

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITORS'  
REPORT RELATED TO INTERIM ACTIVITY REPORT ORIGINALLY ISSUED IN TURKISH**

**To the Board of Directors of Katmerciler Araçüstü Ekipman Sanayi ve Ticaret A.Ş. ,**

We have been assigned to the review whether the financial information in the semi-annual report of Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. (Company) prepared as at 30 June 2017 is consistent with the reviewed interim condensed consolidated financial information. Management is responsible for the preparation of the semi-annual report. Our responsibility is to express a conclusion on whether the financial information provided in the semi-annual report is consistent with the reviewed interim condensed consolidated financial information on which we have expressed our conclusion dated 21 August 2017.

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410 “Review on Interim Financial Information Performed by the Independent Auditor of the Entity”. Our review includes the assessment as to whether the financial information included in the semiannual report is consistent with the reviewed interim condensed consolidated financial statements and other explanatory notes. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review on the semi-annual financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying financial information included in the semi-annual report is not consistent, in all material respects, with the interim condensed consolidated financial information and the information presented in the explanatory notes to interim condensed consolidated financial information.

Aksis Uluslararası Bağımsız Denetim Anonim Şirketi

Tayyip Yaşar, CPA  
Partner

İstanbul, 21 August 2017

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

**01 JANUARY 2017 – 30 JUNE 2017  
INTERIM PERIOD  
ACTIVITY REPORT**



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**1. GENERAL INFORMATIONS, PARTNERSHIP STRUCTURE AND SHARE  
PERFORMANCE**

Reporting Period	: 01.01.2017 - 30.06.2017
Company Title	: Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş.
Trade Register Number	: Merkez 64547 - K - 3164
Mersis No	: 0-5280-0425-100018
Web Site	: <a href="http://www.katmerciler.com.tr">www.katmerciler.com.tr</a>
Registered E-mail Address	: <a href="mailto:katmercileraracustu@hs01.kep.tr">katmercileraracustu@hs01.kep.tr</a>
Mail Address	: <a href="mailto:yatirimciiliskileri@katmerciler.com.tr">yatirimciiliskileri@katmerciler.com.tr</a>
Registered Capital	: 25.000.000 TL
Paid in Capital	: 25.000.000 TL
Headquarters Address	: 10032 Sk. No:10 Atatürk Org. San.B. Çiğli - İzmir

**First Branch**

**Name** : Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret Anonim Şirketi Ankara Şubesi

**Address:** Kızılırmak Mah.1445 Sk.The Paragon İş Mrk. Çukurambar No:2B/82 Çankaya / Ankara

**Telephon:** 0 312 220 06 42

**Second Branch**

**Name** : Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret Anonim Şirketi Ankara Başkent OSB Üretim Şubesi

**Address:** Malıköy Mah.23.Cad.No:3 Başkent Organize Sanayi Bölgesi Sincan / Ankara

**Telephone:** 0 312 504 84 22 - 23

**Third Branch**

**Name** : Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret Anonim Şirketi İstanbul Şubesi

**Address:** Küçükbakkalköy Mah.Küçük Setli Sk. Denge Panaroma 2015 Plaza No:5/9 D:24 K:6 Ataşehir /İstanbul

Company's partnership structure is as follows and İsmail Katmerci is the ultimate shareholder with his 46.11% share.

Partners	Share Amount (TL)	Share Rate (%)
İsmail Katmerci	11.528.333	46,11
Public Share	9.071.667	36,29
Mehmet Katmerci	1.100.000	4,40
Furkan Katmerci	1.100.000	4,40
Havva Katmerci	1.100.000	4,40
Ayşenur Çobanoğlu	1.100.000	4,40
<b>Total</b>	<b>25.000.000</b>	<b>100,00</b>

Explanations on privileged shares and voting rights:

A group shares amounting to TL 2.000.000 nominal value has right to nominate for the Board of Directors. Each share amounting to TL 1 nominal value has one vote right.

Improvement in share price prices over the period:

Each lot of Company shares which are traded in main market of İstanbul Stock Exchange (ISE) were traded amounting to TL7,02 at lowest and amounting to TL 10,79 at highest within the period of 1 July 2017 - 30 June 2017.

The development of the market value of the Company's shares during the period 01.01.2017 - 30.06.2017 is shown as below.

KATMERCİLER MARKET VALUE GRAPH (TL 1000)



**2. CHANGES AND REASONS OF THE ARTICLES OF ASSOCIATION WITHIN THE PERIOD**

There was not any amendments in the Company's Articles of Association in the period of 01.01.2017 - 30.06.2017.

**3. QUALIFICATION AND AMOUNT OF CAPITAL MARKET INSTRUMENTS ISSUED IN THE PERIOD**

In order to meet the financing needs of the Company's activities, it has been decided to issue debt instruments to be sold to qualified investors in one time or multiple times, up to the amount of TL 100.000.000 with the decision of Board of Directors dated 21.03.2016.

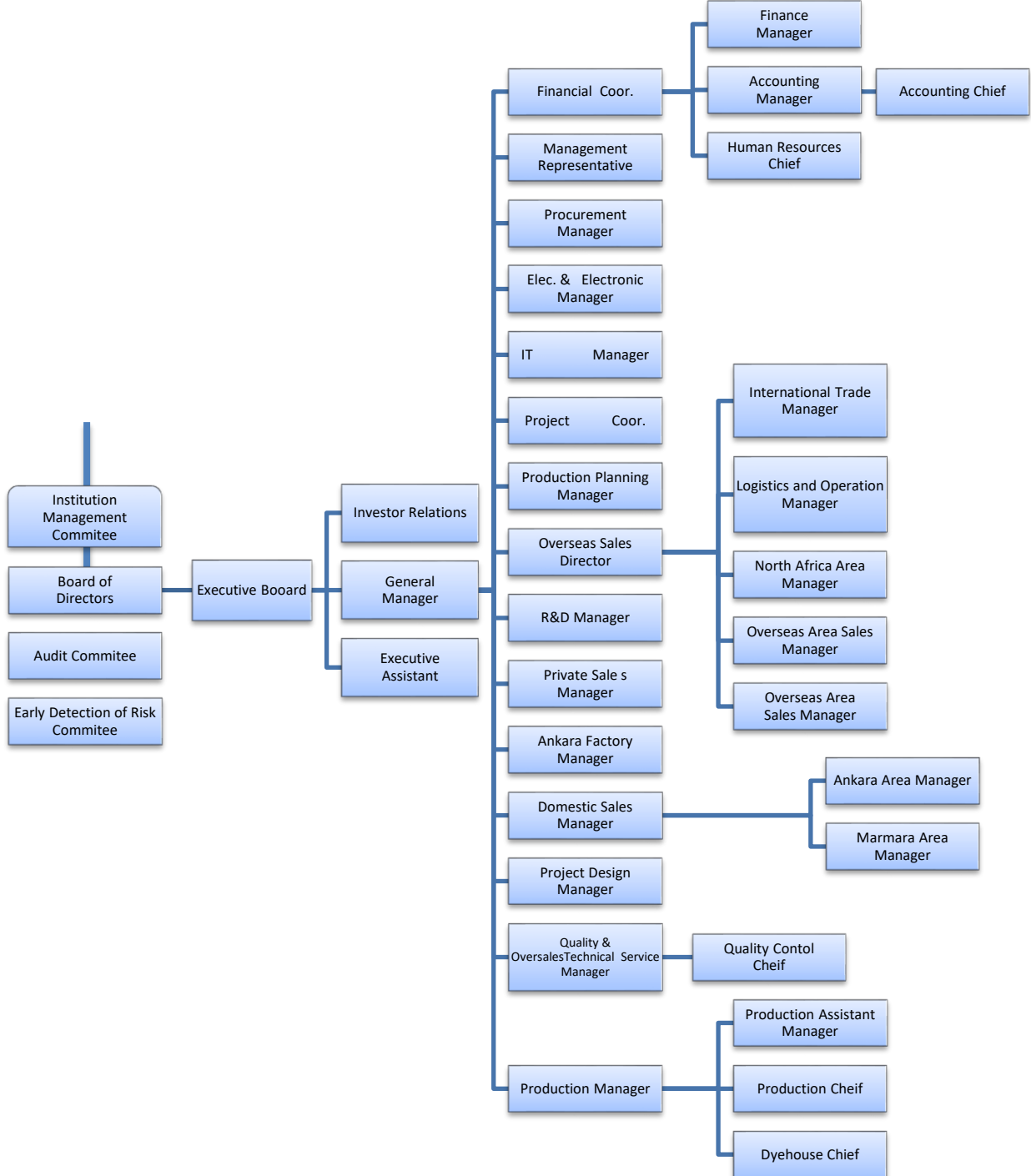
Within the scope of the issue debt instruments of TL 100.000.000 which is positively responded by Capital Markets Board dated 14.04.2016 and numbered 12/420 decision;

In the period between 01.01.2017 and 30.06.2017 Katmerciler;

1. On the date of 8 March 2017, with the TRSKTMR31812 Isin code, to be sold to qualified investors other than the stock market, with one year maturity interest payment every 3 months, %5,25 side yield, with 8 March 2018 maturity, TL 50.000.000 amount of private sector bond is issued.
2. Third coupon payment of amounting TL 36.000.000 bond that was issued in 2016 with the TRSKTMR51711 Isin code, is done on 07 February 2017 with the amount of TL 1.259.171,95 with the %3,4977 interest rate.
3. Second coupon payment of amounting TL 12.000.000 bond that was issued in 2016 with the TRSKTMR81718 Isin code, is done on 08 February 2017 with the amount of TL 422.243,93 with the %3,5187 interest rate.
4. Amounting TL 36.000.000 bond's with the TRSKTMR51711 Isin code fourth coupon interest rate is determined as %3,9629 which is paid on 10 May 2017.
5. Amounting TL 12.000.000 bond's with the TRSKTMR81718 Isin code, third coupon interest rate is determined as %3,9425 which is paid on 10 May 2017.
6. Amounting TL 50.000.000 bond's with the TRSKTMR31812 Isin code, first coupon interest rate is determined as %3,9749 which is paid on 07 June 2017.
7. Repayment of the bond amounting TL 36.000.000 with the TRSKTMR51711 Isin code that issued in 2016 is paid on 10 May 2017.
8. Fourth coupon payment of amounting TL 36.000.000 bond that was issued in 2016 with the TRSKTMR51711 Isin code, is done on 10 February 2017 with the amount of TL 1.270.299,45 with the %3,9629 interest rate.
9. Third coupon payment of amounting TL 12.000.000 bond that was issued in 2016 with the TRSKTMR81718 Isin code, is done on 10 May 2017 with the amount of TL 403.781,32 with the %3,9425 interest rate.
10. First coupon payment of amounting TL 50.000.000 bond that was issued in 2017 with the TRSKTMR31812 Isin code, is done on 07 June 2017 with the amount of TL 502.322,53 with the %3,9749 interest rate.

**4. ORGANIZATIONAL STRUCTURE AND MEMBER OF BOARD OF DIRECTORS**

**a. Organizational Structure:**



**b. Board of Directors :**

The elections of the members of the Board of Directors are carried out by the General Assembly in accordance with the Company's Articles of Association, the Capital Markets Law, the Turkish Commercial Code and related regulations.

Board Members has been elected for three (3) years at the 30 June 2016 dated Ordinary General Assembly Meeting and were registered on 14 July 2016 and announced on 20.07.2016 dated and 9119 numbered Turkish Trade Registry Gazette.

Board Member's duty term is shown as below however their resumes are not disclosed here because disclosed in Corporate Governance Principles Compliance Report..

**Board of Directors**

Name Surname	Title	Duty Term	
İsmail Katmerci	Chairman Of The Board	14.07.2016	14.07.2019
Mehmet Katmerci	Vice President, General Manager	14.07.2016	14.07.2019
Oğuz Kağan Yüksel	Board Member	14.07.2016	14.07.2019
Osman Nuri Filiz	Independent Board Member	14.07.2016	14.07.2019
İbrahim Reyhan Özal	Independent Board Member	14.07.2016	14.07.2019

**İsmail Katmerci - Chairman**

He was born in 1949 in Konya. He is graduated from Istanbul Technical University. In 1982, he started his business life establishing Katmerciler Profil A.Ş. one of the groups company, for trading profile and sheet metal and in 1985, he established Katmerciler Araç Üstü Ekipman A.Ş. which is group'a Admiral Company for production. He still continues to serve as Chairman of the Board of Directors in Katmerciler.

İsmail Katmerci who is married and 3 children, has carried out 22 and 23rd semester the deputy of AKP Izmir, has made İzmir chamber of commerce parliamentary membership.

**Mehmet Katmerci - Deputy Chairman**

He started to work in the group in 1992 and worked in all departments of the company and came to the headquarters of the General Management and the Board of Directors in 2002. Mr. Mehmet Katmerci, who has made important contributions to the increase in the number of exports and production which the company has made in recent years, is still continuing his duty as Chairman of the Board of Directors and Chief Executive Officer.

Mehmet Katmerci who is married and has two children knows English at a good level.

**Oğuz Kağan Köksal - Board Member**

After completing primary, secondary and high school education in Kırıkkale, he entered Ankara University Faculty of Political Sciences. He graduated from the Department of Economics and Finance of this faculty in 1972 and was appointed as the Ministry of Finance's Accounting Controller. During his four years of service, he inspected and supervised General and Annexed Budget Administration, Accounting and Revenue Departments. Meanwhile, he wrote a book on Governmental Accounting Practice.

He was on duty district governorship Bozkurt and Cizre respectively. At the same time he took on mayorship in both counties. He served in the Deputy Governor of Gaziantep for 3.5 years and during this period he worked as Deputy Governor for 7 months because of the discharge of the Governor of Gaziantep. He was appointed as the governor of Tekirdağ in February 1988. He was appointed Governor of Malatya on April 9, 1990, Governor of Denizli on February 8, 1992, and Governor of Adana on April 18, 1996. Appointed to Bursa Governor on February 18, 2003. During the Governorship of Bursa, many projects such as Rural Development,



Sevgi Village, Education and Sports Valley have been passed over for the past two years and have been awarded as the Governor of the Year. With the decision of the Council of Ministers dated 18 July 2005, he was appointed to Izmir Governor and started his duty on 29 July 2005. He was appointed chief police constable on 7 March 2007 with the decision of the Council of Ministers. On March 10, 2007, he started this assignment. He served as deputy of Kırıkkale in the period of 24 and 25 ,he served as the President of the National Defense Commission of the Turkish Grand National Assembly in the period 24. Koksal is married and has two children, who speaks moderate English and has an honorary doctorate degree from Ribat University in Sudan.

#### **Osman Nuri Filiz - Independent Board Member**

He was born in 1950, Çal. Graduated from Ankara University, Faculty of Political Sciences Department of Business Administration and graduated from Gazi University, Department of Industrial Engineering. He started his civil service in the Ministry of Internal Affairs in 1976. He worked as deputy inspector in ,Turkish Electricity Administration, assistant specialist and specialist in State Planning Organization, Higher Education Student Loans and Dormitories Institution, Presidency of Family Research Association, 22nd term Denizli Deputy and Tariş Coordinator.

Mr Filiz is married and has two children who was in charge in Turkish Volleyball Federation board member, Sümerbank Manisa Mensucat A.Ş. board member.

#### **İbrahim Reyhan Özal - Independent Board Member**

He was born in 1965, London. Having completed his high school education in America, he graduated from higher education in Canada in 1984-1985 after two years. In 1989, he completed the Department of Electrical and Electronic Engineering of Boğaziçi University. He started his career in 1989 in Balsu Gıda A.Ş. as CEO assistant, after having various duties in Kuveyt Türk Katılım Bankası, Teksu Dağıtım Hizm A.Ş., Azizler Holding A.Ş. respectively, from 1993 to 1996, being a partner in Kaynak Döviz A.Ş. he has been in the financial sector. In 1996, establishing Dost Tekstil A.Ş. ve Dost Sigorta Hizmetleri Lts., as of today he continues his duty in these companies. At the same time, he continues his duty in Vadi Dış Ticaret A.Ş as a partner since 2009, and Yatırım Danışmanlık Ltd.Şti. since the beginning of 2013.

Mr Özal is married and has three children who was in charged as a İstanbul deputy in 22nd term, member of Council of Europe Parliamentary Assembly between 2004 and 2007, member of TBMM EU Adjustment Commission and member of West European Union Parliamentary Assembly.

#### **Authorities and Responsibilities of Board Members**

The authorities and responsibilities of the members of the Board of Directors are determined in accordance with Articles 10, 11 and 12 of the Company's Articles of Association

#### **Committees within the Board of Directors and Independent Audit**

With the decision of our company's board of directors dated 21.11.2012 and 2012/29 numbered, executive committee listed below has ben established.

#### **Executive Committee**

<b>Name Surname</b>	<b>Title</b>
Mehmet Katmerci	Executive President/ General Manager
Furkan Katmerci	Deputy Chief Executive Officer

With the Board of Director's 01.07.2016 and 2016/21 numbered decision;

In accordance with the Capital Markets Board's Series: II-17.1 "Communiqué on the Determination and Implementation of Corporate Governance Principles" and the Company's Articles of Association;

Independent Board Members Mr. Osman Nuri Filiz and Mr. İbrahim Reyhan Özal to be elected as audit committee members, Mr. Osman Nuri Filiz to be preside to committee,

Independent Board Members Mr. Osman Nuri Filiz, Mr. İbrahim Reyhan Özal and Investor Relations Department Executive Mr. Musa Karaca to be elected as corporate governance committee members, Mr. İbrahim Reyhan Özal to be preside to committee,

Independent Board Members Mr. Osman Nuri Filiz, Mr. İbrahim Reyhan Özal to be elected as early detection of risk committee member, Mr. Osman Nuri Filiz to be preside to committee in accordance with the Communiqué on the determination and application of Corporate Governance Principles Serial: II-17.1 of the Capital Markets Law and Article 378 of the Turkish Commercial Code, has been decided.

### **Independent Audit**

The Company has elected Aksis Uluslararası Bağımsız Denetim A.Ş. as the independent auditing company in the calendar year 2017 with the 02.05.2017 dated Board Decision in accordance with Auditing Committee's 02.05.2017 dated and 2017/02 numbered offer and the offer was accepted by stakeholders at the 2017 Ordinary Meeting Of The General Assembly held on 25.07.2017 and published on by trade registry gazette on 28.07.2017.

### **c. Amendments in Senior Management During the Year and Information on Those Who are Still on Duty**

There was not any change in Company management during the period.

Company Executives are as follows;

<b>Name Surname</b>	<b>Title</b>	<b>Profession</b>	<b>Professional Experience</b>
Mehmet Katmerci	Vice President of The Executive Board, General Manager, Executive President	Businessman	25 Years
Furkan Katmerci	Deputy Chief Executive Officer	Businessman	7 Years
Gökmen Ölçer	Financial Coordinator	CPA	25 Years
İsmail Hakkı Kırkıl	Overseas Sales Director	Mechanical Engineer	28 Years

### **5. RESEARCH AND DEVELOPMENT ACTIVITIES**

As of 30.06.2017 amount of TL 3.822.643 research and development expenditure has done.

## 6. COMPANY ACTIVITIES AND SIGNIFICANT DEVELOPMENTS RELATED TO ACTIVITIES

### a) Information on investments made in the related accounting period

In related period there has been investment amounting TL 6.870.644. TL 3.822.643 of this amount is consist of research and development expenditure, and the residue is consist of the investment published on public disclosure platform dated 01.03.2011 and the factory building investment within the boundaries of the Ankara Capital Organized Industrial Zone published on public disclosure platform dated 07.12.2015 and investments in machinery and equipment acquired through financial leasing or direct purchasing

### b) Information related to Company's internal control system and internal audit activities and the opinion of the managing body on this subject

Group is auditing by Audit Committee and the Early Detection of Risk Committee established within the Board of Directors regarding subjects as compliance with legislations, accurate and timely financial reporting and operational efficiency within the framework of the Corporate Governance Principles and necessary improvements are made to ensure coordination among the group companies.

### c) Information on Company's direct and indirect subsidiaries

The main activities of the companies included in the consolidation and the participation rates are as follows:

Subsidiaries	Main Activity	30.06.2017 (%)	31.12.2016 (%)
Gimkat Araç Üstü Ekipman Sanayi ve Ticaret A.Ş.	On-Board Equipment Production	100,00	100,00
Katmerciler Profil Sanayi ve Ticaret A. Ş.	Painting Work	100,00	100,00
Isıpan Otomotiv ve Üst Ekipman Metal Makine San.ve Tic. A.Ş.	Weld Work	95,67	95,67

Participation	Main Activity	30.06.2017 (%)	31.12.2016 (%)
Lika Savunma San. Ve Tic. A.Ş (*)	Savunma Sanayii	20,00	100,00

(\*) According to board decision dated 14.03.2017 and numbered 2017/08, it has been decided to participate in the Company Lika Savunma San. Ve Tic. A.Ş with a nominal value of 800.000 TL. TL 200.000 of participation commitment was paid on 04.05.2017. Lika Savunma San. And Tic. A.Ş. were included in consolidation by equity method.

Consolidation has been done within main partner Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. The accounting policies applied by the companies included in the consolidation have been adapted to the parent company's accounting policies. All intra-group transactions, balances, income and expenses have been eliminated in consolidation.

### d) Information on Company's reacquired shares

1. Company re-acquired amounting to TL 16.000 nominal valued shares to amounting to TL 38.827 value on 27.01.2014 according to in accordance with share repurchase program mentioned in 27.12.2013 dated and 2013/29 numbered Board Decision and this transaction has been announced in Public Disclosure Platform. Share buyback program was terminated with the 23.05.2014 dated and 2014/17 numbered Board Decision and has been announced in Public Disclosure Platform on the same date.

2. Company re-acquired amounting to TL 35.099 nominal valued shares to amounting to TL 199.946 value on 22.07.2016, amounting to TL 16.510 nominal valued shares to amounting to TL 97.723 value on 25.07.2016, amounting to TL 43.000 nominal valued shares to amounting to TL 289.114 value on 24.08.2016, amounting to TL 45.000 nominal valued shares to amounting to TL 303.039 value on 29.08.2016, amounting to TL 33.500 nominal valued shares to amounting to TL 232.648 value on 15.12.2016 as a result in total amounting to TL 189.109 nominal valued shares to amounting to TL 1.161.298 value according to in accordance with share repurchase program mentioned in 22.07.2016 dated and 2016/24 numbered Board Decision and all these transactions were announced in Public Disclosure Platform

e) **Information on special audit and public audit within the accounting period**

The Company was signed full approval contract with FK Yeminli Mali Müşavirlik Ltd. Şti. on 31.01.2017.

f) **Information on whether the targets set in past have been met or not and whether General Assembly Resolutions have been fulfilled or not**

The Company has reached the targets set in the previous periods and has fulfilled the General Assembly Resolutions.

g) **Information on the extraordinary general assembly held during the year**

There was not any extraordinary general assembly was held during the year.

h) **Donations, charities and social responsibility projects made by the Company in 2017**

The company made a donation amounting to TL 113.320 in the period of 01.01.2017 – 30.06.2017. General Assembly, shareholders are informed regarding donations and charities that the company has made during the related periods. (31.12.2016 : TL 330.000)

i) **Credit Rating**

The valuation result made by the JCR Eurasia Rating company, an international credit rating company authorized by the Capital Markets Board on 28.10.2016, is given below. Considering the consolidation structure of the Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş and its subsidiaries and cash flows of existing bond issues at high-level investment categorized, it enhanced its long term national grade to “A- (Trk)/Stabile” from “BBB+ (Trk)/Stabile” and confirmed its long term international foreign and domestic currency notes and views as ‘BBB-/Stabile’. Since there is no change or privilege created from bonds/bills’ obligations towards repayment in terms of legal and / or assurance aspects that is planned to issue for the current and future periods, the notes given for legal entity of the company also represent bond issues.

## **7. PRODUCTION AND SALES QUANTITIES**

Company manufactures its production in production facility which is located in 10032 Sokak No:8/10 Çiğli – İzmir and Malıköy Mah.23.Cad.No:3 Başkent Organize Sanayi Bölgesi Sincan / Ankara addresses. Total of 405 pieces of equipment were produced for this period. (30.06.2016: 243)

<b>Production Quantity</b>	<b>01 January 2017 30 June 2017</b>	<b>01 January 2016 30 June 2016</b>
Hydraulic compacted garbage truck	146	48
Fuel tanker	41	25
Fire truck with portable or fixed ladder	24	37
Street sweeper	11	6
Water tanker	27	42
Bulk trailer	19	
Telescopic platform	3	
Mobile maintenance vehicle	2	
Low bed	2	
Sewage truck	12	19
Grooving vehicle	3	
Sprinkler	15	
Armoured vehicle	35	
Damper	34	
Armoured excavator	8	
Vehicle saver	1	3
Other equipment	22	63
<b>Total Production Quantity</b>	<b>405</b>	<b>243</b>



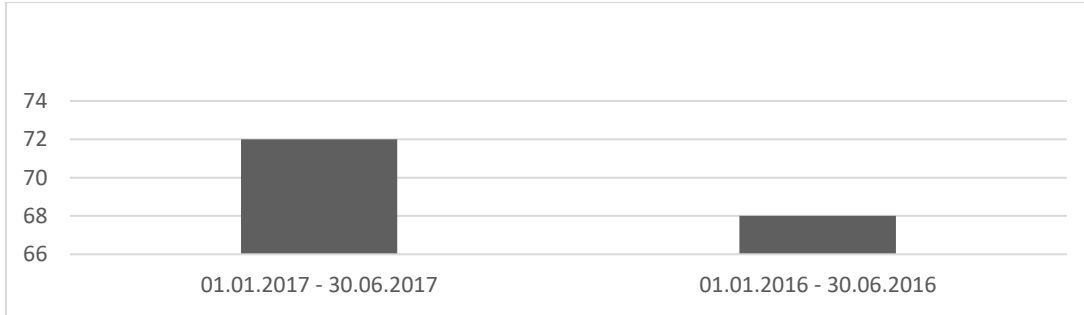
The company sold 329 pieces of equipment in the first six months of 2017. (30.06.2016 : 296 pieces)

<b>Sales Quantity</b>	<b>01 January 2017 30 June 2017</b>	<b>01 January 2016 30 June 2016</b>
Hydraulic compacted garbage truck	135	76
Fuel tanker	36	26
Street sweeper	10	-
Fire truck with portable or fixed ladder	21	46
Bulk trailer	16	-
Telescopic platform	4	-
Low bed	2	-
Sewage truck	10	19
Vehicle saver	1	4
Grooving vehicle	2	-
Water truck	25	40
Armoured vehicle	25	-
Mobile maintenance vehicle	4	20
Other equipment	38	65
<b>Total</b>	<b>329</b>	<b>296</b>

**8. SALES AND ANNUAL PERFORMANCE OF THE COMPANY**

	30.06.2017	30.06.2016
Sales Revenue - Net	72.719.536	68.299.708
Export Revenue	46.173.693	29.689.451
Gross Sales Margin	40.740.814	30.585.106
Gross Profit Margin	56,02%	44,78%
Operating Profit	25.834.229	16.640.118
Operating Profit Margin	35,52%	24,36%
Ebit	27.452.560	17.641.123
Ebit Margin	37,75%	25,83%
Pre-Tax Profit	6.708.885	8.519.788
Net Profit	6.011.500	7.196.154
Net Profit Margin	8,26%	10,54%
Investment Expenditures	6.870.644	5.137.917

The company's gross sale profit rate has been accrued as % 56,02 increasing 18 basis points compared to the same period last year. The Ebit margin is 37.75% in this period and seems to have increased by 12 basis points compared to the same period of last year.

**SALES REVENUE NET (MILLION TL)**


	30.06.2017	31.12.2016
Current Assets	328.258.780	224.326.660
Non-Current Assets	77.092.246	69.037.189
Total Assets	405.351.026	293.363.849
Short Term Liabilities	208.504.543	158.989.222
Long Term Liabilities	119.145.738	62.199.402
Equity Capital	77.700.745	72.175.225
Total Liabilities	405.351.026	293.363.849
Financial Liabilities	258.304.585	164.776.461

As of 30 June 2017, company's total assets are actualized as TL 405.351.026 and equity capital is TL 77.700.745.

### Basic Ratios

As of June 30, 2017, some basic ratios of the comparative period are as follows.

<b>LIQUIDITY RATIOS</b>	<b>30.06.2017</b>	<b>31.12.2016</b>
CURRENT RATIO	1,57	1,41
TRADE RECEIVABLES/ASSETS	0,30	0,34
<b>FINANCIAL POSITION RATIOS</b>		
TOTAL LIABILITIES (S.T.+L.T.) / TOTAL ASSETS	0,81	0,75
EQUITY / TOTAL ASSETS	0,19	0,25
FINANCIAL LIABILITIES / EQUITY	3,32	2,28
TOTAL LIABILITIES / EQUITY	4,01	3,06

### Export

In the period of January 2017 – June 2017, Automotive Primary Industry Exports reached to USD 9,57 billion, Subsidiary Industry Exports which including our company reached to USD 4,69 billion and total exports of the automotive industry realized around USD 14,35 billion.

The On-Board Equipment Sector which Company is included considered as the Sub-Sector of the Automotive Subsidiary Industry.

Company's domestic and overseas production and sales figures are statistically included in the automotive supplier industry figures.

<b>AUTOMOTIVE SUBSIDIARY INDUSTRY EXPORTS</b>		
	<b>USD</b>	
	<b>1 January - 30 June 2017</b>	<b>1 January - 30 June 2016</b>
Turkey	4.698.728.234	4.780.446.015
Katmerciler	12.893.795	9.539.977
Katmerciler' s Share	0,19%	0,20%

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

### **9. DIVIDEND POLICY**

The Company's profit distribution policy created with Board of Directors dated 25.02.2011 and numbered 2011/12 decision was revised with Board of Directors dated 29.04.2014 and numbered 2014/13 decision in the framework of II.19 1 numbered Profit Distribution Disclosure published on 25.02.2011 in accordance to 6362 numbered Capital Market Law and was accepted at the Ordinary General Assembly meeting of the year 2013 held on 30.05.2014.

## **10. FINANCIAL RESOURCES AND RISK MANAGEMENT POLICIES**

Company's main financing sources are; funds created as a result of activities and short-term and long-term loans obtained from financial institutions established in the country.

Early Detection Of Risk Committee was established by 01.07.2016 dated Board Decision in compliance with Article 378 of the Turkish Commercial Code No. 6102 to identify risks might imperil Company's existence, development and continuance and to take precautions regarding the risks identified and to manage the risks. The Committee President is Independent Board Member Mr. Osman Nuri Filiz and other Member is Independent Board Member Mr. İbrahim Reyhan Özal. The Early Detection Of Risk Committee reports bi-monthly and reports relevant information to the Board of Directors..

Explanations regarding the Company's financing and risk management policies are disclosed in note 24 at 30.06.2017 dated audit report.

## **11. STAFF AND WORKER MOVEMENTS, RIGHTS AND BENEFITS PROVIDED TO EMPLOYEES**

As of the end of 2016, the number of personnel, which was 349, is 392 as of June 30, 2017. According to the date of 30.06.2017, as of the end of the period, we have severance pay liability amounting to TL 3.767.476 to the personnel who are entitled to severance pay.

## **12. DECENTRALIZED ORGANIZATIONS**

Company has branches for sales and marketing activities located in Kızılırmak Mah. 1445 Sok. No: 2b/82 The Pragon İş Merkezi Çukurambar – Çankaya / ANKARA and Küçükbakkalköy Mahallesi, Küçük Setli Sokak , Denge Panorama Plaza No:5 D:24 K:6 Ataşehir İstanbul. In addition, has a factory in the Ankara Başkent organized industrial zone in order to make production for the defense industry.

## **13. COMPANY'S INFORMING POLICY**

Prepared in the framework of the CMB Corporate Governance Principles in order to inform the shareholder in an effective, efficient and speedy manner, entered into force by the Board of Directors resolution dated 25.02.2011 and numbered 2011/13, the Disclosure Policy can be reached from annual activity report and the company's web site [www.katmerciler.com.tr](http://www.katmerciler.com.tr). The Company's Informing Policy was presented to our stakeholders at the 2010 Ordinary General Assembly Meeting held on 11.05.2011.

## **14. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT**

### **1. Statement of Compliance with Corporate Governance Principles :**

As usual, Company continues to expand its Corporate Governance approach in line with the implementation of Corporate Governance Principles. In future activities, Company will continue make necessary works and show the necessary sensitivity in Corporate Governance activities and practices and ensure compliance with the CMB's Serial: II No: 17.1 numbered Corporate Governance Communiqué.

Katmerciler believes in full compliance with the Corporate Governance Principles. However, full compliance with certain Corporate Governance principles has not been achieved yet.



**Informing Investors for the period 01.01.2017 – 30.06.2017**

During the period of 01.01.2017 - 30.06.2017, all written and oral applications made to the Investor Relations Unit about the Company were answered and the statistics are as follows.

Number of notifications by phone calls : 112  
Number of notifications by email : 30  
Number of information at Company Headquarters : 1

**General Assembly Information**

All of the group A shares of the company are nominative, group B shares are bearer shares.  
The Company's 2016 Annual Ordinary General Meeting was held on 19 th July 2017 at the headquarter of the Company.

**Material Disclosure**

The Company made 29 material disclosures during the period. There have been no cases where the CMB or BİST requested additional clarifications regarding the announcements made to the public during the relevant interim period. Since the Company is not a capital market instrument quoted abroad, there is no special case explanation other than BİST. The CMB has not enforced any special case disclosures since it was made during the period prescribed by law.

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

According to the Company's Articles of Association, the amount and nature of the rights to be provided to the Members of the Board of Directors are determined annually by the Ordinary General Assembly. Within the framework of the decision of the General Assembly, the members of the Board of Directors are paid a monthly salary. In the period of 01.01.2017 - 30.06.2017, TL 1.789.353 was paid by the top management and TL 457.459 was paid to the members of the Board of Directors totaling TL 2.246.812. gross payment has been made.