



**KATMERCİLER ARAÇ ÜSTÜ EKİPMAN  
SANAYİ VE TİCARET A.Ş.**

**ACTIVITY REPORT of JANUARY 01, 2011 - JUNE 31, 2011**



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**ACTIVITY REPORT of JANUARY 01 - JUNE 31, 2011**

**SHAREHOLDING STRUCTURE and CAPITAL DISTRIBUTION**

Common Capital Stock : 12,500,000 TL

Paid-in Capital : 12,500,000 TL

Partnership structure of our company is given as follows and İsmail Katmerci is the controlling shareholder with a share ratio of 58.11%.

<b>Shareholders</b>	<b>Share Amount (TL)</b>	<b>Share Ratio (%)</b>
İsmail Katmerci	7,264,166.70	58.11
Publicly-held Part	3,035,833.30	24.29
Other	2,200,000.00	17.60
<b>Grand Total</b>	<b>12,500,000.00</b>	<b>100.00</b>

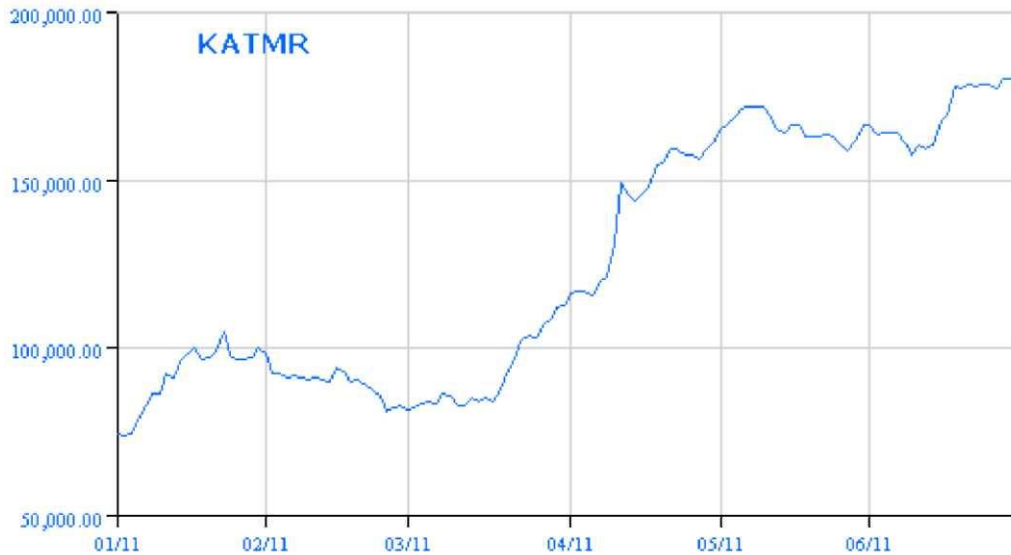
Share with a par value of 35,833.30 TL owned by our investors who, by keeping the our Company's shares they have purchased in the initial public offer for a period of 90 days up to February 08, 2011, are qualified to be awarded with 5% shares based on the Bonus Share Incentive under the Initial Public Offering Incentives are passed to their accounts as of February 22, 2011.

Development of stock prices within the period:

One lot of our company stocks, which are traded in National Market II of Istanbul Stock Exchange Market, were traded at 3,04 TL which is the lowest and at 7.51 TL which is the highest figure in the period 01.01.2011 - 30.06.2011.

Development of market values of our company stocks in the period of 01.01.2011 - 30.06.2011 is shown in the following chart.

KATMERCİLER MARKET VALUE CHART (1000 USD)



**CHARTER AMENDMENTS IN THE PERIOD AND THEIR GROUNDS**

The company applied for the preliminary approval of Capital Market Board on 18.05.2011 regarding the alteration of Article 6, "Capital and Shares" of the Company Charter in order to increase the paid-in capital of the company to 25,000,000 TL by increasing 100%, i.e. 12,500,000 TL, out of which 6,005,230 TL shall be payable from Share Premiums and 6,494,770 TL from Contingency Reserves;

Preliminary approval was issued with letter dated 04.07.2011 of Capital Markets Board, Alteration Drafts approved by Ministry of Industry and Commerce on 21.07.2011 were voted in the Extraordinary General Assembly held on 27.07.2011 and was registered by the İzmir Trade Registry Office on 04.08.2011.

#### ALTERATION ON MAIN CONTRACT

Former	Altered																																																
<p><b>CAPITAL AND SHARES: Article 6:</b> The company capital is 12,500,000.- TL. This capital has been divided into totally 12,500,000 shares having a nominal value of 1.- TL (one Turkish liras) each, of which 1,000,000 are Group A and 11,500,000 are Group B. The entire Group A shares are registered shares, and all of the Group B shares are bearer shares. All of the 11,000,000.- TL (eleven million Turkish liras) constituting the former capital are paid-in. The increased part of 1,500,000.-TL shall be payable by restricting the stock warrants of partners and by offering these shares to public, and Group B bearer stocks will be issued.</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Share Group</th> <th>Number of Shares</th> <th>Amount (TL)</th> </tr> </thead> <tbody> <tr> <td>İsmail Katmerci</td> <td>(A)</td> <td>800,000.-</td> <td>800,000.-</td> </tr> <tr> <td>Havva Katmerci</td> <td>(A)</td> <td>50,000.-</td> <td>50,000.-</td> </tr> <tr> <td>Mehmet Katmerci</td> <td>(A)</td> <td>50,000.-</td> <td>50,000.-</td> </tr> <tr> <td>Ayşe Nur Çobanoğlu (A)</td> <td>(A)</td> <td>50,000.-</td> <td>50,000.-</td> </tr> <tr> <td>Furkan Katmerci</td> <td>(A)</td> <td>50,000.-</td> <td>50,000.-</td> </tr> <tr> <td>İsmail Katmerci</td> <td>(B)</td> <td>8,000,000.-</td> <td>8,000,000.-</td> </tr> <tr> <td>Havva Katmerci</td> <td>(B)</td> <td>500,000.-</td> <td>500,000.-</td> </tr> <tr> <td>Mehmet Katmerci</td> <td>(B)</td> <td>500,000.-</td> <td>500,000.-</td> </tr> <tr> <td>Ayşe Nur Çobanoğlu (B)</td> <td>(B)</td> <td>500,000.-</td> <td>500,000.-</td> </tr> <tr> <td>Furkan Katmerci</td> <td>(B)</td> <td>500,000.-</td> <td>500,000.-</td> </tr> <tr> <td>Public Offering</td> <td>(B)</td> <td>1,500,000.-</td> <td>1,500,000.-</td> </tr> </tbody> </table> <p>Shareholder Share Group Number of Shares Amount (TL)</p>	Shareholder	Share Group	Number of Shares	Amount (TL)	İsmail Katmerci	(A)	800,000.-	800,000.-	Havva Katmerci	(A)	50,000.-	50,000.-	Mehmet Katmerci	(A)	50,000.-	50,000.-	Ayşe Nur Çobanoğlu (A)	(A)	50,000.-	50,000.-	Furkan Katmerci	(A)	50,000.-	50,000.-	İsmail 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)	(B)	500,000.-	500,000.-	Furkan Katmerci	(B)	500,000.-	500,000.-	Public Offering	(B)	1,500,000.-	1,500,000.-	<p><b>CAPITAL AND SHARES: Article 6:</b> The company capital is 25,000,000.- TL. This capital has been divided into totally 25,000,000 shares having a nominal value of 1.- TL (one Turkish liras) each, of which 2,000,000 are Group A and 23,000,000 are Group B. The entire Group A shares are registered shares, and all of the Group B shares are bearer shares. All of the previous capital, i.e. 12,500,000.- TL (Twelve million five hundred thousand Turkish liras) is fully paid-in and was laid down in the report number YMM 485-2010-03-153-90 dated 24.11.2010 by Gürsel Erkul ILIZ, Chartered Accountant registered to İzmir Chamber of Chartered Accountants under License No. 485. Out of the 12,500,000.- TL (12.500.000.-TL (Twelve million five hundred thousand Turkish liras increased in this transaction) corresponding to 12,500,000.- TL (Twelve million five hundred thousand Turkish liras) shares, 6,005,230.- TL shall be payable through Share Premiums account and 6,494,770.- TL shall be payable through Contingency Reserves account. Free shares shall be given to the partners up to 12,500,00.- TL by which the capital is increased. Shares representing the capital shall be monitored pursuant to the principles of book-entry.</p>
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İsmail Katmerci	(A)	800,000.-	800,000.-																																														
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#### NATURE AND AMOUNT OF CAPITAL MARKET INSTRUMENTS ISSUED IN THE PERIOD

Katmerciler has not issued any capital market instrument in the period of 01.01.2011 – 31.06.2011.

#### MEMBERS TO BOARDS OF DIRECTORS AND SUPERVISORS

Elections for members to Boards of Directors and Supervisors are carried out by General Assembly pursuant to our Company Charter, Turkish Code of Commerce, and relevant regulations. 2010 Regular General Assembly of the Company was held on 11.05.2011.

##### a) Board of Directors and Supervisors :

Members to the Boards of Directors and Supervisors, elected in our Company's General Assembly dated 11.05.2011, are as follows.

#### Board of Directors

Name and Surname	Position	Term of Office	
Mehmet Katmerci	Chairman to Board of Directors, General Director	11.05.2011	11.05.2012
Furkan Katmerci	Deputy Chairman of Board of Directors	11.05.2011	11.05.2012
Havva Katmerci	Member to Board of Directors	11.05.2011	11.05.2012

#### Board of Supervisors

Name and Surname	Position	Term of Office	
Osman Gürbüz Özkara	Auditor	11.05.2011	11.05.2012
Erkan Gül	Auditor	11.05.2011	11.05.2012

#### Competences and Responsibilities of Members to Board of Directors and Supervisors

Competences and responsibilities of Members to Board of Directors are regulated in Articles 10, 16, and 17 of Company Charter.

Articles 21 and 22 of the Company Charter regulate duties, competences, and responsibilities of the members to Supervisory Board.

#### b) Committee Responsible for Supervision

Members to the Committee Responsible for Supervision consist of Furkan Katmerci, Deputy Chairman of Board of Directors, and Havva Katmerci, Member to Board of Directors, who are not executive members.

The committee responsible for supervision shall provide support to the board of directors in order to ensure supervision of publicizing the accounting system and financial data of the company and of operation and effectiveness of the internal control system.

#### c) Changes in Top Management throughout the Year and Details of Currently Functioning Managers

No changes took place in the management of our company within this period. Our managers are as follows:

Name and Surname	Position	Profession	Professional Experience
Mehmet Katmerci	Chairman to Board of Directors, General Director	Businessman	18 Years
Gökmen Ölçer	Financial Affairs Coordinator	Financial Advisor	18 Years

#### SECTOR OF ACTIVITY OF THE COMPANY AND ITS POSITION IN THE SECTOR

In the first six months of 2011 total export was 10 billion USD, out of which 6 billion USD was for Automotive Main Industry Export and 4 billion USD was for Supplier Industry Export.

Compared to the same period of 2010, Main Industry export increased by 3% and Supplier Industry Export increased by 29%. Total export of the industry has increased by 12% compared to the same period of 2010. (TAYSAD)

On-board Equipment Sector, in which our Company is active, is considered as a Sub-sector of Automotive Supplier Industry.

Domestic and foreign production and sales figures of our company are statistically included in the automotive supplier industry figures.

AUTOMOTIVE SUPPLIER INDUSTRY EXPORT		
	USD	
	January 31 - Thursday, June 30, 2011	January 31 - Wednesday, June 30, 2010
Turkey	4,191,364,898	3,206,795,471
Katmerciler	11,128,337	9,814,342

Source: TİM ([www.tim.org.tr](http://www.tim.org.tr))

The Rate of Capacity Utilization of our Company in the period of January 01 - June 30, 2011 has been realized as

**PRODUCTION and**

	January 01 - June 30, 2011			January 01 - June 30, 2010		
	CAPACITY QUANTITY	PRODUCTION QUANTITY	RoCU %	CAPACITY QUANTITY	PRODUCTION QUANTITY	RoCU %
Garbage	94	322	343	94	201	214
Firefighting	345	27	8	345	59	17
Tipper	144	17	12	144	137	95
Jetting and Cleaning	48	18	38	48	5	11
Vacuum	35	22	63	35	13	37
Tanker	137	24	18	137	92	67
Sweeper	6	9	150	6	26	433
Other	44	43	99	44	21	48
<b>General RoCU (%)</b>			<b>56%</b>			<b>64%</b>

56%, corresponding to an equipment production of 482 items.

## SALES AND ANNUAL PERFORMANCE OF COMPANY

Brief consolidated income statements of our company as of June 30, 2011/2010 are as follows.

Brief Consolidated Income Statement	(Subject to Limited Independent Audit)	(Subject to Independent Audit)
	Current Period	Previous Period
(TL)	Thursday, June 30, 2011	Wednesday, June 30, 2010
Income from Sales	31,335,772	30,083,176
Business Income	4,419,837	6,190,653
Pre-tax Profit	3,201,640	6,613,135
Net Profit of Period	2,052,107	5,101,335
Depreciation Interest and Pre-tax Income (FAVÖK)	4,637,601	6,302,256
Earnings per share	0.16	1.46

Quantities of equipment sold by our company in the periods January-June 2011/2010 are as follows:

QUANTITY SOLD	January 31 - Thursday, June 30, 2011	January 31 - Wednesday, June 30, 2010
Garbage	312	193
Firefighting	28	58
Tipper	16	137

Jetting and Cleaning	18	5
Vacuum	23	13
Tanker	24	92
Sweeper	9	26
Other	43	17
<b>Total</b>	<b>473</b>	<b>541</b>

Brief consolidated balance sheet of our company as of 30.06.2011 is as follows.

Brief Consolidated Balance Sheet (TL)	(Subject to Limited Independent Audit)	(Subject to Independent Audit)
	Current Period Thursday, June 30, 2011	Previous Period Friday, December 31, 2010
Current Assets	60,043,688	38,947,047
Fixed Assets	24,037,169	20,602,676
Total Assets	84,080,857	59,549,723
Short term Liabilities	44,780,660	24,609,672
Long term Liabilities	9,914,865	8,466,208
Equity	29,385,332	26,473,844
Total Liabilities	84,080,857	59,549,723

Our company assets reached to the level of 84,080,857 TL in the period January-June 2011 and an increase of 41.07% was achieved compared to December 31, 2010.

#### **STATUS OF BENEFITING DEVELOPMENTS AND INCENTIVES IN INVESTMENT**

##### R&D Activities

The company TUBITAK Technology and Innovation Support Programs Department was applied on 31.03.2011 to utilize incentive support for realized 190,000 TL part of the 45 m Telescopic Boom Ladder Development Project.

##### Investments

Regarding our new investment activity which we have announced on 01.03.2011 through Public Informative Platform, an expense of 1,459,572 TL has been made in the period of 01.01.2011 – 30.06.2011.

#### **DIVIDEND POLICY**

Based on Board of Directors Resolution number 2011/12 dated 25.02.2011, the dividend distribution policy of our company for 2010 and following years has been laid down and the issue is shared with the shareholders in 2010 Regular General Assembly held on 11.05.2011.

Principles on dividend distribution are regulated in Article 34, "Determining and Distribution of Profit" of the Company Charter, in accordance with relevant provisions of Turkish Code of Commerce and Capital Market Law.

#### **SOURCES OF FINANCING AND RISK MANAGEMENT POLICIES**

Primary financing sources of our company are funds created by activities and short- and long- term credits received from domestic financial organizations.

Explanations on financing and risk management policies of our Company are stated in the footnote number 38 of Interim Period Financial Reports dated 30.06.2011.

#### **PREVISIONS ON COMPANY DEVELOPMENT**

Our company will continue R&D investments in 2011 towards the strategic targets and shall accelerate efforts for branding and institutionalization. In addition, our on-going investment is planned to be completed in October. Commissioning of our new investment will be another significant contribution towards our company's aim of growing and increasing profitability. With such developments our Company is anticipating to continue to be the most profitable and leader company in export in the sector, by maintaining high level of profitability also in 2011, thanks to its capacity to offer innovative products.

#### **PERSONNEL AND WORKER MOVEMENTS, RIGHTS AND BENEFITS OFFERED TO EMPLOYEES**

Number of our personnel members as of 30.06.2011 is 265 employees in total, out of which 49 employees are members of administrative personnel and 216 are members of blue collar personnel.

Severance pay obligation of our company, calculated under UFRS as of June 30, 2011 is 796,331 TL and compensation is reserved for this entire amount.

Social rights of our personnel are granted regularly and pursuant to the legislation in effect.

#### **DONATIONS**

Total amount of donations and aids made by the Company in Turkey in the period of 01.01.2011 – 30.06.2011 is 1,020 TL. (31.12.2010 : 14,075 TL)

#### **ORGANIZATIONS OUT OF HEADQUARTERS**

There are no organizations out of headquarters.

#### **INFORMATION ON PARTNERSHIPS SUBJECT TO CONSOLIDATION**

Main areas of activity of companies included in the consolidation and ratios of partnership of the Parent Company in the companies are as follows:

<u>Subsidiaries</u>	<u>Area of Activity</u>	<u>Capital</u>	<u>Rate of Participation, %</u>	
			<u>June 30, 2011</u>	<u>December 31, 2010</u>
Katmerciler Profil Sanayi ve Ticaret A.Ş	Painting workmanship	500.000	93,33	93,33
Isipan Otomotiv ve Üst Ekipman Metal				
Makine San. ve Tic.A.Ş	Welding workmanship	825.000	95,67	89,00
Kat Araçüstü Ekipman Pazarlama ve Dış Ticaret Ltd. Şti. *	Marketing	50.000	-	90,00

\* Based on the Board of Directors Regulation number 2011/7 dated 31.01.2011 of our subsidiary Kat Araç Üstü Ekipman Pazarlama ve Dış Ticaret A.Ş., shares with nominal value of 45,000 TL owned by this company is decided to be sold (special case explanation dated 01.02.2011). On 31.01.2011

registration was completed with the Trade Registry Office and the sale was finalized. Said company is not included in the consolidation in financial tables dated 30.06.2011.

Consolidation took place in the body of Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş., which is the parent company.

Accounting policies applied by companies included in the consolidation is brought in harmony with the accounting policies of the Parent Company. All transaction, balances, income and expenses in the group are eliminated in the consolidation.

## **COMPANY DISCLOSURE POLICY**

"Disclosure Policy", which was prepared within the framework of SPK Corporate Governance Principles Section II, Article 1.2 for informing public in the most effective, efficient and rapid manner and was enforced based on Board of Directors Resolution number 2011/13 dated 25.02.2011, is available in the annual activity report and on Company website ([www.katmerciler.com.tr](http://www.katmerciler.com.tr)). Company Disclosure Policy was shared with our Shareholders in 2010 Regular General Assembly held on 11.05.2011.

## **STATEMENT of COMPLIANCE with CORPORATE GOVERNANCE PRINCIPLES**

The Company believes in full compliance with the Corporate Governance Principles, published in 2003 and finalized with a revision in 2005 by Capital Markets Board. Said principles are assumed by the company.

Report on Compliance with Corporate Governance Principles will be updated annually and only updated sections are included in the interim period reports, the whole report is not published. The whole Report is available in 2010 Activity Report and on [www.katmerciler.com.tr](http://www.katmerciler.com.tr) website.

## **Informing Investors in the Period of 01.01.2011 – 30.06.2011**

Number of informative phone calls	5
Number of informative e-mails	27

## **Details of General Assembly**

Company **Regular General Assembly** was held on 11.05.2011, at the company headquarters. Informative Document on 010 Regular General Assembly, Meeting Minutes, List of Attendants, Supervisor Report is available on the Company Website ([www.katmerciler.com.tr](http://www.katmerciler.com.tr)).

## **Special Case Explanations**

The Company has made 23 special case explanations in the period of 01.01.2011 - 30.06.2011. There were no cases where additional clarifications requested by SPK or IMKB regarding the explanations announced to public in the relevant period. Since the Company does not have any capital market instrument listed on foreign stock markets, there are no special case explanations present out of IMKB. Since all of the special case explanations were made within the time period stipulated by law, no sanctions were applied by SPK.



**Financial Rights Granted to the Board of Directors**

Amounts and types of rights to be granted to the Members of Board of Directors based on Company Charter shall be determined annually by regular general assembly. A monthly or yearly wage or a certain amount is payable per meeting. Total of gross payment made to members of board of directors in the period 01.01.2011 - 30.06.2011 is 234,370 TL.