

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Őirketi

**Financial statements for the interim period
January 1 - March 31, 2013**

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

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(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Interim condensed balance sheet as of March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

(Currency –Turkish Lira (TL) unless otherwise indicated)

		Current period	Restated
		Not audited	Previous period
		March 31,	Audited
	Notes	2013	December 31,
			2012
Assets			
Current assets			
Cash and cash equivalents	3	4.623.505	47.906.245
Trade receivables		308.449.193	224.693.650
- Due from related parties	19	54.252.480	24.550.065
- Other trade receivables	7	254.196.713	200.143.585
Other receivables		99.364	1.715
Inventories	8	283.234.572	252.632.987
Derivative financial assets	6	1.524.121	-
Other current assets	13	164.630.546	154.934.363
Total current assets		762.561.301	680.168.960
Non-current assets			
Trade receivables	7	96.957.170	59.397.503
Other receivables		48.168	47.971
Estimated earnings in excess of billings on uncompleted contracts	9	62.525.060	61.325.046
Financial investments	4	239.280	239.280
Property, plant and equipment	10	122.969.300	125.112.154
Intangible assets	11	109.349.220	100.041.870
Deferred tax asset	17	16.610.115	11.092.336
Total non-current assets		408.698.313	357.256.160
Total assets		1.171.259.614	1.037.425.120

The accompanying policies and explanatory notes on pages 7 through 32 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Interim condensed balance sheet as of March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

(Currency –Turkish Lira (TL) unless otherwise indicated)

		Current period	Restated
		Not audited	Previous period
		March 31,	Audited
	Notes	2013	December 31, 2012
Liabilities			
Current liabilities			
Financial liabilities	5	120.409.469	50.093.249
Derivative financial liabilities	6	-	2.193.011
Trade payables		100.682.212	85.026.598
- Due to related parties	19	4.386.780	8.988.915
- Other trade payables	7	96.295.432	76.037.683
Other payables	9, 13	179.467.119	155.530.081
Government incentives and grants		147.403	670.521
Current tax liabilities for the current period income		6.833.804	-
Provisions	12	255.946.691	228.933.010
Other current liabilities	13	11.044.399	11.009.338
Total current liabilities		674.531.097	533.455.808
Non-current liabilities			
Financial liabilities	5	243.391.868	236.099.752
Provisions	12	5.723.855	4.443.939
Government incentives and grants		2.688.049	2.332.562
Employee termination benefits	12	15.036.295	13.716.119
Other non-current liabilities	13	26.852.085	5.644.080
Total non-current liabilities		293.692.152	262.236.452
Shareholders' equity			
Parant Company's equity			
Paid-in share capital		24.000.000	24.000.000
Inflation adjustment on equity items		52.743.030	52.743.030
Restricted reserves		29.078.147	22.798.147
Retained earnings		71.093.083	62.968.231
Net income for the period		26.122.105	79.223.452
Total shareholders' equity		203.036.365	241.732.860
Total liabilities		1.171.259.614	1.037.425.120

The accompanying policies and explanatory notes on pages 7 through 32 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Condensed comprehensive income statement for the interim period ended March 31, 2013
Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”
(Currency –Turkish Lira (TL) unless otherwise indicated)

		Current period	Restated
		Not audited	Prior period
		Not audited	Not audited
	Notes	March 31, 2013	March 31, 2012
Continuing operations			
Net sales	14	334.377.832	171.776.803
Cost of sales (-)	14	(260.362.543)	(139.928.569)
Gross profit		74.015.289	31.848.234
Selling, marketing and distribution expenses (-)		(23.357.433)	(13.341.226)
General and administrative expense (-)		(10.751.902)	(5.480.919)
Research and development expenses (-)		(5.895.852)	(4.497.673)
Other operating income		1.432.390	1.411.206
Other operating expense (-)		(632.691)	(167.166)
Operating profit		34.809.801	9.772.456
Financial income	15	24.097.305	54.976.885
Financial expense (-)	16	(28.419.012)	(56.934.657)
Income before taxes from continuing operations		30.488.094	7.814.684
Tax income/expense for continuing operations			
- Current tax expense for the period	17	(9.610.901)	(1.187.124)
- Deferred tax income/(loss)	17	5.244.912	980.041
Net income for the period		26.122.105	7.607.601
Actuarial loss from employee benefits		(1.091.467)	(1.703.781)
Tax effect	17	272.867	425.945
Other comprehensive income/ (loss) after tax:		(818.600)	(1.277.836)
Total comprehensive income		25.303.505	6.329.765
Earnings per share	18	0,00105	0,00026

The accompanying policies and explanatory notes on pages 7 through 32 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Condensed statement of changes in equity for the interim period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

(Currency –Turkish Lira (TL) unless otherwise indicated)

	Paid-in share capital	Inflation adjustment on equity items	Restricted reserves	Retained earnings	Net income for the period	Total shareholders' equity
January 1, 2012	24.000.000	52.743.030	18.118.147	63.640.101	54.846.604	213.347.882
Changes in accounting policies (Note 2.2)				(805.395)	805.395	-
January 1, 2012 restated	24.000.000	52.743.030	18.118.147	62.834.706	55.651.999	213.347.882
Transfer to retained earnings	-	-	-	55.651.999	(55.651.999)	-
Transfer to restricted reserves	-	-	4.680.000	(4.680.000)	-	-
Dividends paid	-	-	-	(48.000.000)	-	(48.000.000)
Net income for the period	-	-	-	-	7.607.601	7.607.601
Other comprehensive income / (loss)	-	-	-	(1.277.836)	-	(1.277.836)
Total comprehensive income	-	-	-	(1.277.836)	7.607.601	6.329.765
March 31, 2012	24.000.000	52.743.030	22.798.147	64.528.869	7.607.601	171.677.647
January 1, 2013	24.000.000	52.743.030	22.798.147	65.806.705	76.384.978	241.732.860
Changes in accounting policies (Note 2.2)				(2.838.474)	2.838.474	-
January 1, 2013 restated	24.000.000	52.743.030	22.798.147	62.968.231	79.223.452	241.732.860
Transfer to retained earnings	-	-	-	79.223.452	(79.223.452)	-
Transfer to restricted reserves	-	-	6.280.000	(6.280.000)	-	-
Dividends paid	-	-	-	(64.000.000)	-	(64.000.000)
Net income for the period	-	-	-	-	26.122.105	26.122.105
Other comprehensive income / (loss)	-	-	-	(818.600)	-	(818.600)
Total comprehensive income	-	-	-	(818.600)	26.122.105	25.303.505
March 31, 2013	24.000.000	52.743.030	29.078.147	71.093.083	26.122.105	203.036.365

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(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Condensed cash flow statement for the interim period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

(Currency –Turkish Lira (TL) unless otherwise indicated)

		Current period	Restated
	Notes	March 31, 2013	Prior period
			March 31, 2012
Cash flows from operating activities			
Income before provision for taxes		30.488.094	7.814.684
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization expense	10,11	9.739.353	6.677.261
Reserve for retirement pay		1.067.258	1.197.285
Provision for impairment on inventory		-	(169.195)
Warranty provision expense	12	5.437.385	4.613.729
Gain on sale of property, plant and equipment		(92.338)	(98.106)
Interest expense	16	6.765.104	4.683.281
Interest income	15	(42.687)	(560.395)
Provision for doubtful receivables		624.651	68.816
Forward transactions(net)		(8.826.272)	6.365.607
Operating income before changes in operating asset and liabilities		45.160.548	30.592.967
Trade receivables and other receivables		(122.037.701)	31.144.776
Estimated earnings in excess of billings on uncompleted contracts		(1.200.013)	4.628.861
Inventories		(30.601.585)	(60.512.943)
Other current assets		(2.896.485)	(54.517.086)
Trade payables		15.655.614	(5.333.734)
Other current liabilities		73.092.719	112.166.000
Taxes paid		(9.576.794)	(3.089.785)
Warranties paid	12	(5.224.046)	(4.613.729)
Employee termination benefits paid		(838.546)	(481.092)
Net cash provided from / (used in) operating activities		(38.466.289)	49.984.235
Investing activities			
Purchase of property, plant and equipment	10	(1.968.391)	(4.456.670)
Purchase of intangible assets	11	(15.225.611)	(10.901.204)
Proceeds from sale of property, plant and equipment		382.491	696.541
Interest received	15	42.687	560.395
Net cash used in investing activities		(16.768.824)	(14.100.938)
Financing activities			
Proceeds from bank borrowings		116.244.895	140.373.893
Repayments of bank borrowings		(42.028.308)	(89.424.422)
Interest payments		(3.373.354)	(567.587)
Dividends paid		(64.000.000)	(48.000.000)
Realized forward exchange gain,net		5.109.140	3.561.997
Net cash provided by financing activities		11.952.373	5.943.881
Net increase/(decrease) in cash and cash equivalents		(43.282.740)	41.827.178
Cash and cash equivalents at the beginning of the period	3	47.906.245	4.470.424
Cash and cash equivalents at the end of the period	3	4.623.505	46.297.602

The accompanying policies and explanatory notes on pages 7 through 32 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed financial statements

For the interim period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

(Currency –Turkish Lira (TL) unless otherwise indicated)

1. Organisation and nature of operations

Otokar Otomotiv ve Savunma Sanayi A.Ş. (“Otokar” or “the Company”) was established in 1963 and is registered in Istanbul, Turkey and operating under the Turkish Commercial Code.

The Company operates in the automotive industry and off road vehicles, armoured vehicles, minibuses, midibuses and buses, trailers, semi-trailers and cross-country comprises the majority of its production. The number of the personnel in the Company is 2.605 (December 31, 2012 – 2.281).

The registered addresses of the Company are as follows:

Headquarters:

Aydınevler Mahallesi, Dumlupınar Cad. No: 58 A Bl.
34854 Küçükyalı / İstanbul

Factory:

Atatürk Cad. No: 6
54580 Arifiye / Sakarya

The Company has a subsidiary named "Otokar Europe SAS" with a capital of Euro 100.000, established on August 18, 2011 for the purpose of organizing export activities and increasing export sales. Since “Otokar Europe SAS” operations do not materially affect the financial statements, it has not been subject to consolidation and has been presented at historical cost value (Note 4).

Financial statements as of and for the three month period ended on March 31, 2013 are authorized for issue by the Board of Directors of the Company on April 30, 2013, signed by Ahmet Serdar Görgüç and Hüseyin Odabaş on behalf of Board of Directors of the Company. The Board of Directors has the power to amend the financial statements after issue.

The Company conducts part of its business transactions with the Koç Holding A.Ş. and related parties and has both customer and supplier relationships with related parties. The Company is registered to the Capital Market Board (“CMB”) and its shares are listed on the Istanbul Stock Exchange (“ISE”) since 1996. As of March 31, 2013, the shares listed on the ISE are 29,91% of the total shares. As of March 31, 2013, the principal shareholders and their respective shareholding percentages are as follows:

	%
Koç Holding A.Ş.	44,68
Ünver Holding A.Ş.	24,81
Other	30,51
	100,00

The Parent Company (Koç Holding A.Ş.), is controlled by Koç Family and the companies owned by Koc Family.

The shareholder, Ünver Holding A.Ş., is controlled by Ünver Family.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market” (continued)

(Currency –Turkish Lira (TL) unless otherwise indicated)

2. Basis of presentation

2.1 Basis of presentation

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance.

These financial statements have been prepared from the statutory financial statements of the Company with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting and reporting standards prescribed by Capital Markets Board.

The financial statements of current period are prepared in accordance with International Accounting / Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB communiqué No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" (Communiqué) which is published in the official gazette and become effective as of April 9, 2008.

The interim condensed financial statements for the three month period ended March 31, 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2012.

Functional and presentation currency

Functional and presentation currency of the Company is TL.

In accordance with the CMB's resolution dated March 17, 2005 and numbered 11/367, the financial statements were restated in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies) for the last time as of December 31, 2004, since the objective conditions which require the application of restatement of financial statements have not been realized and that based on the existing data CMB has foreseen that the indications whether such conditions are going to be realized in the future is no longer probable. Therefore, non-monetary assets, liabilities and equity items including the share capital as of March 31, 2013 and December 31, 2012 have been restated by applying the relevant conversion factors through December 31, 2004 and carrying additions after December 31, 2004 at their nominal values.

2.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements as at March 31, 2013 are consistent with those followed in the preparation of the financial statements of December 31, 2012 with the exception on the IAS 19 “Employee Benefits” which is described below.

The company has made the following classifications in its balance sheets as of December 31, 2012 and March 31, 2012 according to the Article:

- i. According to the new amendments on the IAS 19 Employee Benefits, actuarial gains/losses regarding the retirement pay liabilities are accounted under equity. This amendmend is applicable after January 1, 2013 and thereafter and has been applied retrospectively. Actuarial gain of 1.277.836 TL (net of deferred tax effect) which has been accounted under “General Administrative Expenses” and deferred tax income / expense in the income statement for the period ended March 31, 2012 has been classified into other comprehensive income. Actuarial loss of 2.838.474 TL (net of deferred tax effect) which has been accounted under net income for the period in the balance sheet dated December 31, 2012 has been classified into retained earnings.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market” (continued)

(Currency –Turkish Lira (TL) unless otherwise indicated)

2. Basis of presentation (continued)

2.3 Significant accounting judgments and estimates

The preparation of the financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

- a) In the context of IAS 11 “Construction contracts” assumptions are made related to total cost of and profitability of projects.
- b) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for all deductible temporary differences. For the period ended March 31, 2013, since the Management believed the indicators demonstrating that the Company will have taxable profits in the foreseeable future are reliable, deferred tax asset has been recognized.
- c) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates).
- d) The Company determines warranty provision by considering the past warranty expenses and remaining warranty period per vehicle.
- e) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than related parties, are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.
- f) Inventory price lists after discount is used to calculate impairment for inventories. In such cases that sales price cannot be predicted, inventory aging and physical status are considered together with technical personnel’s opinion. If anticipated expected net realizable value is less than the cost, impairment for the difference is provided for.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market” (continued)

(Currency –Turkish Lira (TL) unless otherwise indicated)

2. Basis of presentation (continued)

2.4 Summary of significant accounting policies

There have been no significant changes in accounting policies which were disclosed in financial statements prepared as of December 31, 2012.

2.5 Segment reporting

As mentioned in Note 4; since the operation of Otokar Europe SAS which has started its operations in abroad , does not materially affect the financial statements of the Company, it has not been subject to consolidation and is carried at cost values. Therefore, since the Company doesn't have different geographic and operational units, the Company does not prepare segment reporting and follows its financial statements by one segment.

2.6 Convenience translation into English of financial statements originally issued in Turkish

Accounting principles and standards applied in the accompanying financial statements (CMB financial accounting standards) are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, except for the adoption of an earlier date for discontinuation of application of IAS 29 (Financial Reporting in Hyperinflationary Economies). As per CMB financial accounting standards application of inflation accounting was ceased effective as of January 1, 2005 whereas per IFRS it was ceased effective January 1, 2006.

3. Cash and cash equivalents

	March 31, 2013	December 31, 2012
Cash at banks		
- demand deposits	172.020	4.217.628
- time deposits	-	39.615.000
Checks and notes received	4.404.433	4.026.574
Other	47.052	47.043
	4.623.505	47.906.245

As of March 31, 2013, the Company has no time deposit (As of December 31, 2012, effective interest rate of time deposits which are originally amounting to TL 39.615.000 is annually 8% and the maturity is 1 day.)

Checks and notes received consist of checks and notes given to banks for collections which are due as of balance sheet date.

As of March 31, 2013, the Company has restricted bank deposit amounting to TL 1.362 (December 31, 2012 – TL 1.362).

4. Financial Investments

The Company has a %100 owned subsidiary titled as "Otokar Europe SAS" with a capital of Euro 100.000, established on August 18, 2011, for the purpose of organizing export activities and increasing export sales. Since —Otokar Europe SAS does not materially affect the financial statements, it has not been subject to consolidation and is carried at cost values. The paid-in capital of Otokar Europe SAS is TL 239.280.

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Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market” (continued)

(Currency –Turkish Lira (TL) unless otherwise indicated)

5. Financial liabilities

				March 31, 2013
	Maturities	Interest rate (%)	Original Currency	TL
Short-term bank borrowings (*)				
Denominated in TL	April 1, 2013- March 26, 2014	6,10 – 10,71	120.409.469	120.409.469
Total				120.409.469

				March 31, 2013
	Maturities	Interest rate (%)	Original Currency	TL
Long-term bank borrowings (*)(**)				
Denominated in TL	April 17, 2014- March 14, 2016	8,40 - 11,81	243.391.868	243.391.868
Total				243.391.868

(*) Bearing fixed interest rate

(**) Maturity term of long term borrowings on average is 823 days.

				December 31, 2012
	Maturities	Interest rate (%)		TL
Short-term bank borrowings (***)				
Denominated in TL	January 2, 2013 - January 3,2013	-		2.028.308
Principal payments and interest accruals for long term borrowings				
Denominated in TL	January 7, 2013 - June 14,2013	8,72 – 11,81		48.064.941
Total				50.093.249

				December 31, 2012
	Maturities	Interest rate (%)		TL
Long-term bank borrowings (*)(**)				
Denominated in TL	March 26, 2014 –March 14,2016	8,72 – 11,81		236.099.752
Total				236.099.752

(*) Bearing fixed interest rate

(**) Maturity term of long term borrowings on average is 828 days.

(***) Interest free loan used for SGK payments.

The Company has not provided any guarantees for the borrowings received as of March 31, 2013 (December 31, 2012 - None).

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Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market” (continued)

(Currency –Turkish Lira (TL) unless otherwise indicated)

6. Derivative financial instruments

Derivative financial instruments consist of the forward contracts which are entered into, to hedge foreign currency risk arising from Euro-based receivables due to the Company's trailer sales.

	Contract amount	Current Year Contract maturity	Fair values Liabilities
March 31, 2013:			
Forward transactions	304.835.129	April 2, 2013 – May 31, 2013	1.524.121
Short-term derivative financial instruments	304.835.129		1.524.121
Total derivative financial instruments	304.835.129		1.524.121

	Contract amount	Prior Year Contract maturity	Fair values Liabilities
December 31, 2012:			
Forward transactions	213.421.206	January 31, 2013 – February 28, 2013	(2.193.011)
Short-term derivative financial instruments	213.421.206		(2.193.011)
Total derivative financial instruments	213.421.206		(2.193.011)

7. Trade receivables and payables

Trade receivables

	March 31, 2013	December 31, 2012
Trade receivables, net	140.846.905	100.905.085
Notes receivables, net	133.431.701	118.985.948
	274.278.606	219.891.033
Less: Provision for doubtful receivables	(20.081.893)	(19.747.448)
Other short-term trade receivables	254.196.713	200.143.585
Trade receivables from related parties	54.252.480	24.550.065
Short-term trade receivables	308.449.194	224.693.650
Long-term trade receivables, net	62.619.945	13.255.966
Long-term note receivables, net	34.337.225	46.141.537
Long-term trade receivables	96.957.170	59.397.503

Guarantees received for trade receivables

Receivables of the Company mainly relate to the sales to the minibus and bus dealers, trailer sales and military industry vehicle sales. As of March 31, 2013, the total trade receivable from dealers amounting to TL 69.034.357 (December 31, 2012 – TL 32.065.161), after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 67.171.692 (December 31, 2012 – TL 32.065.161).

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Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2013

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market” (continued)

(Currency –Turkish Lira (TL) unless otherwise indicated)

7. Trade receivables and payables (continued)

Aging analysis of trade receivables

The aging of the past due but not impaired receivables is as follows:

March 31, 2013	Trade receivables
1- 30 day past due	-
1- 3 month past due	60.891
3- 12 month past due	-
1- 5 year past due	803.712
Over 5 year past due	-
Total	864.603

Amount secured with guarantee (1)	255.887
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December 31, 2012	Trade receivables
1- 30 day past due	-
1- 3 month past due	63.597
3- 12 month past due	-
1- 5 year past due	1.229.836
Over 5 year past due	-
Total	1.293.433

Amount secured with guarantee (1)	1.253.810
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(1) Pledges on trailers

The movement of the provision for doubtful receivables for the period ended March 31, 2013 and March 31, 2012 are as follows:

	March 31, 2013	March 31, 2012
January 1	19.747.448	18.337.536
Foreign currency translation differences	(290.206)	(516.094)
Additional provision	624.651	68.816
Total	20.081.893	17.890.258

As of March 31, 2013, average payment term for trade receivables (excluding notes) is 60-90 days (December 31, 2012 – 60-90 days).

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7. Trade receivables and payables (continued)

Trade payables

	March 31, 2013	December 31, 2012
Trade payables, net	96.104.792	75.851.383
Notes payables, net	190.640	186.300
Short-term other trade payables	96.295.432	76.037.683
Trade payables to related parties	4.386.780	8.988.915
Short-term trade payables	100.682.212	85.026.598

As of March 31, 2013, average payment term for trade payables is 45-60 days (December 31, 2012 – 45-60 days).

8. Inventories

	March 31, 2013	December 31, 2012
Raw material	110.316.941	103.285.960
Work-in-process	45.623.935	22.257.093
Finished goods	34.802.175	49.091.664
Merchandise	36.728.909	30.152.329
Other inventories	57.378.300	49.461.629
Impairment for inventories (*)	(1.615.688)	(1.615.688)
Total	283.234.572	252.632.987

(*) TL 1.394.900 of impairment is related to finished goods (December 31, 2012 – TL 1.394.900) and TL 220.788 (December 31, 2012 – TL 220.788) is related to merchandises. The impairment has been accounted under cost of sales account.

9. Costs and billings on uncompleted contracts and other payables

As of March 31, 2013 net credit balance of total estimated earnings in excess of billings on uncompleted contracts and current advances taken amounting to TL 62.525.060 (December 31, 2012 – TL 61.325.046).

As of March 31, 2013, the short term advances taken by the Company related with ongoing projects which amounts to TL 69.637.319 was included in other payables in the financial statements (December 31, 2012 – TL 93.823.684). Other Payables consist of TL 41.813.021 (December 31, 2012 – TL 51.436.501) worth of other advances taken, TL 64.000.000 worth of dividend payable which is accrued as of reporting date to be paid on April 3, 2013 and TL 4.016.779 (December 31, 2012 – TL 10.269.896) worth of other payables.

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10. Property, plant and equipment

For the period ended March 31, 2013, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2013	Additions	Disposals	Transfers	March 31, 2013
Cost:					
Land	37.456.746	-	-	-	37.456.746
Land improvements	10.068.228	-	-	-	10.068.228
Buildings	59.598.896	-	-	-	59.598.896
Machinery, equipment and installations	108.789.029	469.996	(1.000)	-	109.258.025
Motor vehicles	8.703.831	251.178	(419.997)	-	8.535.012
Furniture and fixtures	27.791.048	719.275	(47.107)	-	28.463.216
Leasehold improvements	1.737.346	23.842	-	-	1.761.188
Construction in progress	867.007	504.099	-	-	1.371.106
	255.012.131	1.968.390	(468.104)	-	256.512.417
Accumulated depreciation:					
Land improvements	3.169.967	368.777	-	-	3.538.744
Buildings	26.329.510	683.981	-	-	27.013.491
Machinery, equipment and installations	78.767.835	1.967.302	(866)	-	80.734.271
Motor vehicles	3.798.622	188.111	(140.954)	-	3.845.779
Furniture and fixtures	16.542.448	565.401	(36.132)	-	17.071.717
Leasehold improvements	1.291.595	47.520	-	-	1.339.115
	129.899.977	3.821.092	(177.952)	-	133.543.117
Net book value	125.112.154				122.969.300

For the period ended March 31, 2012, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2012	Additions	Disposals	Transfers	March 31, 2012
Cost:					
Land	36.970.746	-	-	-	36.970.746
Land improvements	6.315.934	5.524	-	-	6.321.458
Buildings	57.228.511	-	-	-	57.228.511
Machinery, equipment and installations	88.778.684	518.417	(3.000)	-	89.294.101
Motor vehicles	6.936.226	358.500	(766.740)	33.498	6.561.484
Furniture and fixtures	23.123.058	545.962	(29.427)	30.614	23.670.207
Leasehold improvements	1.448.602	-	-	-	1.448.602
Construction in progress	10.604.273	3.028.267	-	(64.112)	13.568.428
	231.406.034	4.456.670	(799.167)	-	235.063.537
Accumulated depreciation:					
Land improvements	2.527.139	57.418	-	-	2.584.557
Buildings	23.662.910	664.228	-	-	24.327.138
Machinery, equipment and installations	72.176.019	1.188.672	(2.000)	-	73.362.691
Motor vehicles	3.601.725	112.899	(181.203)	-	3.533.421
Furniture and fixtures	14.891.289	361.179	(17.534)	-	15.234.934
Leasehold improvements	1.246.061	9.553	-	-	1.255.614
	118.105.143	2.393.949	(200.737)	-	120.298.355
Net book value	113.300.891				114.765.182

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10. Property, plant and equipment (continued)

For the periods ended March 31, 2013 and 2012, the allocation of depreciation and amortisation expenses of property, plant and equipment and intangibles has been as follows:

	March 31, 2013	March 31, 2012
Research and development expenses	5.513.122	3.946.810
Costs related to uncompleted contracts	1.759.458	467.758
Cost of goods sold	1.249.119	1.457.536
Projects in development process	426.783	283.089
Depreciation on inventories	306.582	102.369
General administrative expenses	288.532	277.749
Selling and marketing expenses	195.757	141.950
Total	9.739.353	6.677.261

As of March 31, 2013 and December 31, 2012, gross values of fully depreciated items which are still in use are as follows:

	March 31, 2013	December 31, 2012
Machinery, equipment and installations	62.167.653	61.596.818
Motor vehicles	2.590.430	2.556.760
Furniture and fixtures	11.982.111	11.966.130
Leasehold improvements	2.550.970	1.120.006
	79.291.164	77.239.714

11. Intangible assets

For the period ended March 31, 2013, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2013	Additions	March 31, 2013
Cost:			
Other intangible assets	10.181.064	66.775	10.247.839
Development costs	114.200.265	-	114.200.265
Projects in development process	19.674.691	15.158.836	34.833.527
	144.056.020	15.225.611	159.281.631
Accumulated amortization:			
Other intangible assets	6.882.799	405.139	7.287.938
Development costs	37.131.351	5.513.122	42.644.473
	44.014.150	5.918.261	49.932.411
Net book value	100.041.870		109.349.220

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11. Intangible assets

For the period ended March 31, 2011, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2012	Additions	March 31, 2012
Cost:			
Other intangible assets	7.958.897	286.716	8.245.613
Development costs	80.600.486	-	80.600.486
Projects in development process	9.081.096	10.614.488	19.695.584
	97.640.479	10.901.204	108.541.683
Accumulated amortization:			
Other intangible assets	5.423.475	336.502	5.759.977
Development costs	20.742.682	3.946.810	24.689.492
	26.166.157	4.283.312	30.449.469
Net book value	71.474.322		78.092.214

As of March 31, 2013 and December 31, 2012 the gross values of fully amortized intangible assets which are still in use is as follows:

	March 31, 2013	December 31, 2012
Other intangible assets	5.068.852	3.839.842
Research and Development Costs (Fully amortized)	2.550.970	2.550.970
	7.619.822	6.390.812

12. Provisions, contingent assets and liabilities

Provisions – short term

	March 31, 2013	December 31, 2012
Provision for other cost (*)	227.432.838	208.617.007
Warranty costs provision	12.324.923	13.391.500
Provision for vacation pay liability	4.023.053	3.313.961
Provision for wage difference	2.704.996	1.504.996
Provision for imported material cost	2.205.284	1.039.950
Provision for personnel premium	3.395.000	-
Provision for sales commission	3.286.422	894.634
Other provisions	574.175	170.962
Total	255.946.691	228.933.010

(*) Includes costs incurred by the Company related with tank project, which were not charged yet, and costs incurred by the subcontractors that will be invoiced to the Company at the end of the project, which were computed according to the estimated percentage of completion by the subcontractors.

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12. Provisions, contingent assets and liabilities (continued)

Provisions – long term

	March 31, 2013	December 31, 2012
Warranty costs provision	5.723.855	4.443.939
Total	5.723.855	4.443.939

Warranty provision

The movement of the warranty expense provision is as follows:

	March 31, 2013	March 31, 2012
January 1,	17.835.439	18.768.929
Additional provision	5.437.385	4.613.729
Payments	(5.224.046)	(4.613.729)
March 31	18.048.778	18.768.929

Provision for retirement pay liability

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

	March 31, 2013	March 31, 2012
January 1,	13.716.119	9.110.483
Interest cost	1.371.612	911.048
Current year charge	(304.357)	286.239
Actuarial loss	1.091.467	1.703.781
Payments	(838.546)	(481.092)
March 31	15.036.295	11.530.459

Provision for vacation pay liability

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

	March 31, 2013	March 31, 2012
January 1,	3.313.961	2.235.464
Additional provision	709.092	529.036
	4.023.053	2.764.500

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12. Provisions, contingent assets and liabilities (continued)

Commitments and contingencies

As of March 31, 2013 and December 31, 2012, the tables which represent the position of guarantees, pledges and mortgages are as follow:

Guarantees -Pledges-Mortgages(“GPM”s) given by the Company	March 31, 2013	December 31, 2012
a. GPMs given for companies in the name of its own legal personality	648.777.717	637.586.146
b. GPMs given on behalf of of the fully consolidated companies	-	-
c. GPMs given for the continuation of its economic activities on behalf of third parties	-	-
d. Total amount of other GPMs	-	-
Total	648.777.717	637.586.146

The details of GPMs in terms of currency are as follows:

	March 31, 2013		December 31, 2012	
	Original currency	TL	Original currency	TL
USD	301.170.587	544.727.241	301.585.793	537.606.836
EUR	15.235.213	35.328.935	15.175.004	35.687.056
GBP	9.192	25.223	9.192	26.387
TL	68.696.318	68.696.318	64.265.867	64.265.867
		648.777.717		637.586.146

The details of GPMs in terms of company/institution are as follows:

	March 31, 2013	December 31, 2012
Guarantee letters given		
Under secretariat of Ministry of Defense	411.530.313	405.591.826
Other	237.247.404	231.994.320
	648.777.717	637.586.146

Letter of Guarantees

a) Guarantees given as of March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013	December 31, 2012
Bank letters of guarantee (*)	648.777.717	637.586.146
	648.777.717	637.586.146

(*) Bank letter of guarantee amounting to TL 411.530.313 are given to Under Secretariat of Ministry of Defense within the scope of Altay Project (December 31, 2012 – TL 405.591.826).

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12. Provisions, contingent assets and liabilities (continued)

b) Guarantees received as of March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013	December 31, 2012
Bank letters of guarantee (**)	305.543.254	285.704.758
Guarantee notes	56.733.892	56.509.498
Mortgages received	3.842.000	3.842.000
Guarantee cheques	1.000.000	-
Total	366.119.146	346.056.256

(**) Bank letters of guarantee amounting to TL 157.949.584 are obtained from the sub-contractors for Altay Project. (December 31, 2012 – TL 157.770.977)

13. Other assets and liabilities

a) **Other current assets:**

	March 31, 2013	December 31, 2012
Advances given	132.141.606	131.619.702
Value added tax receivables	27.700.259	17.241.400
Prepaid expenses	2.259.238	1.834.083
Prepaid tax	-	2.072.249
Other	2.529.443	2.166.929
Total	164.630.546	154.934.363

b) **Other current liabilities:**

	March 31, 2013	December 31, 2012
Deferred maintenance income (*)	6.870.402	1.595.339
Social security premiums payable	2.578.512	5.902.620
Taxes and funds payable	1.311.154	3.152.862
Deferred special consumption tax	88.677	249.277
Other	195.654	109.240
Total	11.044.399	11.009.338

c) **Other non-current liabilities:**

	March 31, 2013	December 31, 2012
Deferred maintenance income (*)	26.852.085	5.644.080
Total	26.852.085	5.644.080

(*) Deferred maintenance income consists of maintenance income regarding vehicles sold in accordance with the agreement.

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13. Other assets and liabilities (continued)

d) Other liabilities:

	March 31, 2013	December 31, 2012
Advances received	111.450.340	145.260.185
Due to personnel	249.999	8.828.874
Other liabilities	67.766.780	1.441.022
Total	179.467.119	155.530.081

14. Sales and cost of sales

Net sales

	January 1 – March 31, 2013	January 1 – March 31, 2012
Domestic sales	272.383.840	131.629.400
Export sales	62.136.020	40.168.176
Gross sales	334.519.860	171.797.576
Less: Sales discounts and sales returns	(142.028)	(20.773)
Net sales	334.377.832	171.776.803

For the periods ended March 31, 2013 and 2012 sales of the Company in terms categories sold are as follows:

	January 1 – March 31, 2013	January 1 – March 31, 2012
Commercial vehicle	200.601.789	98.133.007
Armoured vehicles	81.620.084	31.677.631
Other sales (*)	52.155.959	41.966.165
	334.377.832	171.776.803

(*) TL 26.661.000 of this amount is related to revenues of uncompleted contracts (March 31, 2012 - TL 25.460.205)

Cost of sales

	January 1 – March 31, 2013	January 1 – March 31, 2012
Cost of finished goods sold	248.526.663	131.241.407
Cost of merchandises sold	11.835.880	8.687.162
Cost of sales	260.362.543	139.928.569

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15. Financial income

	January 1 – March 31, 2013	January 1 – March 31, 2012
Foreign exchange gains	11.491.802	46.661.746
Forward income	11.270.986	3.647.157
Interest income from time deposits	42.687	560.395
Deferred financial income	1.291.830	4.107.587
Total	24.097.305	54.976.885

16. Financial expense

	January 1 – March 31, 2013	January 1 – March 31, 2012
Foreign exchange losses	(19.209.194)	(42.238.612)
Interest expense on bank borrowings	(6.765.104)	(4.683.281)
Forward expense	(2.444.714)	(10.012.764)
Total	(28.419.012)	(56.934.657)

17. Tax assets and liabilities

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

In Turkey, the corporation tax rate is 20% (December 31, 2012 - 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% (2012 - 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.

As of March 31, 2013 and December 31, 2012, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	March 31, 2013	December 31, 2012
Income taxes payable	9.576.794	6.799.697
Prepaid taxes	(8.879.663)	(8.871.946)
Tax liability for the period	697.131	(2.072.249)

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17. Tax assets and liabilities (continued)

The breakdown of total tax expense for the period ended March 31, 2013 and 2012:

	January 1 – March 31, 2013	January 1 – March 31, 2012
Current year corporate tax charge	(9.610.901)	(1.187.124)
Deferred tax income shown in comprehensive income statement		
Tax income shown in profit for the period	5.244.912	980.041
Tax charged to other comprehensive income/expense	272.867	425.945
Total tax (expense)/income	(4.093.122)	218.862

As of March 31, 2013 and December 31, 2012, 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 asset/ (liability)	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Property, plant and equipment	(12.267.992)	12.960.293	1.027.696	889.236
Intangible assets	(16.053.701)	(16.526.630)	(3.210.740)	(3.305.326)
Deferred financial expenses	(10.037)	(305.425)	(2.007)	(61.085)
Inventories	(26.257)	163.859	(5.251)	32.772
Warranty costs provision	12.324.923	17.835.439	2.464.985	3.567.088
Retirement pay liability	15.036.295	13.716.119	3.007.260	2.743.224
Deferred financial income	8.148.791	4.175.331	1.629.758	835.066
Other provisions	14.804.867	8.986.866	2.960.974	1.797.373
Adjustment for percentage of completion method on construction projects	11.815.309	13.651.109	2.363.062	2.730.222
Other	31.871.920	9.318.830	6.374.378	1.863.766
Deferred tax asset			16.610.115	11.092.336

The movement of deferred tax asset for the period ended March 31, 2013 and 2012 is as follows:

	March 31, 2013	March 31, 2012
January 1	11.092.336	12.648.352
Deferred tax income shown in comprehensive income statement		
Tax income shown in profit for the period	5.244.912	980.041
Tax charged to other comprehensive income/expense	272.867	425.945
	16.610.115	14.054.338

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18. Earnings per share

Earnings per share are 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. 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.

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding. The capital of the Company is represented with a nominal value of 1 Kurus and 2.400.000.000 shares, earnings per share for a nominal value of 1 Kurus is as follows:

	March 31, 2013	March 31, 2012
Net income attributable to shareholders (TL)	25.303.505	6.329.765
Weighted average number of issued shares	2.400.000.000	2.400.000.000
Earnings per share (KR)	0,105	0,026

19. Related party disclosures

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

- i) Due from and due to related party balances as of March 31, 2013 and December 31, 2012:

Due from related parties	March 31, 2013	December 31, 2012
Ram Dış Ticaret A.Ş. (1) (*)	52.597.939	23.141.922
Otokar Europe SAS (3)	1.180.426	608.470
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	282.077	283.023
Arçelik A.Ş. (1)	147.460	-
Ford Otosan A.Ş. (2)	25.325	23.950
Aygaz A.Ş. (1)	19.253	-
Türk Traktör ve Ziraat Makineleri A.Ş. (1)	-	492.700
Total	54.252.480	24.550.065

(*) Certain portion of export sales are realized through Ram Dış, accordingly the amount composed of accounts receivables arising on these transactions.

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19. Related party disclosures (continued)

Due to related parties	March 31, 2013	December 31, 2012
Ram Dış Ticaret A.Ş. (1)	1.757.755	2.471.861
Zer Merkezi Hizmetler A.Ş. (1)	732.404	1.583.589
Akpa Dayanaklı Tük. Paz. A.Ş. (1)	367.135	494.223
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	351.479	195.013
Ram Sigorta Aracılık Hz. A.Ş. (1)	330.126	483.269
Koçtaş Yapı Marketleri A.Ş. (1)	263.558	221.594
Koç Holding A.Ş. (2)	249.255	49.343
Opet Fuchs Madeni Yağ A.Ş. (1)	211.253	154.030
Setur Servis Turistik A.Ş. (1)	117.765	904.628
Arçelik A.Ş. (1)	2.707	243.629
Promena Elektronik Ticaret A.Ş. (1)	2.142	33.406
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	1.022	1.588.261
Ford Otosan A.Ş. (2)	179	179
Ark inşaat A.Ş. (1)	-	442.799
Bilkom A.Ş. (1)	-	1.463
Opet Petrolcülük A.Ş. (1)	-	54.823
Divan Turizm İşletmeleri A.Ş. (1)	-	66.805
Total	4.386.780	8.988.915

(1) Controlled by the shareholders / joint ventures of the Company

(2) Shareholder of the Company

(3) Subsidiary of the Company

ii) Major sales and purchase transactions with related parties for the periods ended March 31, 2013 and March 31, 2012:

Product sales and service revenue	March 31, 2013	March 31, 2012
Ram Dış Ticaret A.Ş.(1) (*)	59.137.803	37.595.897
Türk Traktör ve Ziraat Makineleri A.Ş.(1)	1.585.514	1.202.508
Otokar Europe SAS (3)	606.054	-
Arçelik A.Ş. (1)	122.850	-
Aygaz A.Ş. (1)	52.426	-
Ford Otosan (2)	162	1.241
Zer Merkezi Hizmetler A.Ş. (1)	-	350.288
Total	61.504.809	39.149.934

(1) Controlled by the shareholders/joint ventures of the Company

(2) Shareholder of the Company

(3) Subsidiary of the Company

(*) Sales to Ram Dış comprise export sales made to third party customers

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19. Related party disclosures (continued)

Purchase of property, plant and equipment	March 31, 2013	March 31, 2012
Koç Sistem Bilgi ve İletişim Hizm. A.Ş. (1)	102.422	370.354
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	59.779	-
Koçtaş Yapı Marketleri A.Ş. (1)	44.740	-
Zer Merkezi Hizmetler A.Ş. (1)	6.416	46.407
Arçelik A.Ş. (1)	2.289	19.569
Ark inşaat A.Ş. (1)	-	1.188.517
Total	215.646	1.624.847

Inventory purchases	March 31, 2013	March 31, 2012
Zer Merkezi Hizmetler A.Ş. (1)	2.014.040	1.675.074
Ram Dış Ticaret A.Ş. (1)	1.270.768	1.200.497
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	1.167.935	694.881
Opet Petrolcülük A.Ş. (1)	365.305	81.138
Koçtaş Yapı Marketleri A.Ş. (1)	327.479	152.269
Opet Fuchs Madeni Yağ A.Ş. (1)	304.255	110.383
Türk Traktör ve Ziraat Makineleri A.Ş. (1)	98.904	188.142
Arçelik A.Ş. (1)	4.019	106
Ford Otosan A.Ş. (2)	-	88
Total	5.552.705	4.102.578

Services received	March 31, 2013	March 31, 2012
Ram Dış Ticaret A.Ş. (1)	3.770.249	552.005
Setur Servis Turistik A.Ş. (1)	795.546	486.038
Koç Holding A.Ş. (2)	433.510	291.600
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	423.032	307.957
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	323.854	148.788
Otokar Europe SAS (3)	211.210	304.752
Koç Üniversitesi (1)	53.344	-
Ram Sigorta Aracılık Hz. A.Ş. (1) (*)	50.809	25.784
Other (1)	21.440	68.468
Total	6.082.994	2.185.392

(1) Controlled by the shareholders/joint ventures of the Company

(2) Shareholder of the Company

(3) Subsidiary of the Company

(*) It includes paid and accrued premium for the period ended as of March 31, 2013 in accordance with insurance policies signed between unrelated insurance companies via Ram Sigorta Aracılık Hizmetleri A.Ş. which is an insurance agency.

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19. Related party disclosures (continued)

Bank deposits	March 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. (1) - demand deposits	51.087	903.749
	51.087	903.749
Checks and notes in collection	March 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. (1)	36.747.625	37.314.908
	36.747.625	37.314.908
Credits	March 31, 2013	December 31, 2012
Yapı ve Kredi Bankası A.Ş. (1)	23.000.000	2.025.916
	23.000.000	2.025.916

For the periods ended March 31, 2013 and 2012, financial income and expense with related parties:

Interest income	March 31, 2013	March 31, 2012
Yapı ve Kredi Bankası A.Ş. (1)	6.055	86.413
Total	6.055	86.413
Foreign exchange gains	March 31, 2013	March 31, 2012
Yapı ve Kredi Bankası A.Ş. (1)	235.781	18.483
Ram Dış Ticaret A.Ş. (1)	206.405	6.281.928
Other (1)	71	8.229
Total	442.257	6.308.640
Foreign exchange losses	March 31, 2013	March 31, 2012
Yapı ve Kredi Bankası A.Ş. (1)	115.232	936.845
Ram Dış Ticaret A.Ş. (1)	74.054	2.221.395
Other (1)	421	548
Total	189.707	3.158.788
Forward income and losses	March 31, 2013	March 31, 2012
Yapı ve Kredi Bankası A.Ş. (1)	-	(1.600)
Total	-	(1.600)

(1) Controlled by the shareholders/joint ventures of the Company

Benefits provided to executives

Salaries and similar benefits provided to the executive management by the Company for the period ended March 31, 2013 amounted to TL 922.545 (March 31, 2012 – TL 790.445).

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20. Nature and level of risks arising from financial instruments

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;

Table of foreign currency position					
March 31, 2013					
	TL equivalent (functional currency)	USD	EUR	GBP	
1.	Trade receivables	257.186.587	23.769.025	91.930.849	370.651
2a.	Monetary financial assets (including cash, bank accounts)	136.650.345	69.737.193	4.529.374	4.927
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	393.836.932	93.506.218	96.460.223	375.578
5.	Trade receivables	96.957.170	-	41.811.709	-
6a.	Monetary financial assets	62.525.060	34.569.061	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	159.482.230	34.569.061	41.811.709	-
9.	Total assets(4+8)	553.319.162	128.075.279	138.271.932	375.578
10.	Trade payables	(22.572.906)	(3.328.732)	(6.807.352)	(279.385)
11.	Financial liabilities	-	-	-	-
12a.	Monetary other liabilities	(315.996.522)	(174.170.777)	(132.636)	(242.800)
12b.	Non-monetary other liabilities	(5.576.965)	-	(2.405.005)	-
13.	Current liabilities (10+11+12)	(344.146.393)	(177.499.509)	(9.344.993)	(522.185)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non-monetary other liabilities	(26.852.085)	-	(11.579.665)	-
17.	Non-current liabilities (14+15+16)	(26.852.085)	-	(11.579.665)	-
18.	Total liabilities (13+17)	(370.998.478)	(177.499.509)	(20.924.658)	(522.185)
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(179.015.807)	51.028.635	(117.000.000)	-
19a.	Hedged total assets amount	125.819.322	69.563.400	-	-
19b.	Hedged total liabilities amount	(304.835.129)	(18.534.765)	(117.000.000)	-
20.	Net foreign currency asset/(liability) position (9+18+19)	3.304.876	1.604.405	347.273	(146.607)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	214.749.734	(49.424.230)	131.331.944	(146.607)
22.	Total fair value of financial instruments used for foreign currency hedging	(179.015.807)	51.028.635	(117.000.000)	0
23.	Export (As of 31.03.2013)	62.136.020	27.196.740	5.589.791	371.124
24.	Import (As of 31.03.2013)	111.260.134	24.163.795	27.678.468	1.080.472

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20. Nature and level of risks arising from financial instruments (continued)

		Döviz pozisyonu tablosu			
		December 31, 2012			
		TL equivalent (functional currency)	USD	EUR	GBP
1.	Trade receivables	158.793.258	3.871.728	64.121.523	382.100
2a.	Monetary financial assets (including cash, bank accounts)	139.389.423	71.086.883	5.339.886	39.060
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	298.182.681	74.958.611	69.461.409	421.160
5.	Trade receivables	59.397.503	-	25.257.262	-
6a.	Monetary financial assets	61.325.046	34.402.023	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	120.722.549	34.402.023	25.257.262	-
9.	Total assets(4+8)	418.905.230	109.360.634	94.718.671	421.160
10.	Trade payables	(23.416.262)	(2.241.797)	(7.608.276)	(532.134)
11.	Financial liabilities	-	-	-	-
12a.	Monetary other liabilities	(331.799.032)	(185.715.363)	(138.031)	(145.680)
12b.	Non-monetary other liabilities	(1.293.435)	-	(550.000)	-
13.	Current liabilities (10+11+12)	(356.508.729)	(187.957.160)	(8.296.307)	(677.814)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non-monetary other liabilities	(5.644.080)	-	(2.400.000)	-
17.	Non-current liabilities (14+15+16)	(5.644.080)	-	(2.400.000)	-
18.	Total liabilities (13+17)	(362.152.809)	(187.957.160)	(10.696.307)	(677.814)
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(62.253.705)	74.575.000	(83.000.000)	-
19a.	Hedged total assets amount	150.763.395	84.575.000	-	-
19b.	Hedged total liabilities amount	(213.017.100)	(10.000.000)	(83.000.000)	-
20.	Net foreign currency asset/(liability) position (9+18+19)	(5.501.284)	(4.021.526)	1.022.364	(256.654)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	63.689.936	(78.596.526)	86.972.364	(256.654)
22.	Total fair value of financial instruments used for foreign currency hedging	(62.253.705)	(83.000.000)	(83.000.000)	-
23.	Export (As of 31.12.2012)	40.166.902	16.077.424	4.554.423	92.500
24.	Import (As of 31.12.2012)	64.747.117	12.001.742	17.618.631	687.919

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20. Nature and level of risks arising from financial instruments (continued)

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 March 31, 2013 and December 31, 2012:

Exchange rate sensitivity analysis table			
March 31, 2013			
	Profit/loss	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency	
<i>In case 10% appreciation of USD against TL:</i>			
1-	USD net asset/liability	(8.939.360)	8.939.360
2-	Amount hedged for USD risk (-)	-	-
3-	USD net effect (1+2)	(8.939.360)	8.939.360
<i>In case 10% appreciation of EUR against TL:</i>			
4-	EUR net asset/liability	30.454.564	(30.454.564)
5-	Amount hedged for EUR risk (-)	-	-
6-	EUR net effect (4+5)	30.454.564	(30.454.564)
<i>In case 10% appreciation of GBP against TL:</i>			
7-	GBP net asset/liability	(40.231)	40.231
8-	Amount hedged for GBP risk (-)	-	-
9-	GBP net effect (7+8)	(40.231)	40.231
Total (3+6+9+12)		21.474.973	(21.474.973)

Exchange rate sensitivity analysis table			
December 31, 2012			
	Profit/loss	Profit/loss	
	Appreciation of foreign currency	Depreciation of foreign currency	
<i>In case 10% appreciation of USD against TL:</i>			
1-	USD net asset/liability	(14.010.617)	14.010.617
2-	Amount hedged for USD risk (-)	-	-
3-	USD net effect (1+2)	(14.010.617)	14.010.617
<i>In case 10% appreciation of EUR against TL:</i>			
4-	EUR net asset/liability	20.453.291	(20.453.291)
5-	Amount hedged for EUR risk (-)	-	-
6-	EUR net effect (4+5)	20.453.291	(20.453.291)
<i>In case 10% appreciation of GBP against TL:</i>			
7-	GBP net asset/liability	(73.680)	73.680
8-	Amount hedged for GBP risk (-)	-	-
9-	GBP net effect (7+8)	(73.680)	73.680
Total (3+6+9)		6.368.994	(6.368.994)

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21. Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company’s assets that are measured at fair value at March 31, 2013 and December 31, 2012:

Liabilities	Level 1	Level 2	Level 3	Total
<u>March 31, 2013</u>				
Derivative financial instruments	-	1.524.121	-	1.524.121
Total	-	1.524.121	-	1.524.121
<u>Assets</u>				
<u>December 31, 2012</u>				
Derivative financial instruments	-	2.193.011	-	2.193.011
Total	-	2.193.011	-	2.193.011

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 - 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 –Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of long-term bank borrowings with fixed interest rates are noted that it is close to approximate their respective carrying values, since the interest rate as of balance sheet date is used. The fair values of short-term bank borrowings are considered to approximate their respective carrying values due to their short-term nature

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22. Subsequent events

None.

23. 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

None.