

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş.

AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED

FINANCIAL STATEMENT FOR THE PERIOD

BETWEEN 1 JANUARY-30 SEPTEMBER 2015

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

ASSETS	Notes	Unaudited Current Period 30.09.2015	Audited Previous Period 31.12.2014
CURRENT ASSETS		211.011.620	169.819.622
Cash and Cash Equivalents	6	10.417.661	6.743.368
Financial Investment		16.144	-
Trade Receivables		88.940.278	63.498.484
- Trade Receivables from Related Parties	9	4.327.396	1.330.139
- Trade Receivables from 3rd Parties	9	84.612.882	62.168.345
Other Receivables		3.614.991	5.305.623
- Other Receivables from Related Parties		-	-
- Other Receivables from 3rd Parties	10	3.614.991	5.305.623
Derivative Financial Instruments		-	-
Inventories	11	88.691.377	77.965.373
Prepaid Expenses	12	2.906.136	9.389.239
Current Assets Related with Current Period Tax		19.464	23.744
Other Current Assets	20	16.405.569	6.893.791
NON-CURRENT ASSETS		44.713.233	42.275.299
Other Receivables		29.696	29.696
- Other Receivables from Related Parties		-	-
- Other Receivables from 3rd Parties	10	29.696	29.696
Investment Property	14	5.092.000	8.749.957
Tangible Fixed Assets	15	29.768.032	27.439.031
Intangible Fixed Assets	16	3.772.977	2.526.967
- Goodwill	17	-	-
- Other Intangible Fixed Assets		3.772.977	2.526.967
Prepaid Expenses	12	15.068	3.714
Deferred Tax Assets	22	6.035.460	3.525.934
Other Noncurrent Assets			
TOTAL ASSETS		255.724.853	212.094.921

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

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. VE BAĞLI ORTAKLIKLARI

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2015

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

		Unaudited Current Period 30.09.2015	Audited Previous Period 31.12.2014
LIABILITIES	Notes		
Short Term Liabilities		132.847.066	114.931.006
Short Term Borrowings	8	67.713.363	44.948.566
Trade Payables		52.891.542	36.275.754
- Due to Related Parties	9	200.973	85.507
- Other Trade Payables	9	52.690.569	36.190.247
Employee Benefits	19	774.439	1.448.882
Other Payables		4.593.046	1.532.700
- Due to Related Parties		-	-
- Other Payables	10	4.593.046	1.532.700
Government Incentives and Subsidies		-	-
Deferred Income		5.754.825	29.697.655
Taxes on Income	22	-	-
Short Term Provisions		1.119.851	1.027.449
-Short Term Provisions of Employee Benefits	19	590.151	593.583
- Other Short-Term Provisions		529.700	433.866
Other Short Term Liabilities			
Liabilities Related to Assets Held for Sale			
Long Term Liabilities		65.384.409	53.801.720
Long Term Borrowings	8	58.852.242	48.129.705
Long-term Provisions		2.395.472	2.246.329
-Long Term Provisions of Employee Benefits	19	2.395.472	2.246.329
-Other Long Term Provisions		-	-
Liabilities from Current Tax		-	-
Deferred Tax Liability	22	4.136.695	3.425.686
EQUITY		57.493.378	43.362.195
EQUITY OF PARENT COMPANY		56.559.738	40.245.697
Paid-in Capital	21	25.000.000	25.000.000
Reacquired Shares (-)	21	(38.827)	(38.827)
Other Comprehensive Income or Expenses not to be reclassified on Profit or Loss		7.099.143	6.999.213
- Revaluation and Measurement Income/Loss	21	7.309.143	7.309.143
- Identified Benefit Plans Reclassification Income/Loss		(210.000)	(309.930)
Restricted Reserves	21	2.061.453	2.108.305
The Merge Effect of Entities subject to Common Control		(1.759.039)	(1.759.039)
Retained Earnings	21	9.936.915	(1.375.639)
Net Profit of The Period	23	14.260.093	9.311.684
MINORITY SHARES	21	933.640	3.116.498
TOTAL LIABILITIES		255.724.853	212.094.921

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

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2015
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Unaudited			
		Current Period	Previous Period	Current Period	Previous Period
	Notes	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	01.07.2015 - 30.09.2015	01.07.2014 - 30.09.2014
ONGOING ACTIVITIES					
Sales	5	233.663.837	126.104.698	96.868.315	35.124.666
Cost of Sales (-)	5	(173.170.568)	(103.653.567)	(66.167.712)	(26.626.277)
GROSS PROFIT/(LOSS)		60.493.269	22.451.131	30.700.603	8.498.389
General Administrative Expenses (-)	5	(14.068.503)	(6.689.210)	(9.411.341)	(1.826.606)
Marketing Expenses (-)	5	(9.670.643)	(6.701.229)	(3.974.012)	(1.995.104)
Other Income From Operations	5	19.727.126	10.407.468	9.578.703	7.119.370
Other Expenses From Operations (-)	5	(14.092.344)	(7.175.901)	(6.111.512)	(6.469.298)
OPERATING PROFIT/ (LOSS)		42.388.905	12.292.259	20.782.441	5.326.751
Income from Investing activities	5	195.203	2.320.668	47.564	(36.105)
Expenses from Investing activities (-)		-	-	-	-
OPERATING PROFIT BEFORE FINANCIAL INCOME AND EXPENSES		42.584.108	14.612.927	20.830.005	5.290.646
Financial Income	5	5.715.290	6.429.757	2.113.512	(2.165.339)
Financial Expenses (-)	5	(29.189.477)	(14.682.135)	(14.575.893)	(2.234.411)
PROFIT/ (LOSS) BEFORE PROVISION FOR TAXES		19.109.921	6.360.549	8.367.624	890.896
Tax Income/(Expense) From Operating Activities		(4.277.714)	396.766	(2.121.825)	68.800
-Tax For Period	22	(6.106.363)	(294.632)	(3.928.902)	(186.895)
-Deferred Tax Income/ (Expense)	22	1.828.649	691.398	1.807.077	255.695
NET PROFIT/ (LOSS) FOR THE PERIOD		14.832.207	6.757.315	6.245.799	959.696
Period Profit / (Loss) Distribution		14.832.207	6.757.315	6.245.799	959.696
- Minority Interests		572.114	(168.720)	(232.875)	158.607
- Parent Company Shares	23	14.260.093	6.926.035	6.478.674	801.089
Earnings Per Share					
- Earnings Per Share from Ongoing Operations		0,57	0,28	0,26	0,03
- Diluted Earnings Per Share from Ongoing Operations		0,57	0,28	0,26	0,03
NET PROFIT / (LOSS)		14.832.207	6.757.315	6.245.799	959.696
Items not to be reclassified in profit or loss		99.930	3.258.532	(41.468)	101.102
- Revaluation of Tangible Assets Increase / (Decrease)	21	-	3.147.593	-	-
Intangible Assets Revaluation/(Losses)					
- Defined Benefit Plans Remeasurement Gains / Losses		124.912	92.449	(47.722)	80.153
Taxes related to Other Comprehensive Income not to be reclassified in Profit or Loss		(24.982)	18.490	6.254	20.949
- Current Tax (Expense) / Income					
- Deferred tax (expense) / income		(24.982)	18.490	6.254	20.949
Items to be reclassified in profit or loss		-	(161.310)	-	-
Taxes related to Other Comprehensive Income reclassified in Profit or Loss		-	(161.310)	-	-
- Current Tax (Expense) / Income					
- Deferred tax (expense) / income		-	(161.310)	-	-
OTHER COMPREHENSIVE INCOME (AFTER TAX)		99.930	3.097.222	(41.468)	101.102
TOTAL COMPREHENSIVE INCOME		14.932.137	9.854.537	6.204.331	1.060.798
Comprehensive Income Distribution :		14.932.137	9.854.537	6.204.331	1.060.798
Minority Interests		580.833	(72.477)	(239.320)	174.413
Parent Company Shares		14.351.304	9.927.014	6.443.651	886.385

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

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2015

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

						Other Comprehensive Income and Expenses not to be Reclassified on Profit or Loss		Other Comprehensive Income and Expenses to be Reclassified on Profit or Loss					Retained Earnings					
Notes	Paid-in Capital	Adjustment to Share Capital	Reacquired Shares	Capital Adjustments Due to Cross-Ownership	Special Fund	Identified Benefit Plans Reclassification Income/Loss	Tangible Assets Revaluation Increase	Currency Conversion Differences	Hedging Profit / (Loss)	Revaluation and Remeasurement Gain/(Loss)	Other Gain/(Loss)	The Merge Effect of Entities subject to Common Control	Restricted Reserves	Retained Profit / (Loss)	Net Period Profit / (Loss)	Equity of the Parent Company	Non controlling shares	Equity
PREVIOUS PERIOD																		
21	25.000.000	-	-	-	-	(238.830)	4.322.860	-	-	-	-	-	2.061.453	6.883.818	(8.212.605)	29.816.696	2.805.620	32.622.316
01 January 2014 Opening																		
Adjustments Related to Changes in Accounting Policies																-	-	-
Adjustments Related to Errors																12	12	12
Transfers																(8.212.605)	8.212.605	-
Total Comprehensive Income																6.926.035	6.883.323	6.714.603
Increase/Decrease from redemption of shares																(38.827)	(168.720)	(38.827)
Increase / Decrease from Other Changes																2.986.283	448.367	3.434.650
21	25.000.000	-	(38.827)	-	-	(281.542)	7.309.143	-	-	-	-	-	2.061.453	(1.328.775)	6.926.035	39.647.487	3.085.267	42.732.754
CURRENT PERIOD																		
01 January 2015 Openings																		
21	25.000.000	-	(38.827)	-	-	(309.930)	7.309.143	-	-	-	-	(1.759.039)	2.108.305	(1.375.639)	9.311.684	40.245.697	3.116.498	43.362.195
Transfers																9.311.684	(9.311.684)	-
Total Comprehensive Income																14.260.093	14.360.023	14.360.023
Increase / Decrease from Other Changes																(46.852)	2.000.870	(228.840)
21	25.000.000	-	(38.827)	-	-	(210.000)	7.309.143	-	-	-	-	(1.759.039)	2.061.453	9.936.915	14.260.093	56.559.738	933.640	57.493.378

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

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

Notes	Unaudited	
	Current Period	Previous Period
	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014
A.CASH FLOWS FROM OPERATING ACTIVITIES	(27.625.042)	37.277.788
Net profit/ (loss) for period	14.832.207	6.926.035
Adjustments to reconcile net profit / (loss) :	6.073.873	3.621.822
- Depreciation and amortization	1.254.676	789.388
- Adjustments for impairments/reversals	11 8.543	(3.634)
- Changes in provisions	18 1.777.349	(302.562)
- Interest Income and Expense	82.322	(75.280)
- Unrealized exchange loss/ (gain)	(1.295.471)	5.927.465
Adjustments related to Fair Value Losses/Gains		(2.190.343)
Terminated Provisions		
- Loss / Income from Disposal of Fixed Assets	(27.300)	(126.446)
- Other adjustments related to profit/loss reconciliation	4.273.754	(396.766)
Changes on Capital	(38.755.216)	27.646.851
- Adjustments Related to Increase/Decrease in Inventories	11 (10.726.004)	7.764.142
- Adjustments Related to Increase/Decrease in Trade Receivables	9 (25.441.794)	13.556.091
- Increase/Decrease in Receivables From Financial Sector Operations		
- Adjustments Related to Increase/Decrease in Other Receivables From Operations	1.690.632	368.088
- Adjustments Related to Increase/Decrease in Trade Payables	9 16.615.788	(157.472)
- Increase/Decrease in Payables from Financial Sector Operations		
- Adjustments Related to Increase/Decrease in Other Payables From Operations	3.060.346	169.931
- Adjustments Related to Increase/Decrease in Capital	(23.954.184)	5.946.071
Cash Flows from Operating Activities	(17.849.136)	38.194.708
Interest Paid		
Interest Collected		
Tax Payments/Return	4.280	663.951
Other Cash Inflows / Outflows	(9.780.186)	(1.580.871)
B. CASH FLOW PROVIDED BY INVESTING ACTIVITIES	(4.720.145)	(843.929)
Cash Inflows From Sale of Tangible and Intangible Assets	179.813	401.000
Cash Outflows Due to Purchases of Tangible and Intangible Assets	(5.053.248)	(1.322.883)
Cash Inflows Obtained From Government Incentives		77.954
Interest Collected	153.290	
Tax Paid/ Interest		
Other Cash Inflow/Outflow		
C. CASH FLOW PROVIDED BY FINANCING ACTIVITIES	36.019.480	(40.273.361)
Cash Outflows from Buying Shares and Other Equity Instruments		
Cash Inflows From Borrowings	166.488.107	106.873.866
Cash Outflows Related to Repayments of Borrowings	(123.099.293)	(143.847.919)
Cash Outflows Related to Repayments of Leasing Agreements	(810.894)	(588.941)
Cash Inflows Obtained From Government Incentives		
Dividends Paid		
Interest Collected	696.915	1.744.579
Interest Payments	(7.255.355)	(4.454.946)
Tax Payments/Returns		
Other Cash Inflows/Outflows		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)	3.674.293	(3.839.502)
D. FOREIGN CURRENCY CONVERSION ADJUSTMENTS EFFECTS ON CASH AND CASH EQUIVALENTS		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	3.674.293	(3.839.502)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6 6.743.368	6.227.985
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6 10.417.661	2.388.483

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

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

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

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

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

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

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

1. ORGANIZATION AND ACTIVITIES

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

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

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

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

Group 's main activities are as follows:

Painting Work - Painting of vehicle equipment

Weld Work - Onboard equipment weld workshop

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

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

As of 30 September 2015, 357 people has been employed by the Group. (31 December 2014: 297).

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

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

Companies included in consolidation:

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

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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE
NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

A. Basic Standards of Presentation

Declaration of Conformity to TAS

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

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

Consolidated financial statements were authorized for issue on November 4, 2015 by the management. General Assembly have the power to amend the financial statements

Basis of Presentation of the Financial Statements

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

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

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

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

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

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

There are no any seasonal and cyclical changes that affect the Group's activities significantly.

Currency Used

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

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

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

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

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

A. Basic Standards of Presentation (continued)

Consolidation Principles

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

Subsidiaries

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

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

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

<u>Subsidiaries</u>	<u>Main Activity</u>	<u>Functional Currency</u>	<u>Establishmt & Operation Place</u>	<u>Shareholding Ratio (%)</u>	
				<u>30.09.2015</u>	<u>31.12.2014</u>
Katmerciler Profil San. ve Tic. A.Ş.(**)	Painting Works	Turkish Lira	Turkey	100,00	93,33
Isıpan Otomotiv ve Üst Ekipman Metal ve Makine San. ve Tic. A.Ş.	Weld Workshop	Turkish Lira	Turkey	95,67	95,67
Gimkat Araç Üstü Ekipman San. ve Tic. A.Ş. (*)	Onboard Equipment Manufacturing	Turkish Lira	Turkey	100,00	49,99

(*) Company has been increased shares on affiliate Gimkat Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. from % 49,99 to % 100 with 26.10.2015 dated and 2015/27 numbered Board Decision.

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

Elimination Transactions On the Consolidation

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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE
NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

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

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

A. Basic Standards of Presentation (continued)

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

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

TFRS 9 Financial Instruments – Classification and measurement

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

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

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

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

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

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

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

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

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

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

A. Basic Standards of Presentation (continued)

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

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

IFRS 9 Financial Instruments (2014)

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

IFRS 14 Regulatory Deferral Accounts

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

IFRS 15 Revenue from Contracts with customers

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

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

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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE
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2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

A. Basic Standards of Presentation (continued)

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

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

Disclosure initiative (Amendments to TAS 1)

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

Improvements to IFRSs

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

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

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

IFRS 7 Financial Instruments: Disclosures

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

IAS 19 Employee Benefits

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

IAS 34 Interim Financial Reporting

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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE
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(Amounts expressed in Turkish Lira ("TL")) unless otherwise indicated)

3. BUSINESS COMBINATIONS

None (31.12.2014: None).

4. JOINT VENTURES

None (31.12.2014: None).

5. SEGMENT INFORMATION

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

“On-board equipment production”

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

“Painting Works”

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

“Weld Works”

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

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5. SEGMENT INFORMATION (continued)

30.09.2015	Onboard Vehicle Equipment	Isıpan Weld Works	Profil Painting Work	Consolidation Adjustments	Total
Net Non-Group Sales	233.621.041	28.051	14.745	-	233.663.837
Net In-Group Sales	19.481.802	1.080.500	930.000	(21.492.302)	-
Net Sales Total	253.102.843	1.108.551	944.745	(21.492.302)	233.663.837
Cost of Sales (-)	(193.686.808)	(758.916)	(849.859)	22.125.015	(173.170.568)
Gross Profit	59.416.035	349.635	94.886	632.713	60.493.269
Research and Development Expenses (-)					-
General Administrations Expense (-)	(13.870.024)	(229.326)	(89.438)	120.285	(14.068.503)
Marketing, Selling and Distribution Expense (-)	(9.702.879)	-	-	32.236	(9.670.643)
Other Operating Income	20.352.798	79.505	633.728	(1.338.905)	19.727.126
Other Operating Expenses (-)	(14.091.460)	(361)	(524)	-	(14.092.344)
Operating Profit/Loss	42.104.470	199.454	638.652	(553.671)	42.388.905
Income from Investment Operation	188.401	-	6.765	37	195.203
Expense from Investment Operation (-)					-
PROFIT / (LOSS) BEFORE FINANCE INCOME AND EXPENSE	42.292.871	199.454	645.417	(553.634)	42.584.108
Financial Income	7.365.227	510	-	(1.650.446)	5.715.290
Financial Expense (-)	(31.075.777)	(1.728)	(130)	1.888.158	(29.189.477)
PROFIT / (LOSS) BEFORE PROVISION FOR TAXES	18.582.321	198.235	645.287	(315.922)	19.109.921
Tax Income / (Expense) from Operating Activities	(4.127.660)	(35.092)	(114.962)	-	(4.277.714)
-Tax Income / (Expense)	(5.924.936)	(40.166)	(141.261)	-	(6.106.363)
-Deferred Tax Income / (Expense)	1.797.276	5.074	26.299	-	1.828.649
NET PROFIT / (LOSS)	14.454.660	163.143	530.325	(315.922)	14.832.207
Investment Expenditure	5.053.248				
Tangible Fixed Assets	3.231.317	-	-	-	3.231.317
Intangible Fixed Assets	1.821.931				1.821.931
Amortization	824.542	333	90.869	-	915.744
Depreciation and Amortization	394.592	-	-	(55.660)	338.932
Total Investment Expenditure	5.053.248	-	-	-	5.053.248
<u>Other Information</u>					
- Total Assets	260.438.896	811.661	13.342.826	(18.868.530)	255.724.853
- Total Liabilities	260.438.896	811.661	13.342.826	(18.868.530)	255.724.853

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5. SEGMENT INFORMATION (continued)

30.09.2014	Onboard Vehicle Equipment	Isıpan Weld Works	Profil Painting Work	Consolidation Adjustment	Total
Net Non-Group Sales	126.104.698				126.104.698
Net In-Group Sales	13.117.854	1.317.661	949.254	(15.384.769)	-
Net Sales Total	139.222.552	1.317.661	949.254	(15.384.769)	126.104.698
Cost of Sales (-)	(118.679.912)	(706.069)	(552.340)	16.284.753	(103.653.567)
Gross Profit	20.542.640	611.593	396.914	899.984	22.451.131
Research and Development Expenses (-)					
General Administrations Expense (-)	(6.622.781)	(166.320)	(69.587)	169.479	(6.689.210)
Marketing, Selling and Distribution Expenses (-)	(6.719.615)	-	-	18.385	(6.701.229)
Other Operating Income	11.045.366	34.085	419.254	(1.091.237)	10.407.468
Other Operating Expense (-)	(7.000.169)	(136)	(175.595)		(7.175.901)
Operating Profit / (Loss)	11.245.441	479.222	570.986	(3.389)	12.292.259
Income from Investment Operation	2.320.632	-	-	36	2.320.668
Expense from Investment Operation (-)					-
PROFIT / (LOSS) BEFORE FINANCE INCOME AND EXPENSE	13.566.073	479.222	570.986	(3.354)	14.612.927
Financial Income	6.584.648	1.859	29	(156.779)	6.429.757
Financial Expense (-)	(14.953.021)	(1.703)	(12)	272.601	(14.682.135)
PROFIT / (LOSS) BEFORE PROVISION FOR TAXES	5.197.701	479.378	571.003	112.467	6.360.549
Tax Income / (Expense) from Operating Activities					
-Tax Income / (Expense)	-	(116.545)	(178.087)	-	(294.632)
-Deferred Tax Income / (Expense)	645.479	(11)	45.930	-	691.398
NET PROFIT / (LOSS)	5.843.180	362.822	438.845	112.467	6.757.315
Investment Expenditure					
Tangible Fixed Assets	555.258	-	-	-	555.258
Intangible Fixed Assets	822.799	-	-	-	822.799
Amortization	537.097	498	30.842	-	568.438
Depreciation and Amortization	220.950				220.950
Total Investment Expenditure	1.378.057	-	-	-	1.378.057
<u>Other Information</u>					
- Total Assets	221.653.027	773.715	12.962.808	(17.678.466)	217.711.084
- Total Liabilities	221.653.027	773.715	12.962.808	(17.678.466)	217.711.084

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6. CASH AND CASH EQUIVALENTS

	<u>30.09.2015</u>	<u>31.12.2014</u>
Cash	71.948	19.266
Banks (*)		6.724.102
- Demand Deposits	10.345.713	6.724.102
TL	3.813.419	807.574
USD	6.376.515	4.700.652
EURO	155.779	1.215.876
Total	<u>10.417.661</u>	<u>6.743.368</u>

*There is not any blocked amount in bank accounts of the company. (31.12.2014 – TL 350.148)

7. FINANCIAL INVESTMENTS

		<u>30.09.2015</u>		<u>31.12.2014</u>
Available for Sale Financial Assets	Nominal Value	Book Value	Nominal Value	Book Value
Halk Bank Bond (*)	16.455	16.144	-	-

(*) TL 16.455 nominal valued Halk Bank Bond has term until 27.11.2015 and interest rate is %9,5. As at 30.09.2015, accrued interest has been added to book value.

8. FINANCIAL BORROWINGS

	<u>30.09.2015</u>	<u>31.12.2014</u>
Financial Payables		
a) Bank Loans	103.361.186	91.895.348
b) Issued Bonds	20.614.648	-
c) Financial Leasing Obligations	2.589.771	1.182.923
Total	<u>126.565.605</u>	<u>93.078.271</u>

a) Bank Loans

<u>30.09.2015</u>				
Currency	Average Interest Rate (%)	Short-Term	Average Interest Rate	Long-Term
TL	11,75 - 14,75	16.854.361	11,16 - 14,00	29.527.828
USD	2,16 - 4,75	5.456.202	4,80 - 4,92	3.022.027
EUR	2,98 - 4,00	24.571.415	3,42	23.929.353
Total		<u>46.881.978</u>		<u>56.479.208</u>

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

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

	30.09.2015	31.12.2014
Payable within 1 year	46.881.979	44.570.688
Payable within 1 - 2 years	27.720.324	10.285.420
Payable within 2 - 3 years	20.247.526	15.218.540
Payable within 3 - 4 years	8.511.357	21.820.700
Total	103.361.186	91.895.348

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

b) Issued Bonds**30.09.2015**

Currency	Nominal Interest Rate	Term	Nominal Value	Book Value
TL	2,67	01.02.2016	20.000.000	20.614.652

(*) Accrued interest amount is TL 614.652 until 30.09.2015.

(*) Coupon interest of the each coupon payment period will be calculated by adding annual yield of 4.00% to the weighted average of indicator government debt security prevailing at the relevant time that occurs at the last five days of the workday in BIST Bonds and Bills outright purchases and sales market. Bonds interest is paid quarterly, at maturity, the principal amount will be amortized lump sum.

c) Leasing Obligations:

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

- The sum of the minimum leasing payments and present value

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8. FINANCIAL BORROWINGS (continued)

c) Leasing Obligations (continued):

30.09.2015	TL	TL	TL	TL
Amount of Minimum Leasing Payments	Less than 1 Year	More than 1 Year – Less than 5 Years	More than 5 Years	Total
- TL Denominated Financial Leasing	254.276	2.606.704		2.860.980
- USD Denominated Financial Leasing				
- EUR Denominated Financial Leasing				
Total	254.276	2.606.704		2.860.980
Present Value of Payments				
- TL Denominated Financial Leasing	216.733	2.373.038		2.589.771
- USD Denominated Financial Leasing				
- EUR Denominated Financial Leasing				
Total	216.733	2.373.038		2.589.771
31.12.2014	TL	TL	TL	TL
Amount of Minimum Leasing Payments	Less than 1 Year	More than 1 Year – Less than 5 Years	More than 5 Years	Total
- TL Denominated Financial Leasing	423.762	867.585		1.291.347
- USD Denominated Financial Leasing				
- EUR Denominated Financial Leasing				
Total	423.762	867.585		1.291.347
Present Value of Payments				
- TL Denominated Financial Leasing	377.878	805.045		1.182.923
- USD Denominated Financial Leasing				
- EUR Denominated Financial Leasing				
Total	377.878	805.045		1.182.923

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

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

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

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

<u>Short-Term Trade Receivables</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Customers	75.337.452	53.130.039
Notes Receivables and Postdated Check	9.436.817	9.145.117
Less: Unearned Finance Income	(161.387)	(106.811)
Doubtful Trade Receivables (*)	2.835.678	1.149.127
Less: Provision for Doubtful Trade Receivables	(2.835.678)	(1.149.127)
Sub Total	84.612.882	62.168.345
- Related Parties	4.327.396	1.330.139
Total	88.940.278	63.498.484

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

<u>Customers, Receivables and Postdated Checks</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Maturity between 1 – 3 Months	55.103.275	39.556.790
Maturity between 3 – 6 Months	26.280.024	20.527.201
Maturity between 6 – 9 Months	3.390.970	2.180.612
Total	84.774.269	62.264.603

As of 30.09.2015 the weighted average of interest rate respectively 10,80 % and 0,43 % and 0,02 % used to calculate unearned finance income for short-term trade receivables in term of TL, USD and EUR and weighted average maturity is 96 days. (2014: TL 8,48 %, 0,32% and 0,11 % ; 167 days).

As of 30.09.2015, TL 2.835.678 (2014: TL 1.149.127) amount of trade receivables are doubtful receivables. As of 30.09.2015, TL 1.842.440 (2014: TL 562.783) amount of provision made for the period. Doubtful receivables consist of uncollected amount of sales.

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

<u>Doubtful Trade Receivables</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Opening	1.149.127	2.222.507
Period Expense	1.842.440	562.783
Less: Cancelled within the Period	(155.889)	(1.636.163)
Closing	2.835.678	1.149.127

Long-Term Trade Receivables

None (31.12.2014: None).

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

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

<u>Short-Term Trade Payables</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Suppliers	15.484.970	12.062.182
Notes Payables	30.528.734	17.602.964
Unearned Finance Expense	(510.477)	(225.432)
Other Trade Payables	7.187.342	6.750.533
Sub Total	52.690.569	36.190.247
Trade Payables to Related Parties	200.973	85.507
Total	52.891.542	36.275.754

As of 30.09.2015, the weighted average of interest rate % 10,80, %0,43 and %0,02 used to calculate unearned finance expense for short-term trade payables in term of TL, USD and EUR and weighted average maturity is 68 days. (31.12.2014: % 8,48, % 0,32 ve %0,11 ; 95 days).

Long-Term Trade Payables

None (31.12.2014: None).

Suppliers and Notes Payables maturity details are as follows.

<u>Suppliers and Notes Payables</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Maturity between 0 - 6 Months	38.953.096	24.602.964
Maturity between 6 - 12 Months	7.060.608	5.062.182
Total	46.013.704	29.665.146

10. OTHER RECEIVABLES AND PAYABLES

<u>Short Term Other Receivables</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Due from Personnel	-	270
Deposits and Guarantees Given	42.195	2.310
Receivables from Tax Office	3.569.044	4.580.032
Goods in Transit	-	389.060
Blocked Receivables from Eximbank (*)		322.233
Other Miscellaneous Receivables	3.752	11.718
Total	3.614.991	5.305.623

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

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

10. OTHER RECEIVABLES AND PAYABLES (continued)

<u>Long-Term Other Receivables</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Deposits and Guarantees Given	29.696	29.696
Total	29.696	29.696

<u>Short-Term Other Payables</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Taxes and Funds Payable	4.582.331	1.519.187
Other Miscellaneous Payables	10.715	13.513
Total	4.593.046	1.532.700

11. INVENTORIES

	<u>30.09.2015</u>	<u>31.12.2014</u>
Raw Materials	43.378.600	52.439.262
Semi-Manufactured	33.571.944	17.494.843
Finished Goods	10.137.387	7.643.745
Merchandise	430.022	31.331
Other Inventories	1.187.222	361.447
Provision for Inventories	(13.798)	(5.255)
Total	88.691.377	77.965.373

Group's net realisable value of inventories under cost value is TL 13.798 as at balance sheet date. (31.12.2014: 5.255 TL). As at balance sheet date, TL 5.255 provision for inventories cancelled. (31.12.2014 9.129 TL).

Provision for Impairment of Inventories

	<u>30.09.2015</u>	<u>31.12.2014</u>
Opening Balance	(5.255)	(9.129)
Additional Provision	(13.798)	(5.255)
Cancelled Provision (-)	5.255	9.129
Closing Balance	(13.798)	(5.255)

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

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

	<u>30.09.2015</u>	<u>31.12.2014</u>
Advances Given for Inventories	2.703.151	8.778.702
Prepaid Expenses for Future Months	202.985	610.537
Total	2.906.136	9.389.239

Long-Term Prepaid Expenses

	<u>30.09.2015</u>	<u>31.12.2014</u>
Prepaid Expenses for Future Years	15.068	3.714
Total	15.068	3.714

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12. PREPAID EXPENSES AND DEFERRED INCOME (continued)

Short-Term Deferred Income

	<u>30.09.2015</u>	<u>31.12.2014</u>
Deferred Income for Future Months	5.754.825	29.697.655
Total	<u>5.754.825</u>	<u>29.697.655</u>

Long-Term Deferred Income

None (31.12.2014: None).

13. INVESTMENTS ACCOUNTED WITH EQUITY METHOD

None (31.12.2014: None).

14. INVESTMENT PROPERTIES

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

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

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

Group earned TL 47.531 rental income from investment properties. (31.12.2014: 56.206 TL). There are TL 15.600.000 (31.12.2014: TL 15.600.000) mortgage and TL 1.800.000 (31.12.2014: TL 1.800.000) insurance coverage on investment properties.

15. PROPERTY, PLANT AND EQUIPMENT

Group has been purchased TL 3.231.317 amount of tangible assests (31.12.2014: TL 680.603) and sold TL 206.918 amount of tangible assests. (31.12.2014: TL 619.226)

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

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

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

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16. INTANGIBLE FIXED ASSETS

Group has been purchased TL 1.821.931 amount of intangible assets (31.12.2014: TL 1.914.957) and sold TL 136.015 amount of intangible fixed assets in the interim period. (31.12.2014: None).

17. GOODWILL

None. (31.12.2014 - None.)

18. CONTINGENT ASSETS AND LIABILITIES

<u>Short-Term Payable Provision</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Warranty Expense Provision	472.907	337.337
Lawsuit Expense Provision	56.793	96.529
Vacation Expense Provision	590.151	593.583
Total	<u>1.119.851</u>	<u>1.027.449</u>

Contingent Assets

As of September 30 2015, There are 3 lawsuits against the Group and still continue. The total amount of these cases are TL 56.793. (31 December 2014: TL 96.529 TL)

Collateral, Pledges, Mortgages, Bail

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

<u>CPMB's given by the Company (Collaterals, Pledges, Mortgages, Bail)</u>	<u>30.09.2015</u>			
	<u>TL</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>
	<u>Equivalent</u>			
A. CPMB's given for company's own legal personality	94.010.142	14.630.788	8.245.871	21.273.491
B. CPMB's given on behalf of fully consolidated Companies	-	-	-	-
C. CPMB's given on behalf of third parties for ordinary course of business				
D. CPMB's given within the scope of Corporate Governance Communique's 12/2 clause	-	-	-	-
E. Total amount of other CPMB's				
i. Total amount of CPMB's given on behalf of majority shareholder	-	-	-	-
ii. Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	<u>94.010.142</u>	<u>14.630.788</u>	<u>8.245.871</u>	<u>21.273.491</u>
Collateral	61.140.922	TL		
Pledge	-			
Mortgage	32.869.220	TL		
	<u>94.010.142</u>	<u>TL</u>		

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

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18. CONTINGENT ASSETS AND LIABILITIES (continued)

Collateral, Pledges, Mortgages, Bail (continued)

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

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

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

	<u>30.09.2015</u>				<u>31.12.2014</u>			
<u>Collaterals, Pledges, Mortgages</u>	<u>TL</u> <u>Equivalents</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>	<u>TL</u> <u>Equivalents</u>	<u>USD</u>	<u>EUR</u>	<u>TL</u>
Collaterals	61.140.922	9.630.788	7.645.871	5.673.491	45.279.247	9.352.935	6.557.797	5.093.148
Pledges	-	-	-	-	-	-	-	-
Mortgages	32.869.220	5.000.000	600.000	15.600.000	28.886.920	5.000.000	600.000	15.600.000
Total	<u>94.010.142</u>	<u>14.630.788</u>	<u>8.245.871</u>	<u>21.273.491</u>	<u>74.166.167</u>	<u>14.352.935</u>	<u>7.157.797</u>	<u>20.693.148</u>

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

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19. EMPLOYEE BENEFITS**Provision for Short-Term Employee Benefits**

	<u>30.09.2015</u>	<u>31.12.2014</u>
Unused Vacation Provision	590.151	593.583
Total	<u>590.151</u>	<u>593.583</u>

Provision for Long-Term Employee Benefits

	<u>30.09.2015</u>	<u>31.12.2014</u>
Allowance for Retirement Pay	2.395.472	2.246.329
Total	<u>2.395.472</u>	<u>2.246.329</u>

Scope of Employee Benefit Obligations

	<u>30.09.2015</u>	<u>31.12.2014</u>
Due to Personnel	280.722	831.015
Social Security Premiums Payable	493.717	617.867
Total	<u>774.439</u>	<u>1.448.882</u>

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

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

As at balance sheet date provisions calculated according to assumption % 5 expected salary increasing rate and % 9 discount rate, %3,81 discount rate and retiring assumption.

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

TL 3.828 (31.12.2014: TL 3.438) maximum severance amount used on calculation of retirement pay provision with effect from 01 September 2015

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

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19. EMPLOYEE BENEFITS (continued)

Annual movements of provision for termination indemnities are as follows:

	1 Jan. - 30 Sept. 2015	1 Jan.- 31 Dec.2014
Provision as of 1 st January	2.246.329	1.747.700
Service Cost	419.773	611.589
Interest Cost	132.826	110.658
Severance Pay Cancelled	(262.093)	(364.470)
Defined Benefit Plans Remeasurement Gain / Loss (*)	(141.393)	140.852
Total Provisions as of Period End	2.395.472	2.246.329

(*) As of September 30, 2015, TL 141.393 (2014: TL 140.852) defined benefit plans remeasurement gain / loss amount booked in statement of comprehensive income.

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

20. OTHER ASSETS AND LIABILITIES

<u>Other Current Assets</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Deferred VAT	15.925.652	6.761.101
Work Advances	450.534	132.690
Personnel Advances	29.383	-
Total	16.405.569	6.893.791

Other Non-Current Assets

None. (31.12.2014: None)

Other Short-Term Liabilities

None. (31.12.2014: None)

Other Short-Term Liabilities

None. (31.12.2014: None)

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

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

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

	30.09.2015		31.12.2014	
	<u>Share Rate</u>	<u>Share Amount</u>	<u>Share Rate</u>	<u>Share Amount</u>
Shareholders	<u>(%)</u>	<u>TL</u>	<u>(%)</u>	<u>TL</u>
İsmail Katmerci	46,11	11.528.333	46,11	11.528.333
Havva Katmerci	4,40	1.100.000	4,40	1.100.000
Mehmet Katmerci	4,40	1.100.000	4,40	1.100.000
Ayşenur Çobanoğlu	4,40	1.100.000	4,40	1.100.000
Furkan Katmerci	4,40	1.100.000	4,40	1.100.000
Public Part (*)	36,29	9.071.667	36,29	9.071.667
Capital	100,00	25.000.000	100,00	25.000.000
Unpaid Capital (-)		-		-
Paid-in Capital		25.000.000		25.000.000

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

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

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

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

b) Re-Accured Shares

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

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

Total	<u>16.000</u>	<u>38.827</u>
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21. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)

<u>c) Revaluation and Remeasurement Gain / (Loss)</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Tangible Assets Revaluation and Remeasurement Gain / (Loss)	7.309.143	7.309.143
<u>Tangible Assets Revaluation and Remeasurement Gain / (Loss)</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Opening Balance	7.309.143	4.322.860
Increase from Tangible Assets Revaluation	-	3.147.593
Deferred Tax Liability from Revaluation	-	(161.310)
Closing Balance	<u>7.309.143</u>	<u>7.309.143</u>
<u>d) Other Cumulative Comprehensive Income / Expense not to be Reclassified in Profit or Loss</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Defined Benefit Plans Remeasurement Gain / Loss	(210.000)	(309.930)
	<u>(210.000)</u>	<u>(309.930)</u>
<u>e) Restricted Reserves Outgoing from Profit</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Legal Reserves	2.061.453	2.108.305
Total:	<u>2.061.453</u>	<u>2.108.305</u>
<u>f) Retained Profit / (Loss)</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Retained Profit / (Loss)	9.936.915	(1.375.639)
Total:	<u>9.936.915</u>	<u>(1.375.639)</u>
<u>g) Minority Shares</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Balance at 1 January	3.116.498	2.805.620
Additions	(2.754.972)	448.462
Minority Profit / (Loss) Share	572.114	(137.584)
Total	<u>933.640</u>	<u>3.116.498</u>

<u>h) Merge Effect of Common Controlled Entity and Business</u>	<u>30.09.2015</u>	<u>31.12.2014</u>
Merge Effect of Common Controlled Entity and Business (*)	(1.759.039)	(1.759.039)
Total	<u>(1.759.039)</u>	<u>(1.759.039)</u>

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

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

Profit Distribution

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

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

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

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

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

22. INCOME TAXES

Current Assets Related with Period Tax

	<u>30.09.2015</u>	<u>31.12.2014</u>
Prepaid Taxes and Funds	19.464	23.744

Tax Provision

	<u>30.09.2015</u>	<u>31.12.2014</u>
Current Income Tax Provision (-)	(6.106.363)	(543.515)
Deferred Tax Provision Income / (Loss)	1.828.649	273.360
Total	<u>(4.277.714)</u>	<u>(270.155)</u>

Corporate Tax

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

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

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

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

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22. INCOME TAXES (continued)

The tax legislation provides for a temporary tax (prepaid tax) of 20% (20% in 2014) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

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

Income Tax Withholding

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

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

Period Profit Tax Liability

	<u>30.09.2015</u>	<u>31.12.2014</u>
Profit Before Tax	19.109.921	9.444.255
Taxable Profit / Loss	19.109.921	9.444.255
Corporate Tax Rate (% 20)	20%	20%
Calculated Tax	(3.821.984)	(1.888.850)
Exemptions and Discounts	-	1.564.103
Non-Allowable Charges	(2.932.734)	(419.602)
Other	2.477.004	474.194
Total	<u>(4.277.714)</u>	<u>(270.155)</u>

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22. INCOME TAXES (continued)

Deferred Tax:

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

	30 September 2015		31 December 2014	
	Total Temporary Differences	Deferred Tax Assets / (Liabilities)	Total Temporary Differences	Deferred Tax Assets / (Liabilities)
Deferred Tax Liabilities		(680.877)		(820.216)
Terminated Provision	87.420	(17.484)	33.477	(6.695)
Government Grants	-	-	35.733	(7.147)
Receivable Rediscount (Reversal)	106.811	(21.362)	17.993	(3.599)
Real Estate Appreciation (Investment Purpose)	-	-	433.351	(86.670)
Real Estate Appreciation (Intended Purpose)	-	-	4.556.519	(233.659)
Tangible Assets Sales Adjustment	953.446	(190.689)	97.307	(19.461)
TPL (Tax Prodecure Law) Amortization	1.500.017	(300.003)	1.664.525	(332.905)
Leave Provision Reversal	63.803	(12.761)	5.359	(1.072)
Severance Pay Provision Reversal	216.413	(43.283)	246.221	(49.244)
Payable Discount	414.341	(82.868)	129.329	(25.866)
Severance Pay Acruerial Gain / (Loss)	62.132	(12.426)	11.860	(2.372)
Warranty Expense Provision Reversal	-	-	257.629	(51.526)
Deferred Tax Assets	-	2.509.526		949.504
Impairment of Receivables	(6.299.836)	1.259.967	(942.860)	188.572
Tangible Assets Sales Adjustment	(3.549.602)	709.920	(51.996)	10.399
Corporate Tax Retained Earnings	-	-	(3.591)	718
Financing Costs Deducting From the Assets	(199.131)	39.826	-	-
Current Period IAS 16, IAS 38 Amortization Expense	(1.386.203)	277.241	(1.116.306)	223.261
Impairment of Inventories	(13.798)	2.760	(42.606)	8.521
Severance Pay Provision Reversal	(552.600)	110.520	(646.257)	129.251
Receivable Rediscount	(161.387)	32.277	(204.609)	40.922
Leave Provision	(60.371)	12.074	(121.907)	24.381
Warranty Expense Provision Reversal	(135.570)	27.114	(269.544)	53.909
Provision for Doubtful Receivables	-	-	(42.428)	8.486
Severance Pay Actuerial Gain / (Loss)	-	-	(5.395)	1.079
Payable Rediscount (Reversal)	(189.133)	37.827	(131.725)	26.345
Deferred Tax Liability Deducted from Real Estate (Intended Purpose) Value Fund	-	-	4.556.519	233.659
Net, Deferred Tax Receivables Reflected to Profit / (Loss)		1.828.649		129.288

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

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

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

23. EARNING PER SHARE

<u>Earning Per Share</u>	<u>01.01. - 30.09.2015</u>	<u>01.01. - 31.12.2014</u>
Net Period Profit / (Loss)	14.260.093	9.311.684
Weighted Average Number of Shares	25.000.000	25.000.000
Operating Activities Per Share Profit / (Loss)	0,570	0,372
Operating Activities Diluted Per Share Profit / (Loss)	0,570	0,372

24. QUALITIES AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

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

The Group's capital risk management, calculating 6 as disclosed in note including loans, debts, and, respectively, of cash and cash equivalents, paid-in capital, defined benefit plans, re-measurement gains / losses, capital reserves, profit reserves and retained earnings / (loss) comprising shareholders' equity are taken into account.

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

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

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

	<u>30.09.2015</u>	<u>31.12.2014</u>
Total Liabilities	198.231.475	168.732.726
Less: Cash and Cash Equivalents	(10.417.661)	(6.743.368)
Net Liabilities	187.813.814	161.989.358
Total Equity	57.493.378	43.362.195
Liabilities / Equity Ratio	3,27	3,74

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

b) Foreign Exchange Risk Management

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

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

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

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

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

CONSOLIDATED EXCHANGE POSITION TABLE						
	30.09.2015			31.12.2014		
	TL Equivalent	USD	EURO	TL Equivalent	USD	EURO
1.Trade Receivables	75.120.901	9.845.462	13.199.523	42.435.058	10.674.983	6.268.246
2a.Monetary Financial Assets	6.586.858	2.099.702	57.534	6.019.157	2.052.098	446.895
2b.Non-Monetary Financial Assets	1.566.818	447.097	60.262	7.365.659	491.078	2.207.571
3.Other						
4.Current Assets (1+2+3)	83.274.578	12.392.260	13.317.319	55.819.874	13.218.159	8.922.712
5.Trade Receivables						
6a. Monetary Financial Assets						
6b.Non-Monetary Financial Assets						
7. Other						
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	83.274.578	12.392.260	13.317.319	55.819.874	13.218.159	8.922.712
10. Trade Payables	15.786.337	1.822.647	2.992.948	13.304.064	3.826.976	1.570.423
11. Financial Liabilities	33.545.508	2.887.195	7.236.908	17.480.850	1.486.672	4.975.150
12a. Other Monetary Financial Liabilities						
12b. Other Non-Monetary Financial Liabilities	5.266.086	684.168	930.655	29.623.883	10.767.284	1.650.522
13. Short-Term Liabilities (10+11+12)	54.597.930	5.394.010	11.160.511	60.408.797	16.080.932	8.196.095
14. Trade Payables						
15. Financial Liabilities	30.595.453	1.511.559	7.598.307	23.942.836	2.857.761	6.138.893
16a. Monetary Financial Other Liabilities						
16b. Non-Monetary Financial Other Liabilities						
17.Long-Term Liabilities (14+15+16)	30.595.453	1.511.559	7.598.307	23.942.836	2.857.761	6.138.893
18. Total Liabilities (13+17)	85.193.384	6.905.569	18.758.817	84.351.633	18.938.693	14.334.988
19. Off Balance Sheet Derivative Instruments Net Assets / (Liabilities) (19a-19b)						
19a. Hedge Assets Total						
19b. Hedge Liabilities Total						
20. Net Foreign Currency Assets (9-18+19)	(1.918.806)	5.486.691	(5.441.498)	(28.531.759)	(5.720.534)	(5.412.276)
21. Monetary Items Net Foreign Currency Assets / (Liability) Position (IFRS 7.B23) (1+2a+5+6a-10-11-12a-14-15-16a)	1.780.461	5.723.763	(4.571.106)	(6.273.535)	4.555.672	(5.969.325)
22. Total Fair Value of Financial Instruments Used for Currency Hedge						

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

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

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

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

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

Exchange Rate Analysis Table**30.09.2015**

	Appreciated Exchange Rate	Depreciated Exchange Rate
Increase of %10 change in USD against TL:		
1- USD Net Assets / Liabilities	1.311.428	(1.311.428)
2- The Amount of USD Hedging (-)		
3- USD Net Effect (1+2)	1.311.428	(1.311.428)
Increase of %10 change in EUR against TL:		
4- EUR Net Assets / Liabilities	(1.563.370)	1.563.370
5- The Amount of EUR Hedging (-)		
6- EUR Net Effect (4+5)	(1.563.370)	1.563.370
Increase of %10 change in GBP against TL:		
7- GBP Net Assets / Liabilities	-	-
8- The Amount of GBP Hedging (-)	-	-
9- GBP Net Effect (4+5)	-	-
TOTAL (3+6+9)	(251.942)	251.942

Exchange Rate Analysis Table**31.12.2014**

	Yabancı Paranın Değer Kazanması	Yabancı Paranın Değer Kaybetmesi
Increase of %10 change in USD against TL:		
1- USD Net Assets / Liabilities	(1.056.414)	1.056.414
2- The Amount of USD Hedging (-)		
3- USD Net Effect (1+2)	(1.056.414)	1.056.414
Increase of %10 change in EUR against TL:		
4- EUR Net Assets / Liabilities	(1.684.909)	1.684.909
5- The Amount of EUR Hedging (-)		
6- EUR Net Effect (4+5)	(1.684.909)	1.684.909
Increase of %10 change in GBP against TL:		
7- GBP Net Assets / Liabilities	-	-
8- The Amount of GBP Hedging (-)	-	-
9- GBP Net Effect (4+5)	-	-
TOTAL (3+6+9)	(2.741.323)	2.741.323

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS AS AT AND FOR THE
NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015**

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

	Loans and Receivables	Available for Sale	Financial Liabilities at			
31.12.2014	The Fair of the Financial Assets	(Cash and Cash Equivalents)	Financial Assets	Amortized Cost	Book Value	Fair Value
Financial Assets						
Cash and Cash Equivalents		6.743.368			6.743.368	
Trade Receivables		63.498.484			63.498.484	
Financial Investments						
Financial Liabilities						
Financial Payables				93.078.271	93.078.271	
Trade Payables				36.275.754	36.275.754	
Other Financial Liabilities						

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

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

Financial Instrument fair values determine as follows:

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

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

26. POST BALANCE SHEET EVENTS

30.09.2015

- Group has been made TL 701.008 third coupon interest payment for TL 20.000.000 bond issue on 02.11.2015
- The company has incresed its shares up to %100 percent by buying of its subsidiary Gimkat Araç Üstü Ekipman San. Tic. A.Ş.'s shares from Gimaex International S.A.S, Dirk Schmitz, Philippe Mis, Mehmet Katmerci, Furkan Katmerci.

31.12.2014

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

27. DISCLOSURE OF OTHER MATTERS

None (31.12.2014: None).