AND LEVEL OF RISKS SOURCE FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management:

Within capital management, the Group aims to increase its profit by making best use if payable and equity balance, while putting efforts in maintaining operations' sustainability.

The Group's capital structure consists of; payables including loans explained in Annotation-8 and 10, cash and cash equivalents explained in Annotation -6, and equity items including, respectively, paid-in-capital, limited reserves from profit and accumulated profits, explained in Annotation - 27.

Company management aims to balance its capital structure not only via new debts or payments of existing ones, but also via dividend payments and issuing of new shares.

Company tracks the capital payable through payable/total equity ratio usage. This ratio is calculated by dividing net payable to equity. Net payable is calculated by deducting cash and cash equivalents from total payable amount.

Net payable / Total Equity ratio as of 31.12.2011 and 31.12.2010 are as follows:

TAX PROVISIONS	31 DECEMBER 2011	31 DECEMBER 2010
Financial Payables (Annotation:8)	(+) 39.375.484	13.756.186
Cash and Cash Equivalents (Annotation: 6)	(-) 5.360.843	2.074.438
Net Payable	34.014.641	11.681.748
Total Equities	29.891.671	
Total Capital	25.000.000	12.500.000
NET PAYABLE / EQUITY RATIO	1,14	0,44

The Group's general strategy does not vary from previous periods.

b) Financial Risk Factors :

Due to its activities, the Group experiences market risk, loan risk and liquidity risks. Group's risk management program generally focuses on minimizing potential negative effects of the uncertainty in markets.

The Group manages its financial instruments within the frame of its risk policies, via Financial Coordination. The Group's cash input and outputs are tracked daily, monthly cashflow budgets, weekly, and annual cashflow budgets via monthly cashflow reports.

b-1) Credit Risk Management :

Credit Risk is the risk of a customer or other party not being able to perform the liabilities in the agreement. Our Company's collection risk is basically sourced from trade receivables. Bad debt risk is fairly low, since a significant part of trade receivables are

to be collected from the world's and Turkey's prominent chassis truck producers and public institutions, and since export product payments are either collected in cash or via letters of credit.

	31 DECEMBER 2011						31 DECEMBER 2010							
	RECEIVABLES				CASH AND CASH EQUIVALENTS		RECEIVABLES				CASH AND CASH EQUIVALENTS			
	TRADE RECEIVABLES		OTHER RECEIVABLES		DEPOSIT IN BANKS		TRADE RECEIVABLES		OTHER RECEIVABLES		DEPOSIT IN BANKS		OTHER	
	RELATED PARTY	OTHER PARTY	RELATED PARTY	OTHER PARTY			RELATED PARTY	OTHER PARTY	RELATED PARTY	OTHER PARTY				
Minimum loan risk experienced as of reporting date	18.342	33.871.878	-	1.813.250	2.593.884	2.766.958	-	16.582.898	4.416.064	1.461.009	1.875.786	198.652		
(A+B+C+D+E) (Annotations 6,10 and 11)					-	-								
- Insured part of minimum risk via warrant etc.														
A. Net book value of financial assets that are undue or did not decrease in value	-	31.475.841			2.593.884	2.766.958	-	12.785.921	4.416.064	1.461.009	1.875.786	198.652		
B. Net Book Value of Financial Assets that are renegotiated, else overdue or decreased in value														
C. Net book value of financial assets that are overdue but did not decrease in value								1.971.856						
- Insured part via warrant etc.														
D. Net book value of assets that decreased in value														
- Overdue (gross book value)														
- Value decrease(-)														
- Insured part of net value via warrant etc														
- Undue (gross book value)														
- Value decrease (-)														
- Insured part of net value via warrant etc.														
E.Factors that contain off-balance loan risk (Annotation 22)		2.396.037						1.825.121						

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Maturities of financial assets that are overdue or that decreased in value are as follows:

31 DECEMBER 2011		31 DECEMBER 2010		
TRADE RECEIVABLES		TRADE RECEIVABLES		
AÇIKLAMA	RELATED PARTY	OTHER PARTY	RELATED PARTY	OTHER PARTY
1-30 days overdue				906.929
1-3 months overdue				422.516
3-12 months overdue				642.411
Insured part via warrant etc.				
TOTAL		-		1.971.856

b-2) Liquidity Risk Management

The Group manages liquidity risk via matching terms of financial assets and liabilities by pursuing cashflow regularly. Prudent liquidity risk management represents keeping sufficient cash, using sufficient loan operations and fund resources and the power to close out market positions. Risk of existing funding and possible future payable needs; is managed by accessing reliable creditors in adequate number.

Liquidity Risk

31 DECEMBER 2011	BOOK VALUE	CASH OUTFLOW TOTAL AS PER AGREEMENT (=I+II+III+IV)	LESS THAN 3 MONTHS (I)	BETWEEN 3-12 MONTHS (II)	BETWEEN 1-5 YEARS (III)	MORE THAN 5 YEARS (IV)
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank loans	39.375.601	39.375.601	11.135.878	18.001.532	10.238.191	
Notes payable issues		0				
Leasing liabilities	117	117	117			
Trade payables	22.827.113	22.827.113	22.237.215	589.898		
Other payables	1.561.886	1.561.886	1.561.886			
TOTAL	63.764.717	63.764.717	34.935.096	18.591.430	10.238.191	0

31 ARALIK 2010	DEFTER DEĞERİ	CASH OUTFLOW TOTAL AS PER AGREEMENT(=I+II+III+IV)	LESS THAN 3 MONTHS (I)	BETWEEN 3-12 M. (II)	BETWEEN 1-5 YEARS (III)	MORE THAN 5Y (IV)
NON-DERIVATIVE FINANCIAL LIABILITIES						
Bank loans	39.375.601	39.375.601	11.135.878	18.001.532	10.238.191	
Notes payable issues		0				
Leasing liabilities	117	117	117			
Trade payables	22.827.113	22.827.113	22.237.215	589.898		
Other payables	1.561.886	1.561.886	1.561.886			
TOTAL	26.466.309	26.466.309	9.059.277	10.800.365	6.606.667	0



b-3) Market Risk Management

Market risk represents the risk of changes in foreign exchange and interest rates, that effects Company's incomes and financial instruments values. Purpose of market risk management is; to optimize gaining, manage and control the market risk experienced within acceptable parameters.

Company experiences foreign exchange risk due to various income and cost items in foreign currencies, and due to the foreign currency payables, receivables and financial debts sourcing from these.

b-3-1) Foreign Exchange Risk Management

Company experiences foreign exchange risk due to various income and cost items of foreign currencies and sourcing from these, due to foreign payables, receivables and financial payables.

When it is necessary in terms of financial assets and liabilities in foreign currencies, the Company keeps the risk at an agreeable level by buying and selling foreign currencies at spot rates.

In order to minimize the foreign exchange risk in the balance sheet, the Company sometimes keeps its idle cash as foreign currency.

Foreign Currency Position

Foreign currency risk is the risk that sources from the change in any kind of financial instruments value according to the changes in foreign currencies. Mentioned risk constitutes of basic foreign currencies, such as US Dollar and Euro. As of 31.12.2011 and 31.12.2010, Company's foreign currency position originates from foreign currency based asset and payables, shown in the chart.

Foreign currency position as of 31.12.2011 and 31.12.2010 is shown in the below:

FOREIGN CURRENCY POSITION STATEMENT						
	31.12.2011			31.12.2010		
	TL EQUIVALENT	USD	EURO	TL EQUIVALENT	USD	EURO
1. Trade Receivables	17.798.240	5.823.000	2.782.214	2.830.848	376.669	1.097.320
2a. Monetary Financial Assets (Including bank and safe accounts)	2.355.138	929.573	245.219	3.624.161	2.058.106	215.865
2b. Non-Monetary Financial Assets	1.509.624	249.966	424.529	222.656	18.062	95.033
3. Other	0	0	0	0	0	0
4. Current Assets	21.663.002	7.002.539	3.451.962	6.677.665	2.452.837	1.408.218
5. Trade Receivables	0	0	0			
6a. Monetary Financial Assets	5.856	3.100	0	4.793	3.100	0
6b. Non-Monetary Financial Assets	0	0	0	0	0	0
7. Other	0	0	0	0	0	0
8. Fixed Assets (5+6+7)	5.856	3.100	0	4.793	3.100	0
9. Total Assets (4+8)	21.668.858	7.005.639	3.451.962	6.682.458	2.455.937	1.408.218
10. Trade Payables	4.538.493	1.354.560	810.158	2.271.487	1.045.290	319.881
11. Financial Liabilities	28.303.595	5.227.617	7.541.185	7.182.429	859.357	2.856.797
12a. Monetary Other Liabilities						
12b. Non-Monetary Other Liabilities	18.490.738	5.646.268	3.202.186	1.692.701	907.656	141.264
13. Short-Term Liabilities (10+11+12)	51.332.826	12.228.445	11.553.529	11.146.617	2.812.303	3.317.942
14. Trade Payables	0	0	0	0	0	0
15. Financial Liabilities	10.238.191	4.734.695	529.841	6.606.667	3.070.314	907.697
16a. Monetary Other Liabilities	0	0	0	0	0	0
16b. Non-Monetary Other Liabilities	0	0	0	0	0	0
17. Long-Term Liabilities (14+15+16)	10.238.191	4.734.695	529.841	6.606.667	3.070.314	907.697
18. Total Liabilities (13+17)	61.571.017	16.963.140	12.083.370	17.753.284	5.882.617	4.225.639
19. Net Asset/(Liability) Position of Off Balance Derivative Tools (19a-19b)						
19a. Hedged Total Asset Amount						
19b. Hedged Total Liability Amount						
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	-39.902.159	-9.957.500	-8.631.408	-11.070.826	-3.426.680	-2.817.421
21. Monetary Items Not Foreign Currency Asset/(Liability) Position (UFRS 7.B23) (1+2a+5+6a-10-11-12a-14-15-16a))	-22.921.046	-4.561.198	-5.853.752	-9.600.781	-2.537.086	-2.771.190
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedges						
23. Exportation		32.046.561			16.900.803	
24. Importation		14.523.475			6.154.548	

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Interest position sensitivity analysis statement as of 31.12.2011 and 31.12.2010 is as follows:

INTEREST POSITION STATEMENT		
	31.12.2011	31.12.2010
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case that USD appreciates by 10% against TL:		
1- USD net asset / liability	-862.170	862.170
2- Protected part, from USD Risk (-)		
3- USD Net Effect(1+2)	-862.170	862.170
In case that EUR appreciates by 10% against TL:		
4- EUR net asset / liability	-1.430.540	1.430.540
5- Protected part, from EUR (-)		
6- Euro net effect (1+2)	-1.430.540	1.430.540
TOTAL (3+6)	-2.292.709	2.292.709

INTEREST POSITION STATEMENT		
	31.12.2011	31.12.2010
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case that USD appreciates by % 10 against TL:		
1- USD net asset / liability	-695.477	695.477
2- Protected part, from USD Risk (-)		
3- USD Net Effect(1+2)	-695.477	695.477
In case that EUR appreciates by 10% against TL:		
4- EUR net asset / liability	-687.173	687.173
5- Protected part, from EUR (-)		
6- Euro net effect (1+2)	-687.173	687.173
TOTAL (3+6)	-1.382.650	1.382.650

b-3-2-) Interest Position Sensitivity Analysis:

Interest position sensitivity analysis statement as of 31.12.2011 and 31.12.2010 is as follows:

INTEREST POSITION STATEMENT			
	CURRENT PERIOD	31.12.2011	PRIOR PERIOD
			31.12.2010
		Appreciation of Foreign Currency	Depreciation of Foreign Currency
FIXED-INTEREST FINANCIAL INSTRUMENTS			
Financial Assets			
Assets with fair value differences reflected on profit / loss*			
Marketable financial assets **			
Financial Liabilities		26.397.609	783.520
FLOATING – INTEREST FINANCIAL INSTRUMENTS			
Financial Assets			
Financial Liabilities		12.977.992	12.972.666

* One of financial instruments with interest, classified as assets with fair value differences reflected on profit/loss.

** One of financial instruments with interest, classified as marketable assets.

Financial liabilities of the Company exposes the company to interest rate risk. Its financial liabilities are mainly loans with spot interest rates. If the liabilities with floating interest rates in USD, EUR and TL compared to the current balance sheet position were 100 basis points 1% higher/lower, given all other variables unchanged; profit before tax would approximately be TL 73.091 (TL 18,896 in 31.12.2010) higher / lower.

b-3-3-) Other Price Risks:

Equity Price Sensitivity

Since the Group does not have any investment in shares in 31 December 2011 financial statements, sensitivity analysis is not conducted. (31.12.2010 – None.)

► NOTE: 39

FINANCIAL INSTRUMENTS

(FAIR VALUE STATEMENTS AND DISCLOSURES IN THE CONTEXT OF FINANCIAL RISK PROTECTION ACCOUNTING)

31 DECEMBER 2011	OTHER FINANCIAL ASSETS WITH AMORTISATION VALUE	LOANS AND RECEIVABLES	MARKETABLE ASSETS	FINANCIAL ASSETS WITH FAIR VALUE DIFFERENCES (PROFIT/LOSS)	OTHER FINANCIAL ASSETS WITH AMORTISATION VALUE	REGISTERED VALUE	FAIR VALUE
FINANCIAL ASSETS							
Cash and Cash Equivalents	5.360.843					5.360.843	5.360.843
Trade Receivables		31.475.841				31.475.841	31.475.841
Financial Investments							
FINANCIAL LIABILITIES							
Financial Liabilities					39.375.601	39.375.601	39.375.601
Trade Payables					22.827.113	22.827.113	22.827.113
Other Financial liabilities							

31 DECEMBER 2010	OTHER FINANCIAL ASSETS WITH AMORTISATION VALUE	LOANS AND RECEIVABLES	MARKETABLE ASSETS	FINANCIAL ASSETS WITH FAIR VALUE DIFFERENCES (PROFIT/LOSS)	OTHER FINANCIAL ASSETS WITH AMORTISATION VALUE	REGISTERED VALUE	FAIR VALUE
FINANCIAL ASSETS							
Cash and Cash Equivalents	2.074.438					2.074.438	2.074.438
Trade Receivables		14.757.777				14.757.777	14.757.777
Financial Investments							
FINANCIAL LIABILITIES							
Financial Liabilities					13.789.096	13.789.096	13.789.096
Trade Payables					10.674.481	10.674.481	10.674.481
Other Financial liabilities							

➤ NOTE: 40

POST-BALANCE SHEET EVENTS:

None. (31.12.2010 - None.)

➤ NOTE: 41

**OTHER ISSUES HIGHLY EFFECTING FINANCIAL STATEMENTS OR
REQUIRE DECLARATION FOR STATEMENTS TO BE NET,
INTERPRETABLE AND COMPREHENSIBLE**

None. (31.12.2010 - None.)



CHILDREN HAVE DREAMS,
ADULTS HAVE IDEAS.
OUR IDEAS MUST SERVE
THEIR DREAMS.

