

19. Intangible assets

During the year ended December 31, 2008, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2008	Additions	Transfers	December 31, 2008
Cost:				
Other intangible assets	2.793.953	320.457	725.416	3.839.826
Development costs	2.550.970	-	3.297.377	5.848.347
Development projects in process	2.255.323	17.800.492	(3.297.377)	16.758.438
	7.600.246	18.120.949	725.416 (*)	26.446.611
Accumulated amortization:				
Other intangible assets	1.979.108	362.625	-	2.341.733
Development costs	42.516	519.583	-	562.099
	2.021.624	882.208	-	2.903.832
Net book value	5.578.622			23.542.779

(*) This amount is transferred from construction in progress to other intangible assets.

During the year ended December 31, 2007, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2007	Additions	Transfers	December 31, 2007
Cost:				
Other intangible assets	2.325.767	457.935	10.251	2.793.953
Development costs	-	-	2.550.970	2.550.970
Development projects in process	-	4.806.293	(2.550.970)	2.255.323
	2.325.767	5.264.228	10.251	7.600.246
Accumulated amortization:				
Other intangible assets	1.713.814	265.294	-	1.979.108
Development costs	-	42.516	-	42.516
	1.713.814	307.810	-	2.021.624
Net book value	611.953			5.578.622

As of December 31, 2008 and December 31, 2007, the gross values of fully amortized intangible assets which are still in use is as follows:

	December 31, 2008	December 31, 2007
Other intangible assets	1.777.802	1.438.827
	1.777.802	1.438.827

20. Goodwill

None (December 31, 2007 - None).

21. Government Incentives

Research and development incentive rate, which will be calculated over the research and development expenditures, is raised to 100% from 40% with the amendment made to the 10th article of the Tax Law numbered 5520 as a result of the amendment in the 35th article of the Law 5746 related to the Support of Research and Development Operations. The aforementioned law has been enacted as of April 1, 2008. Accordingly, in 2008, income tax-payers can deduct 100% of the expenditures which are related to research and development related to new technology and information developments. In 2008, it is required that 40% research and development incentive rate should be applied at the first quarter temporary taxation period for the research and development expenditures incurred until the first taxation period, while 100% would be applied at the second and following temporary taxation periods for the total of research and development expenditures of the period which also includes the expenditures in the first temporary taxation period.

The Company has research and development incentive amounting to TL 14.149.292 (December 31, 2007 - TL 3.319.255) as a result of its research and development expenditures amounting to TL 14.149.292 (December 31, 2007 - TL 8.298.137) which is utilized at 100% (December 31, 2007 - 40%) deduction without any withholding tax.

For the year ended December 31, 2008, government incentives of the Company amounting to TL 1.389.615 included in other income consist of the amounts provided by Scientific & Technological Research Council of Turkey (Tübitak) in order to support research and development (R&D) expenditures of several projects conducted by the Company (December 31, 2007 - None).

As of December 31, 2008, there is not any incentive which has been gained but not utilized (December 31, 2007 - None).

22. Provisions, contingent assets and liabilities

Income tax payable

	December 31, 2008	December 31, 2007
Provision for taxes, net (Note 35)	-	6.125.202
Total	-	6.125.202

Provisions

	December 31, 2008	December 31, 2007
Warranty provision	6.376.954	5.705.132
Provision for sales commission	1.465.890	-
Provision for vacation pay liability	1.749.665	1.215.343
Provision for cost of materials committed to be delivered	-	2.883.592
Other	7.291	-
	9.599.800	9.804.067

Warranty provision

The Company provides one year warranty for minibus and Land Rover vehicles and 2 years warranty for certain armoured vehicle models and midi-busses sold. The Company has no warranty commitment for trailers. Therefore, warranty expense provision has been recorded only for the vehicles under guarantee as of the balance sheet date. The movement of the warranty expense provision is as follows:

	December 31, 2008	December 31, 2007
January 1,	5.705.132	1.490.699
Additional provision	7.182.448	8.407.890
Payments	(6.510.626)	(4.193.457)
	6.376.954	5.705.132

Provision for vacation pay liability

The movements of provision for vacation pay liability are as follows:

	December 31, 2008	December 31, 2007
January 1,	1.215.343	1.193.552
Additional provision	534.322	21.791
	1.749.665	1.215.343

Letters of guarantees

a) Guarantees given as of December 31, 2008 and December 31, 2007 are as follows:

	December 31, 2008	December 31, 2007
Bank letters of guarantee	211.826.027	169.454.450
	211.826.027	169.454.450

b) Guarantees received as of December 31, 2008 and 2007 are as follows:

	December 31, 2008	December 31, 2007
Bank letters of guarantee	58.642.264	38.518.879
Guarantee notes	8.405.000	8.005.000
Mortgages received	7.023.000	7.963.000
Guarantee checks	185.000	155.000
	74.255.264	54.641.879

23. Commitments

None (December 31, 2007 - None).

24. Employee benefits

	December 31, 2008	December 31, 2007
Reserve for retirement pay	4.450.303	4.118.424
Total	4.450.303	4.118.424

Reserve for retirement pay

There are no agreements for pension commitments other than the legal requirements as explained below.

Under the Turkish Labour Law, 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, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 2.173 for each year of service as of December 31, 2008 (December 31, 2007 - TL 2.088).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The CMB Accounting Standards require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2008	December 31, 2007
Discount rate (%)	6,26	5,71
Turnover rate to estimate the probability of retirement (%)	7	7

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

As of January 1, 2009, the retirement pay liability ceiling is increased to TL 2.260.

The movement of reserve for retirement pay is as follows:

	December 31, 2008	December 31, 2007
January 1	4.118.424	4.609.006
Interest expense	222.395	230.450
Current year provision (including actuarial gains/losses)	937.204	221.453
Payments	(827.720)	(942.485)
	4.450.303	4.118.424

25. Employee pension plan

As of December 31, 2008 and 2007, the Company does not have any liability related to the employee pension plans.

26. Other assets and liabilities

a) Other current assets

	December 31, 2008	December 31, 2007
Value added tax receivables	20.492.382	11.385.369
Tax and funds deductible	1.752.693	3.360.523
Prepaid tax	1.078.181	-
Prepaid expenses	501.361	628.426
Job advances	8.306	6.750
Other	52.991	994
Total	23.885.914	15.382.062

b) Other current liabilities

	December 31, 2008	December 31, 2007
Taxes and funds payable	2.656.668	2.489.541
Social security premiums payable	1.492.608	1.310.689
Deferred special consumption tax	195.798	1.128
Other	115.427	80.094
Total	4.460.501	3.881.452

27. Shareholders' equity

Share capital

The shareholding structure of the Company as of December 31, 2008 and 2007 is as follows:

Shareholder	December 31, 2008		December 31, 2007	
	TL	%	TL	%
Koç Holding A.Ş.	10.722.750	44,68	10.722.750	44,68
Ünver Holding A.Ş.	5.954.944	24,81	5.954.944	24,81
Other	7.322.306	30,51	7.322.306	30,51
Total	24.000.000	100,00	24.000.000	100,00
Adjustments to share capital	52.743.030		52.743.030	
Total	76.743.030		76.743.030	

Retained earnings, as per the statutory financial statements, other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

Listed companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the Communiqué No:XI-25 Section 15 paragraph 399, the accumulated deficit amounts arising from the first application of inflation adjustment, in line with CMB's profit distribution regulations, are considered to be deductible when computing the distributable profit. The accumulated deficit will first be netted-off from net income and retained earnings, and the remaining amount of deficit from extraordinary reserves, legal reserves and adjustment to share capital.

According to Communiqué Serial: IV, No:27 on “Principles Regarding Distribution of Dividends and Interim Dividends to be Followed by the Listed Companies Subject to Capital Market Law”, first dividend distribution of the listed companies cannot be lower than 20% of the distributable profit following the deductions of legal reserves, tax provision and netting of prior year losses, if any. Per the resolution of General Assembly Meeting of the companies, the listed companies are free to decide to distribute dividend as full in cash, or distribute dividend as cash or as fully bonus shares to be issued to the shareholders, or partially in cash, partially in bonus shares and to keep the remaining portion in the reserves, or fully keep in the reserve without distribute as cash or bonus shares. If the resolution of general assembly of the companies is not to distribute first dividend, then the amount is added to extraordinary reserves.

For the purposes of profit distribution in accordance with Communiqué No:XI-25, items of statutory equity such as share capital, share premium, legal reserves, other reserves, special reserves and extraordinary reserves, are presented at their historical nominal amounts. The difference between the inflated and historical amounts of these items is presented in equity cumulatively as inflation adjustments to equity.

Restatement difference of equity can only be netted-off against prior years' losses and used as an internal source in capital increases; whereas extraordinary reserves can be netted-off against prior years' losses, and used in distribution of bonus shares and dividends to shareholders.

In accordance with the Communiqué, as of December 31, 2008 and December 31, 2007, the details of equity, based on which the dividend will be distributed is as follows:

	December 31, 2008	December 31, 2007
Pain-in share capital	24.000.000	24.000.000
Inflation adjustments on equity items	52.743.030	52.743.030
Revaluation surplus		
- Revaluation surplus of financial assets	1.434.437	898.363
Restricted reserves	14.218.147	11.338.147
Retained earnings		
- Extraordinary reserves	9.696.494	5.003.560
- Inflation adjustments on legal reserves	10.950.083	10.950.083
- Retained earnings	-	-
Net income for the year	34.855.400	37.572.934
Total shareholder's equity	147.897.591	142.506.117

As of December 31, 2008 and 2007, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows:

December 31, 2008			
	Historical value	Restated value	Inflation adjustments on equity items
Share capital	24.000.000	76.743.030	52.743.030
Legal reserves	14.218.147	25.168.230	10.950.083
Total	38.218.147	101.911.260	63.693.113

December 31, 2007			
	Historical value	Restated value	Inflation adjustments on equity items
Share capital	24.000.000	76.743.030	52.743.030
Legal reserves	11.338.147	22.288.230	10.950.083
Total	35.338.147	99.031.260	63.693.113

Historical value of legal and extraordinary reserves in the statutory financial statements are as follows:

	December 31, 2008	December 31, 2007
Legal reserves	14.218.147	11.338.147
Extraordinary reserves	30.711.001	30.179.910
Total	44.929.148	41.518.057
Dividends distributed during year based on previous year's net income per statutory financial statements	30.000.000	30.000.000
Dividend paid per share (kuruş)	0,125	0,125

The Company's share capital is fully paid, and consists of 24.000.000.000 shares with kuruş 0,1 par value each.

28. Sales and cost of sales

Net sales

	December 31, 2008	December 31, 2007
Domestic sales	329.541.298	299.259.105
Export sales	149.992.527	128.972.333
Gross sales	479.533.825	428.231.438
Less: Sales discounts and sales returns	(418.970)	(620.810)
Net sales	479.114.855	427.610.628

Sales of the Company in terms of the number of vehicles sold are as follows:

	December 31, 2008	December 31, 2007
Midibus	1.555	1.188
Trailer	994	1.375
Minibus	498	368
Armoured vehicles	453	358
Bus	308	50
Land Rover 4x4	209	782
	4.017	4.121

Cost of sales

	December 31, 2008	December 31, 2007
Cost of finished goods sold	343.753.430	298.387.205
Cost of merchandise sold	18.734.223	14.285.411
Cost of sales	362.487.653	312.672.616

29. Research and development expenses, marketing, selling and distribution expenses, general and administrative expenses

	December 31, 2008	December 31, 2007
Selling and marketing expenses	36.327.241	45.615.033
General and administrative expenses	21.044.451	19.423.427
Research and development expenses	4.944.475	5.783.188
Total operating expenses	62.316.167	70.821.648

Personnel expenses totaling to TL 64.720.489 (December 31, 2007 - TL 50.738.916) have been allocated to cost of sales and inventories by TL 34.184.645 (December 31, 2007 - TL 30.398.735), to selling and marketing expenses by TL 7.412.020 (December 31, 2007 - TL 5.907.845), to general and administrative expenses by TL 9.935.960 (December 31, 2007 - TL 9.241.805), to research and development expenses (including the personnel expenses in the capitalized research and development expenses) by TL 13.187.864 (December 31, 2007 - TL 5.190.531).

30. Expenses as to nature

	December 31, 2008	December 31, 2007
Change in finished goods, work-in-process and merchandise goods	(11.507.650)	2.943.039
Cost of raw material and consumption goods	327.768.201	269.724.878
Personnel expenses	53.834.268	48.130.991
Warranty expense	7.182.448	8.407.890
Other production expenses	9.784.251	8.173.820
Other sales expenses	8.185.363	9.973.098
Depreciation and amortization	4.207.810	3.840.464
Sales commissions	3.022.254	11.483.700
Transportation and insurance expense	3.204.355	2.254.559
Exhibition and fair expenses	1.977.019	2.412.237
Other expenses	17.145.501	16.149.588
Total expenses	424.803.820	383.494.264

The breakdown of personnel expenses included in the income statement is as follows:

	December 31, 2008	December 31, 2007
Personnel expenses		
Wages and salaries	50.115.214	39.809.079
Other social benefits	4.085.422	2.818.503
SSK employee contribution	9.360.254	7.659.431
Employee termination benefits	1.159.599	451.903
	64.720.489	50.738.916

31. Other operating income / expense

	December 31, 2008	December 31, 2007
Other income		
R&D incentives income	1.389.615	302.567
Sales incentives income	466.612	-
Gain on sale of property, plant and equipment	-	34.945
Other	1.437.525	437.058
Total	3.293.752	774.570

	December 31, 2008	December 31, 2007
Other expense		
Idle capacity depreciation expense (*)	(906.349)	-
Provision for vacation pay liability	(534.322)	(21.791)
Provision for doubtful receivables	(481.662)	(656.410)
Bank expenses	(356.491)	(153.763)
Loss on sales of property, plant and equipment	(203.914)	-
Other expenses	-	(2.786)
	(2.482.738)	(834.750)

(*) Idle capacity depreciation expense is depreciation expense of the factory and machinery purchased from Otoyol Sanayi A.Ş. which are not in use for the year ended December 31, 2008.

32. Financial income

	December 31, 2008	December 31, 2007
Foreign exchange gain	60.841.310	14.039.063
Term difference income related to sales	6.767.656	5.041.450
Foreign exchange gain on bank borrowings	13.803.775	3.883.100
Interest income from time deposits	771.755	279.049
Total	82.184.496	23.242.662

33. Financial expense

	December 31, 2008	December 31, 2007
Foreign exchange losses	(55.307.540)	(16.522.584)
Unearned financial expense	(32.284.668)	-
Foreign exchange losses on bank borrowings	(13.018.955)	(4.530.420)
Interest expense on bank borrowings	(129.646)	-
Total	(100.740.809)	(21.053.004)

34. Available for sale asset and discontinued operations

None (December 31, 2007 - None).

35. Tax assets and liabilities

The Company is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporation tax rate is 20% (December 31, 2007 - 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2007 - 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

As of December 31, 2008 and December 31, 2007, income tax payables net off prepaid taxes presented in the balance sheet is as follows:

	December 31, 2008	December 31, 2007
Income tax payable	7.067.137	8.827.323
Prepaid taxes	(7.067.137)	(2.702.121)
Income tax payable	-	6.125.202

The breakdown of total tax expense for the year ended December 31, 2008 and 2007:

	December 31, 2008	December 31, 2007
Corporate tax charge	7.067.137	8.827.323
Deferred tax credit	(5.356.801)	(154.415)
Total tax expense	1.710.336	8.672.908

The reconciliation of profit before tax to total tax expense is as follows:

	December 31, 2008	December 31, 2007
Profit before tax	36.565.736	46.245.842
Income tax charge at effective tax rate 20% (2007- 20%)	7.313.147	9.249.168
Effect of non-tax deductible and tax exempt items	(6.022.229)	(858.894)
Dissallowable expenses	419.418	282.634
Total tax expense	1.710.336	8.672.908

As of December 31, 2008 and 2007, the breakdown of deferred tax bases and deferred tax liability computed using the current effective tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liability)	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Property, plant and equipment	(3.399.951)	(14.920.261)	2.801.305	(2.359.984)
Intangibles	(787.966)	(652.243)	(157.593)	(130.449)
Deferred financial expense	(4.567.855)	(4.604.248)	(913.571)	(920.850)
Financial assets	(1.411.042)	(846.754)	(70.552)	(42.338)
Prepaid expenses	-	(282.668)	-	(56.534)
Inventories	380.773	147.455	76.155	29.491
Warranty reserve	6.376.954	5.705.132	1.275.391	1.141.026
Reserve for retirement pay	4.450.303	4.118.424	890.061	823.685
Deferred financial income	803.483	1.780.604	160.697	356.121
Other provisions	2.073.179	1.538.857	414.634	307.772
Deferred tax asset / (liability)			4.476.527	(852.060)

The movement of deferred tax liability and asset for the year ended December 31, 2008 and 2007 is as follows:

	December 31, 2008	December 31, 2007
January 1	852.060	1.006.475
Deferred tax credit for the current year	(5.356.801)	(154.415)
Tax expense recorded in equity	28.214	-
	(4.476.527)	852.060

36. Earnings per share

Earnings per share is calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned.

Companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly.

Earnings per main share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year concerned.

	December 31, 2008	December 31, 2007
Net income attributable to shareholders (TL)	34.855.400	37.572.934
Weighted average number of issued shares	24.000.000.000	24.000.000.000
Earnings per share (kuruş)	0,145	0,157

37. Related party disclosures

Due from and due to the related parties at the year end and transactions with related parties during the year are as follows:

i) Due from and due to related party balances as of December 31, 2008 and December 31, 2007:

Due from related parties	December 31, 2008	December 31, 2007
Ram Dış Ticaret A.Ş. (Ram Dış)(1)	22.444.543	170.940
Zer Merkezi Hizmetler ve Ticaret A.Ş. (Zer) (1)	27.384	-
Ford Otosan A.Ş. (Ford) (1)	22.740	7.530
Rmk Marine Gemi San.A.Ş. (RMK Marine) (1)	2.723	5.390
Koç Statoil Gaz İletişim A.Ş. (Koç Statoil) (1)	-	37.731
Other (1)	25.314	4.156
Total	22.522.704	225.747

(1) Shareholders' subsidiary

Due to related parties	December 31, 2008	December 31, 2007
Otoyol Sanayi A.Ş. (Otoyol) (3)	9.889.872	51.175
Ram Dış (1)	1.270.398	3.675.633
Zer (1)	671.064	357.705
Setur Servis Turistik A.Ş. (Setur) (1)	178.110	213.640
Platform Araştırma Geliştirme Taş. Tic. A.Ş. (Platform) (1)	148.392	-
Akpa Dayanıklı Tük.Paz.A.Ş. (Akpa) (1)	137.474	114.534
Beldeyama Motorlu Vast.A.Ş. (Beldeyama) (1)	142.599	164.711
Koç Holding A.Ş.(2)	128.367	41.928
Otokoç Otomotiv Tic.San.A.Ş. (Otokoç) (1)	108.970	100.181
Koç Sistem Bilgi İle.Hizm.A.Ş. (Koç Sistem) (1)	70.532	377.901
Ram Sigorta Aracılık Hiz.A.Ş. (Ram Sigorta) (1)	39.137	62.883
Ford (1)	17.833	1.415
Opet Petrolcülük A.Ş. (Opet) (1)	14.048	9.189
Koçtaş Yapı Marketleri T.A.Ş. (Koçtaş) (1)	10.945	14.040
Koçnet Haberleşme Teknoloji ve İletişim Hizmetleri A.Ş. (Koçnet) (1)	1.606	16.511
Koç Finansal Kiralama A.Ş. (Koç Finansal) (1)	1.462	1.453
Palmira Turizm Tic.A.Ş. (Palmira) (1)	1.013	322.675
Sanal Merkez T.A.Ş. (1)	-	6.646
Ark İnşaat A.Ş. (1)	-	150.416
Other (1)	30.334	49.130
Total	12.862.156	5.731.766

ii) Major sales and purchase transactions with related parties for the year ended December 31:

Product sales and service revenue	December 31, 2008	December 31, 2007
Ram Dış (1)	37.748.392	46.065.959
Otoyol (3)	10.063.715	1.544
Aygaz A.Ş. (1)	161.158	155.631
Ford (1)	65.738	88.045
RMK Gemi Yapım Sanayi A.Ş. (RMK Gemi) (1)	26.864	56.328
Yapı Kredi Finansal Kiralama A.Ş. (1)	-	2.917.453
Koç Statoil (1)	-	720.819
Other (1)	-	6.127
Total	48.065.867	50.011.906

1) Shareholder's subsidiary

(2) Shareholder

(3) Shareholder's subsidiary in liquidation process

Purchase of property, plant and equipment	December 31, 2008	December 31, 2007
Otoyol (3)	57.171.000	2.500
Koç Sistem (1)	1.057.314	572.220
Other (1)	4.212	5.487
Total	58.232.526	580.207

Inventory purchases	December 31, 2008	December 31, 2007
Otoyol (3)	7.355.088	-
Ram Dış (1)	5.737.304	11.278.699
Zer (1)	3.540.356	1.821.937
Beldeyama (1)	1.736.268	542.467
Akpa (1)	1.257.854	715.654
Opet (1)	237.519	212.412
Otlaş Otomotiv Last.Tev.A.Ş. (Oltaş) (1)	105.922	217.727
Koçtaş (1)	26.530	88.727
Sanal Merkez Ticaret A.Ş. (1)	15.646	37.784
Ark İnşaat A.Ş. (1)	-	129.169
Birleşik Oksijen Sanayi Gazlar A.Ş. (1)	-	588.939
Other (1)	10.760	9.678
Total	20.023.247	15.643.193

Services received	December 31, 2008	December 31, 2007
Ram Dış (1)	2.442.081	10.436.509
Setur (1)	1.671.395	952.736
Ram Sigorta (1)	1.198.582	942.939
Koç Holding A.Ş. (1)	978.379	1.336.516
Palmira (1)	845.251	1.330.416
Koç Sistem (1)	457.270	289.566
Otokoç (1)	432.608	171.349
Migros (1)	167.025	-
Koçnet (1)	151.089	182.471
Platform (1)	126.666	-
Setair (1)	61.215	3.518
VKV Amerikan Hastanesi (1)	27.175	-
Otoyol (3)	-	225.100
Birmot (1)	-	37.763
Other (1)	26.561	46.124
Total	8.585.297	15.955.007

(1) Shareholder's subsidiary

(2) Shareholder

(3) Shareholder's subsidiary in liquidation process

Bank deposits	December 31, 2008	December 31, 2007
Yapı ve Kredi Bankası A.Ş. (1)		
- demand deposits	1.352.273	2.245.102
- time deposits	43.956.700	-
	45.308.973	2.245.102

Checks and notes in collection	December 31, 2008	December 31, 2007
Yapı ve Kredi Bankası A.Ş. (1)	18.392.003	15.528.864
	18.392.003	15.528.864

Bank loans	December 31, 2008	December 31, 2007
Yapı ve Kredi Bankası A.Ş. (1)	16.955.881	-
	16.955.881	-

iii) For the year ended December 31, financial income and expense with related parties:

Interest income	December 31, 2008	December 31, 2007
Yapı ve Kredi Bankası A.Ş. (1)	430.902	58.219
	430.902	58.219

Foreign exchange gains	December 31, 2008	December 31, 2007
Ram Dış (1)	3.114.237	1.713.524
Yapı ve Kredi Bankası A.Ş. (1)	2.488.826	187.902
Ram Sigorta (1)	-	1.557
Total	5.603.063	1.902.983

Foreign exchange losses	December 31, 2008	December 31, 2007
Otoyol A.Ş. (3)	13.236.552 (*)	-
Yapı ve Kredi Bankası A.Ş. (1)	8.345.200	101.496
Ram Dış (1)	4.289.826	1.231.953
Ram Sigorta (1)	2.307	147
Diğer (1)	-	16.108
Total	25.873.885	1.349.704

(*) Foreign exchange losses invoiced by Otoyol Sanayi A.Ş are resulted from the foreign exchange difference between the date of the invoice and the date of the payments related to the purchase of fixed assets from Otoyol Sanayi A.Ş. amounting to USD 47,5 million.

(1) Shareholder's subsidiary

(2) Shareholder

(3) Shareholder's subsidiary in liquidation process

Interest expense	December 31, 2008	December 31, 2007
Yapı ve Kredi Bankası A.Ş. (1)	405.431	1.015
Total	405.431	1.015

Forward agreement	December 31, 2008	December 31, 2007
Yapı ve Kredi Bankası A.Ş. (1)	80.151.900	-
Total	80.151.900	-

(1) Shareholder's subsidiary

Salaries and similar benefits provided to the executive management by the Company for the year ended December 31, 2008 is amounted to TL 4.898.197 (December 31, 2007 - TL 4.842.413).

38. Nature and level of risks arising from financial instruments

The Company is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary. Credit risk of the Company mainly arises from trade receivables. The Company manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according the amount of guarantees received, by receiving advance payments or by receiving the pledge of ownership of the vehicles sold. Credit limits are regularly monitored by the Company and the customers' credit quality are regularly evaluated by considering the customer's financial position, past experiences and other factors. All foreign sales are made after receiving confirmed letters of credit. Military vehicle sales are made to domestic or foreign governmental institutions or to companies acting as agents to these institutions; accordingly, the Company does not anticipate any collection risk related to military vehicle sales. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 10).

Receivables

Current year	Trade receivables	Other receivables	Bank deposits (Not6)	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	174.171.315	6.234	64.925.025	80.151.900
- Maximum risk secured by guarantee (2)	(90.565.396)	-	-	-
A. Net book value of financial assets neither overdue nor impaired	169.790.541	6.234	64.925.025	-
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	2.310.746	-	-	-
D. Net book value of impaired assets	2.070.028	-	-	-
- Overdue (gross book value)	9.795.519	-	-	-
- Impairment (-) (Note 10)	(7.725.491)	-	-	-
- Net value under guarantee	2.070.028	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	80.151.900

Receivables

Prior year	Trade receivables	Other receivables	Bank deposits (Not6)	Derivative instruments
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	124.530.791	13.020	3.555.269	-
- Maximum risk secured by guarantee (2)	(53.834.500)	-	-	-
A. Net book value of financial assets neither overdue nor impaired	121.683.995	13.020	3.555.269	-
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	1.832.409	-	-	-
D. Net book value of impaired assets	690.873	-	-	-
- Overdue (gross book value)	7.940.126	-	-	-
- Impairment (-) (Note 10)	(7.249.253)	-	-	-
- Net value under guarantee	690.873	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

(1) Guarantees received and factors increasing the loan reliability are not considered when determining this amount.

(2) Guarantees consist of guarantee notes, guarantee checks, mortgages and car pledges received from customers.

Current year	Trade receivables
1- 30 day past due	-
1- 3 month past due	1.094.674
3- 12 month past due	2.160.889
1- 5 year past due	1.125.211
Over 5 year past due	-
Amount secured with guarantee (1)	4.380.774

Prior year	Trade receivables
1- 30 day past due	-
1- 3 month past due	2.367.752
3- 12 month past due	6.267
1- 5 year past due	149.268
Over 5 year past due	-
Amount secured with guarantee (1)	2.523.282

(1) Pledges on trailer vehicles.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

As of December 31, 2008 and December 31, 2007, maturities of gross trade payables and financial liabilities are as follows:

Current year						
Maturities per agreements	Book value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3 month (I)	Beetwen 3-12 month (II)	Beetwen 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	210.331.455	218.382.520	66.407.476	151.975.044	-	-
Trade payables	55.813.758	56.317.189	46.141.466	10.175.723	-	-
Other payables	72.141.887	72.141.887	-	72.141.887	-	-
Expected maturities	Book value	Total expected cash outflow	Less than 3 month	Beetwen 3-12 month	Beetwen 1-5 month	Over 5 years
Non-derivative financial liabilities						
Other payables	3.161.117	3.161.117	3.161.117	-	-	-
Other current liabilities	4.460.501	4.460.501	4.460.501	-	-	-

Expected maturities (or maturities per agreement)	Book value	Total cash outflow per agreement	Less than 3 month	Beetwen 3-12 month	Beetwen 1-5 year	Over 5 years
Derivative financial liabilities (net)	(1.146.926)	(1.146.926)	-	(*)		
Derivative cash inflows	80.151.900	80.151.900	-	(*)	-	-
Derivative cash outflows	(81.298.826)	(81.298.826)	-	(*)	-	-

(*) On December 31, 2008, the Company signed forward agreement amounting to USD 53.000.000 to hedge the risk of EUR/USD parity fluctuations . According to this agreement, the Company will purchase USD 53.000.000 in exchange for EUR 37.975.909. Since TL denominated cash inflows and outflows on maturity can not be computed, TL amounts are not presented.

Prior year

Maturities per agreements	Book value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3 month (I)	Beetwen 3-12 month (II)	Beetwen 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	33.969.368	34.793.692	6.621.436	28.172.256		
Trade payables	48.867.283	49.496.082	46.148.740	3.173.497	173.845	-
Other payables	38.961.421	38.961.421	-	38.961.421	-	-

Expected maturities	Book value	Total expected cash outflow	Less than 3 month	Beetwen 3-12 month	Beetwen 1-5 month	Over 5 years
Non-derivative financial liabilities						
Other payables	3.116.147	3.116.147	3.116.147	-	-	-
Other current liabilities	3.881.452	3.881.452	3.881.452	-	-	-

Market risk

a) Foreign currency risk and related sensitivity analysis

The Company is exposed to the foreign exchange risk through the rate changes at the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by analyzing the foreign currency position. Currency risk is monitored and limited by analyzing the foreign currency position. The Company follows a policy of diversifying its foreign currency position in order to manage the foreign currency risk that may arise due to future operations and recognized assets and liabilities.

The accompanying table represents the foreign currency risk of the Company as of December 31, 2008;

Table of foreign currency position
Current year

	TL equivalent (functional currency)	USD	EUR	GBP	CHF
1. Trade receivables	95.427.613	1.747.043	42.713.233	613.515	-
2a. Monetary financial assets (including cash, bank accounts)	65.601.564	41.439.146	1.358.473	11.369	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	161.029.177	43.186.189	44.071.706	624.884	-
5. Trade receivables	37.617.739	-	17.571.814	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	37.617.739	-	17.571.814	-	-
9. Total assets(4+8)	198.646.916	43.186.189	61.643.520	624.884	-
10. Trade payables	(29.047.890)	(8.092.591)	(6.606.517)	(1.048.255)	(264.691)
11. Financial liabilities	(133.748.602)	(57.377.299)	(21.943.625)	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	(162.796.492)	(65.469.890)	(28.550.142)	(1.048.255)	(264.691)
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-	-
18. Total liabilities (13+17)	(162.796.492)	(65.469.890)	(28.550.142)	(1.048.255)	(264.691)
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(1.146.926)	53.000.000	(37.975.909)	-	-
19a. Hedged total assets amount	80.151.900	53.000.000	-	-	-
19b. Hedged total liabilities amount	(81.298.826)	-	(37.975.909)	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	34.703.498	30.716.299	4.882.531	(423.371)	(264.691)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	35.850.424	(22.283.701)	33.093.378	(423.371)	(264.691)
22. Total fair value of financial instruments used for foreign currency hedging	80.151.900	53.000.000	37.975.909	-	-
23. Export	149.992.527	58.895.933	33.126.944	4.331.594	-
24. Import	151.405.544	36.060.533	47.804.806	7.070.534	1.107.478

Table of foreign currency position
Prior year

	TL equivalent (functional currency)	USD	EUR	GBP	CHF
1. Trade receivables	66.396.867	1.936.891	37.203.451	221.690	-
2a. Monetary financial assets (including cash, bank)	1.425.214	61.160	757.099	25.449	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	67.822.081	1.998.051	37.960.550	247.139	-
5. Trade receivables	32.538.161	-	19.025.939	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	32.538.161	-	19.025.939	-	-
9. Total assets(4+8)	100.360.242	1.998.051	56.986.489	247.139	-
10. Trade payables	(25.448.471)	(1.579.451)	(8.249.243)	(4.109.920)	-
11. Financial liabilities	(30.931.435)	(17.578.845)	(6.114.697)	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	(56.379.906)	(19.108.296)	(14.363.940)	(4.109.920)	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-	-
18. Total liabilities (13+17)	(56.379.906)	(19.108.296)	(14.363.940)	(4.109.920)	-
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a. Hedged total assets	-	-	-	-	-
19b. Hedged total liabilities	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9+18+19)	43.980.336	(17.110.245)	42.622.549	(3.862.781)	-
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	43.980.336	(17.110.245)	42.622.549	(3.862.781)	-
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23. Export	128.972.333	44.253.865	15.292.955	17.843.772	-
24. Import	145.582.528	39.767.554	36.330.375	9.867.275	1.333.344

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Company's income before tax as of December 31, 2008 and 2007:

Exchange rate sensitivity analysis table		
	Current year	
	Profit/loss	Profit/loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case %10 appreciation of USD against TL:		
1- USD net asset/liability	(3.369.964)	3.369.964
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(3.369.964)	3.369.964
In case %10 appreciation of EUR against TL:		
4- EUR net asset/liability	7.084.631	(7.084.631)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	7.084.631	(7.084.631)
In case %10 appreciation of GBP against TL:		
7- GBP net asset/liability	(92.820)	92.820
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(92.820)	92.820
In case %10 appreciation of CHF against TL:		
10- CHF net asset/liability	(36.804)	36.804
11- Amount hedged for CHF risk (-)	-	-
12- CHF net effect (10+11)	(36.804)	36.804
Total (3+6+9+12)	3.585.043	(3.585.043)

Exchange rate sensitivity analysis table		
	Current year	
	Profit/loss	Profit/loss
	Appreciation of foreign currency	Depreciation of foreign currency
In case %10 appreciation of USD against TL:		
1- USD net asset/liability	(1.992.831)	1.992.831
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(1.992.831)	1.992.831
In case %10 appreciation of EUR against TL:		
4- EUR net asset/liability	7.289.309	(7.289.309)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	7.289.309	(7.289.309)
In case %10 appreciation of GBP against TL:		
7- GBP net asset/liability	(898.444)	898.444
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(898.444)	898.444
In case %10 appreciation of CHF against TL:	4.398.034	(4.398.034)

As of December 31, 2008, the Company signed a forward agreement amounting to USD 53.000.000 with Yapı Kredi Bankası in order to hedge the risk of EUR/USD parity fluctuations. Maturities and parities of related agreement are as follows:

Amount	Currency	Parity	Transaction date	Maturity
15.000.000	USD	1,3973	31.12.2008	15.05.2009
12.000.000	USD	1,3959	31.12.2008	30.06.2009
11.000.000	USD	1,3947	31.12.2008	06.08.2009
12.000.000	USD	1,3944	31.12.2008	12.10.2009

As of December 31, 2007, the Company does not have any derivative instruments.

b) Interest position table and related sensitivity analysis

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are not substantially subject to changes in market interest rates.

The Company's interest rate risk arises from short-term borrowings and time deposits. The Company has obtained fixed rate bearing borrowings and time deposits however the borrowings and time deposits that the Company will obtain in future will be affected from future interest rates.

According to IFRS 7 "Financial Assets" effective from January 1, 2007, the interest rate position of the Company is as following:

Interest rate position table		Current year	Prior year
Financial assets	Fixed-interest bearing financial instruments		
	Financial assets at fair value through profit/loss	-	-
	Available for sale financial assets	-	-
Financial liabilities		210.331.455	33.969.368
Variable interest bearing financial instruments			
Financial assets		-	-
Financial liabilities		-	-

As of December 31, 2008 and 2007, financial liabilities of the Company are bank loans with fixed interest rates.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with other companies in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

	December 31, 2008	December 31, 2007
Total debt (*)	345.908.718	128.795.671
Less: Cash and cash equivalents (Note 6)	(65.911.910)	(3.602.328)
Net debt	279.996.808	125.193.343
Total equity	147.897.591	142.506.117
Total share capital	427.894.399	267.699.460
Debt/share capital rate	%65	%47

(*) As of December 31, 2008, advances received for sales orders amounting to TL 72.141.887 (December 31, 2007 - TL 38.961.421) is included in total debt. Had this amount been deducted from total debt, such ratio would have been 58% as of December 31, 2008 (December 31, 2007- 38%).

39. Fair values of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Company considers that carrying amounts reflect fair values of the financial instruments.

Monetary assets

The fair value of the foreign currency assets which are converted by the year end foreign exchange rates are considered to approximate their respective carrying values. Short term monetary assets are considered to approximate their respective carrying values due to their short-term nature and low level of credit risk.

Monetary liabilities

The fair value of the foreign currency liabilities which are converted by the year end foreign exchange rates are considered to approximate their respective carrying values. Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

40. Subsequent events

Due to the slow down in automotive industry, the Company has stopped the production between the dates January 5 - 11 and January 26 - February 1, 2009 and production personnel used their vacations at this period.

According to the Board of Directors resolution dated January 13, 2009, in order to meet financial necessities, the management of the Company has decided to use part of the loan provided by international finance corporation to Koç Holding A.Ş. amounting to USD 10.000.000. Related loan will be paid at maturity which is 1 year. There is an option of 3 or 6 month term interest payment and interest rate is Libor + 2,5%.

41. Other matters which are significant to the financial statements or which should be disclosed for the purpose of true and fair interpretation of the financial statements

There is no other matters having significant impact on or requiring explanation in order to provide the clarity, interpretability and perceptibility of the financial statements.

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.

STATEMENTS OF FINANCIAL RATIOS (%)

AT 31 DECEMBER

FINANCIAL RATIOS (%)	2008	2007
Liquidity Ratios		
1- Current Ratio (Circulation Assets / Short Term Liabilities)	0.97	1.46
2- Liquidity Ratio (Circulation Assets - Inventories / Short Term Liabilities)	0.64	0.77
Financial Structure Ratios		
1- Ratio of Total Debts to Assets (Short Term Liabilities + Long Term Liabilities / Total Assets)	0.71	0.51
2- Equity / Total Liabilities (Equity / Short Term Liabilities + Long Term Liabilities)	0.41	0.95
Operational Profitability Ratio		
1- Profitability of Sales (Profit of the Term / Net Sales)	0.08	0.11
2- Profitability of Assets (Profit of the Term / Total Assets)	0.07	0.16
3- Profitability of Equity (Net Profit of the Term / Equity)	0.24	0.26