

(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, 2012**

**(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

Balance sheet as of March 31, 2012

Prepared in accordance with the Communiqué No: XI-29

“Communiqué on Financial Reporting Standards in Capital Market”

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

		Not Audited	Audited
	Notes	March 31, 2012	December 31, 2011
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	46.297.602	4.470.424
Trade receivables	7	196.166.836	215.803.465
-Trade receivables from related parties	19	27.856.016	19.862.364
-Other trade receivables	7	168.310.820	195.941.101
Other receivables		115.720	577
Inventories	8	229.233.973	168.551.835
Costs and estimated earnings in excess of billings on uncompleted contracts	9	39.338.472	43.967.333
Derivative financial assets	6	-	9.022.907
Other current assets	13	188.222.277	133.705.191
<b>Total current assets</b>		<b>699.374.880</b>	<b>575.521.732</b>
<b>Non-current assets</b>			
Trade receivables	7	69.763.360	81.455.465
Other receivables		5.903	5.903
Financia investments	4	239.280	239.280
Property, plant and equipment	10	114.765.182	113.300.891
Intangible assets	11	78.092.214	71.474.322
Deferred tax asset	17	14.054.339	12.648.352
<b>Total non-current assets</b>		<b>276.920.278</b>	<b>279.124.213</b>
<b>Total assets</b>		<b>976.295.158</b>	<b>854.645.945</b>

The accompanying policies and explanatory notes on pages 7 through 31 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Balance sheet as of March 31, 2012

Prepared in accordance with the Communiqué No: XI-29

“Communiqué on Financial Reporting Standards in Capital Market”

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

		<b>Not Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities	5	<b>154.300.818</b>	96.867.900
Other financial liabilities	6	<b>904.697</b>	-
Trade payables	7,19	<b>73.161.948</b>	78.495.682
Other payables	13	<b>261.578.089</b>	154.929.567
Tax liability	17	<b>1.187.124</b>	3.089.785
Government incentives and grants		<b>466.494</b>	621.992
Provisions	12	<b>208.650.949</b>	206.459.342
Other current liabilities	13	<b>11.715.343</b>	8.233.975
<b>Total current liabilities</b>		<b>711.965.462</b>	548.698.243
<b>Non-current liabilities</b>			
Financial liabilities	5	<b>80.104.224</b>	82.471.971
Reserve for retirement pay		<b>11.530.459</b>	9.110.483
Government incentives and grants		<b>1.017.366</b>	1.017.366
<b>Total non-current liabilities</b>		<b>92.652.049</b>	92.599.820
<b>Shareholders' equity</b>			
<b>Parent Company's equity</b>			
Paid-in share capital		<b>24.000.000</b>	24.000.000
Inflation adjustment on equity items		<b>52.743.030</b>	52.743.030
Restricted reserves		<b>22.798.147</b>	18.118.147
Retained earnings		<b>65.806.705</b>	63.640.101
Net income for the period		<b>6.329.765</b>	54.846.604
<b>Total shareholders' equity</b>		<b>171.677.647</b>	213.347.882
<b>Total liabilities</b>		<b>976.295.158</b>	854.645.945

The accompanying policies and explanatory notes on pages 7 through 31 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Comprehensive income statement for the period ended March 31, 2012

Prepared in accordance with the Communiqué No: XI-29

“Communiqué on Financial Reporting Standards in Capital Market”

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

		Not Audited	Not Audited
	Notes	March 31, 2012	March 31, 2011
<b>Continuing operations</b>			
Net sales	14	171.776.803	147.609.734
Cost of sales (-)	14	(139.928.569)	(114.230.267)
<b>Gross profit</b>		<b>31.848.234</b>	<b>33.379.467</b>
Selling, marketing and distribution expense (-)		(13.341.226)	(14.641.263)
General and administrative expense (-)		(7.184.700)	(5.829.787)
Research and development expenses (-)		(4.497.673)	(2.981.591)
Other operating income		1.411.206	1.097.581
Other operating expense		(167.166)	(183.408)
<b>Operating profit</b>		<b>8.068.675</b>	<b>10.840.999</b>
Financial income	15	54.976.885	19.051.751
Financial expense (-)	16	(56.934.657)	(19.666.591)
<b>Income before taxes from continuing operations</b>		<b>6.110.903</b>	<b>10.226.159</b>
<b>Tax income/expense for continuing operations</b>			
- Current tax expense for the period	17	(1.187.124)	(2.898.502)
- Deferred tax income	17	1.405.986	1.866.654
<b>Net income</b>		<b>6.329.765</b>	<b>9.194.311</b>
<b>Total comprehensive income</b>		<b>6.329.765</b>	<b>9.194.311</b>
<b>Earning per share</b>	18	<b>0,00026</b>	<b>0,00038</b>

The accompanying policies and explanatory notes on pages from 7 to 31 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Statement of changes in equity for the period ended March 31, 2012  
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
<b>January 1, 2011</b>	24.000.000	52.743.030	16.738.147	59.241.787	20.778.314	173.501.278
Transfer to retained earnings	-	-	-	20.778.314	(20.778.314)	-
Transfer to restricted reserves	-	-	1.380.000	(1.380.000)	-	-
Dividends paid	-	-	-	(15.000.000)	-	(15.000.000)
Total comprehensive income	-	-	-	-	9.194.311	9.194.311
<b>March 31, 2011</b>	24.000.000	52.743.030	18.118.147	63.640.101	9.194.311	167.695.589
<b>January 1, 2012</b>	<b>24.000.000</b>	<b>52.743.030</b>	<b>18.118.147</b>	<b>63.640.101</b>	<b>54.846.604</b>	<b>213.347.882</b>
Transfer to retained earnings	-	-	-	54.846.604	(54.846.604)	-
Transfer to restricted reserves	-	-	4.680.000	(4.680.000)	-	-
Dividends paid	-	-	-	(48.000.000)	-	(48.000.000)
Total comprehensive income	-	-	-	-	6.329.765	6.329.765
<b>March 31, 2012</b>	<b>24.000.000</b>	<b>52.743.030</b>	<b>22.798.147</b>	<b>65.806.705</b>	<b>6.329.765</b>	<b>171.677.647</b>

The accompanying policies and explanatory notes on pages from 7 to 31 form an integral part of the financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Cash flow statement for the period ended March 31, 2012

Prepared in accordance with the Communiqué No: XI-29

“Communiqué on Financial Reporting Standards in Capital Market”

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

	Notes	March 31, 2012	March 31, 2011
<b>Cash flows from operating activities</b>			
Income before provision for taxes		6.110.903	10.226.159
<b>Adjustments to reconcile net income to net cash flows from operating activities:</b>			
Depreciation and amortization	10,11	6.677.261	5.193.728
Reserve for retirement pay		2.901.066	1.420.203
Provision for impairment on inventory		(169.195)	-
Warranty provision expense	12	4.613.729	3.700.642
Gain on sale of property, plant and equipment		(98.106)	(765.188)
Interest expense	16	4.683.281	2.612.617
Unrealized foreign exchange loss on borrowings	15,16	-	1.325.000
Interest income	15	(560.395)	(832.952)
Allowance for doubtful receivables		68.816	167.055
Forward exchange gain, net		6.365.607	4.338.234
<b>Operating profit/(loss) before changes in working capital</b>		<b>30.592.967</b>	<b>27.385.498</b>
<b>Changes in operating assets and liabilities:</b>			
Trade receivables and other receivables		31.144.776	(7.923.814)
Costs and estimated earnings in excess of billings on uncompleted contracts		4.628.861	(3.967.560)
Inventories		(60.512.943)	(49.329.434)
Other current assets		(54.517.086)	(4.171.785)
Trade payables		(5.333.734)	23.125.008
Other current liabilities		112.166.000	717.830
Taxes paid		(3.089.785)	(7.398.427)
Warranties paid	12	(4.613.729)	(3.032.873)
Employee termination benefits paid		(481.092)	(275.492)
<b>Net cash (used in) / provided from operating activities</b>		<b>49.984.235</b>	<b>(24.871.049)</b>
<b>Investing activities</b>			
Net cash paid in purchase of property, plant and equipment	10	(4.456.670)	(1.302.763)
Net cash paid in purchase of intangible assets	11	(10.901.204)	(5.275.325)
Proceeds from sale of property, plant and equipment		696.541	1.307.535
Interest received		560.395	832.952
<b>Net cash used in investing activities</b>		<b>(14.100.938)</b>	<b>(4.437.601)</b>
<b>Financing activities</b>			
Increase in spot borrowings, net		46.946.804	26.407.086
Received borrowings		4.002.667	-
Paid borrowings		-	(16.244.103)
Realized forward exchange gain, net		3.561.997	-
Interest payments		(567.587)	1.051.874
Dividends paid		(48.000.000)	(15.000.000)
<b>Net cash used in financing activities</b>		<b>5.943.881</b>	<b>(3.785.143)</b>
<b>Net increase/( decrease ) in cash and cash equivalents</b>		<b>41.827.178</b>	<b>(33.093.793)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>4.470.424</b>	<b>111.564.742</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>46.297.602</b>	<b>78.470.949</b>

The accompanying policies and explanatory notes on pages from 7 to 31 form an integral part of the financial statements.

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**Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi**

**Notes to the financial statements**

**For the period ended March 31, 2012**

**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. Organization and nature of operations of the Company**

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.

In accordance with Ordinary General Assembly Meeting dated March 17, 2010, Company’s official title has been changed. New official title which was registered at March 24, 2010, came into effect at March 30, 2010 based on the declaration in the Trade Registry Gazette with law no 7532.

The Company operates in the automotive industry and off road vehicles, armoured vehicles, minibuses and midibuses, trailers, semi-trailers and cross-country comprises the majority of its production. The number of the personnel in the Company is 1.869. (December 31, 2011– 1.519).

The registered addresses of the Company are as follows:

Headquarters:

Aydınevler Mahallesi, Dumlupınar Cad. No: 58 A Bl.  
81580 Küçükyalı / İstanbul

Factory:

Atatürk Cad. No: 9  
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” has not yet started its operations and does not materially affect the financial statements, it has not been subject to consolidation and has been classified under financial investments in the balance sheet (Note 4).

Financial statements have been authorized for issue by the Board of Directors of the Company on May 3, 2012 and signed by Ahmet Serdar Görgüç and Hüseyin Odabaş on behalf of Board of Directors of the Company. Board of Directors of the Company have the power to amend the statutory financial statements.

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, 2012 the shares listed on the ISE are 29,91% of the total shares. As of March 31, 2012, 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
	<b>100,00</b>

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

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



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**Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi**

**Notes to the financial statements**

**For the period ended March 31, 2012**

**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 preparation**

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.

The financial statements have been prepared from statutory financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting and reporting standards as prescribed by Turkish Capital Market Board.

The financial statements 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, 2012 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, 2011.

**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, 2012 and December 31, 2011 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 used in the preparation of the interim condensed financial statements for the period ended March 31, 2012 are consistent with those used in the preparation of the financial statements as of and for the year ended December 31, 2011.

**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 period. 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.

(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, 2012

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)

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, 2012, 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.

## 2.4 Summary of significant accounting policies

There is no change in the accounting policies adopted in the preparation of the financial statements as of and for the year ended December 31, 2011.

## 2.5 Segment reporting

Since the Company does not have different geographic and operational units, the Company does not prepare segment reporting, follows its operations in one segment.

(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, 2012

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)

3. Cash and cash equivalents

	March 31, 2012	December 31, 2011
Cash at banks		
- demand deposits	13.483.469	2.897.205
- time deposits	30.606.961	-
Cheques and notes received	2.231.403	1.526.619
Other	(24.231)	46.600
	<b>46.297.602</b>	<b>4.470.424</b>

As of March 31, 2012, effective interest rate of time deposits which are amounting to TL 30.606.961 is annually 3,40% and the maturity date is April 2, 2012. (December 31, 2011- None)

As of March 31, 2012, and December 31, 2011 checks and notes received consist of checks and notes which are due as of balance sheet date and are given to banks for collections.

As of March 31, 2012, the Company has restricted bank deposit amounting to TL 1.145 (December 31, 2011 – TL 1.145).

4. Financial investments

The Company has a 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" has not yet started its operations and 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.

5. Financial liabilities

			March 31,2012	
	Maturities	Interest rate (%)	Original Currency	TL
Short-term bank borrowings (**)				
Denominated in TL	April 2, 2012- January 7, 2013	10,76 - 12,50	154.300.818	154.300.818
<b>Total</b>				<b>154.300.818</b>

(\*\*) Bearing fixed interest rate

			March 31,2012	
	Maturities	Interest rate (%)	Original Currency	TL
Long-term bank borrowings (*)(**)				
Denominated in TL	September 16,2013- March 20, 2014	11,72 - 13,13	80.104.224	80.104.224
<b>Total</b>				<b>80.104.224</b>

(\*) Weighted average maturity days of long-term borrowings are 627.

(\*\*) Bearing fixed interest rate

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Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2012

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 (continued)

			December 31, 2011
	Maturities	Interest rate (%)	TL
Short-term bank borrowings (**)			
Denominated in TL	January 2, 2012 – March 15, 2012	8,55 – 12,95	96.867.900
<b>Total</b>			<b>96.867.900</b>

			December 31, 2011
	Maturities	Interest rate (%)	TL
Long-term bank borrowings (*)(**)			
Denominated in TL	January 7 , 2013 – September 16 ,2013	10,80 – 11,16	82.471.971
<b>Total</b>			<b>82.471.971</b>

(\*) Weighted average maturity days of long-term borrowings are 499.

(\*\*) Bearing fixed interest rate

As of March 31, 2012, the Company has not provided any guarantees for the borrowings received (December 31, 2011 - None).

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 period Contract maturity	Fair values Liabilities
<b>March 31, 2012:</b>			
<b>Forward transactions</b>	<b>221.849.700</b>	<b>April 30, 2012- June 29, 2012</b>	<b>904.697</b>
<b>Short-term derivative financial instruments</b>	<b>221.849.700</b>		<b>904.697</b>
<b>Total derivative financial instruments</b>	<b>221.849.700</b>		<b>904.697</b>

	Contract amount	Prior period Contract maturity	Fair values Assets
December 31 2011:			
Forward transactions	208.525.910	January 11, 2012 – March 30,2012	9.022.907
Short-term derivative financial instruments	208.525.910		9.022.907
<b>Total derivative financial instruments</b>	<b>208.525.910</b>		<b>9.022.907</b>

(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, 2012

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

### Trade receivables

	March 31, 2012	December31, 2011
Trade receivables, net	51.111.042	67.250.300
Notes receivables, net	135.090.036	147.028.337
	<b>186.201.078</b>	214.278.637
Less: provision for doubtful receivables	<b>(17.890.258)</b>	(18.337.536)
<b>Other short-term trade receivables</b>	<b>168.310.820</b>	195.941.101
Trade receivables from related parties	27.856.016	19.862.364
<b>Short Term trade receivables</b>	<b>196.166.836</b>	215.803.465
Short-term trade receivables	69.763.360	81.455.465
<b>Long-term notes receivables</b>	<b>69.763.360</b>	81.455.465

### Guarantees related with the trade receivables

Receivables of the Company mainly relate to the sales to the minibus and bus dealers, trailer sales and military vehicle sales. As of March 31, 2012 the total trade receivable from dealers amounting to TL 52.844.128 (December 31, 2011 – TL 52.916.990) after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 42.130.656 (December 31, 2011 – TL 41.753.015)

### Aging analysis for trade receivables

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

March 31,2012	Trade receivables
1- 30 day past due	-
1- 3 month past due	454.875
3- 12 month past due	-
1- 5 year past due	1.139.815
Over 5 year past due	-
<b>Total</b>	<b>1.594.690</b>
<b>Amount secured with guarantee (1)</b>	<b>1.144.224</b>

(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, 2012

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)

December 31, 2011	Trade receivables
1- 30 day past due	-
1- 3 month past due	251.577
3- 12 month past due	-
1- 5 year past due	1.222.206
Over 5 year past due	-
<b>Total</b>	<b>1.473.783</b>
Amount secured with guarantee (1)	1.462.159

(1) Pledges on trailers

The movement of the provision for doubtful receivables for the period ended March 31, 2012 and March 31, 2011 are as follows:

	March 31, 2012	March 31, 2011
January 1	18.337.536	10.540.246
Collections	(516.094)	(14.293)
Additional provision	68.816	167.055
<b>Total</b>	<b>17.890.258</b>	<b>10.693.008</b>

Trade payables

	March 31, 2012	December 31, 2011
Trade payables, net	69.725.098	73.243.490
Notes payables, net	170.700	166.050
<b>Short-term trade payables</b>	<b>69.895.798</b>	<b>73.409.540</b>
Trade payables to related parties	3.266.150	5.086.142
<b>Short-term trade payables</b>	<b>73.161.948</b>	<b>78.495.682</b>

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8. Inventories

	March 31, 2012	December 31, 2011
Raw material	66.052.429	47.815.012
Work-in-process	25.842.986	9.056.158
Finished goods	59.321.419	61.757.207
Merchandise	27.265.648	24.079.893
Goods in transit	52.157.748	27.419.017
(-) Impairment for inventories (*)	(1.406.257)	(1.575.452)
	<b>229.233.973</b>	<b>168.551.835</b>

(\*) TL 979.049 of impairment is related to finished goods and TL 427.208 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, 2012 accrued costs related to uncompleted contracts amounted to TL 263.079.156 (December 31,2011 – TL 251.447.795)

As of March 31, 2012, the short term advances taken by the Company related with ongoing projects which amounts to TL 177.631.840 was included in other payables in the financial statements (December 31,2011 – TL 61.420.658)

10. Property, plant and equipment

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
<b>Cost:</b>					
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
	<b>231.406.034</b>	<b>4.456.670</b>	<b>(799.167)</b>	<b>-</b>	<b>235.063.537</b>
<b>Accumulated depreciation:</b>					
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
	<b>118.105.143</b>	<b>2.393.949</b>	<b>(200.737)</b>	<b>-</b>	<b>120.298.355</b>
<b>Net book value</b>	<b>113.300.891</b>		<b>(598.430)</b>		<b>114.765.182</b>

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10. Property, plant and equipment (continued)

For the period ended March 31, 2011, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2011	Additions	Disposals	March 31, 2011
<b>Cost:</b>				
Land	36.396.386	-	-	36.396.386
Land improvements	5.481.336	-	-	5.481.336
Buildings	53.219.003	-	-	53.219.003
Machinery, equipment and installations	92.434.926	164.175	(331.860)	92.267.241
Motor vehicles	6.698.795	122.480	(371.000)	6.450.275
Furniture and fixtures	18.759.148	319.333	(114.611)	18.963.870
Leasehold improvements	1.448.602	-	-	1.448.602
Construction in progress	670.873	696.776	-	1.367.649
	215.109.069	1.302.764	(817.471)	215.594.362
<b>Accumulated depreciation:</b>				
Land improvements	2.330.079	50.414	-	2.380.493
Buildings	21.113.641	630.815	-	21.744.456
Machinery, equipment and installations	73.826.184	1.167.626	(127.457)	74.866.353
Motor vehicles	3.370.231	109.471	(53.296)	3.426.406
Furniture and fixtures	14.123.773	188.306	(94.370)	14.217.709
Leasehold improvements	1.207.532	9.688	-	1.217.220
	115.971.440	2.156.320	(275.123)	117.852.637
<b>Net book value</b>	<b>99.137.629</b>			<b>97.741.725</b>

For the periods ended March 31, 2012 and 2011, the allocation of depreciation and amortisation expenses of property, plant and equipment and intangibles has been as follows:

	March 31, 2012	March 31, 2011
Research and development expenses	3.946.810	2.750.624
Cost of goods sold	1.457.536	1.301.906
Costs related to uncompleted contracts	467.758	240.865
Development projects in process	283.089	285.303
General administrative expenses	277.749	259.209
Selling and marketing expenses	141.950	137.938
Depreciation on outstanding inventories	102.369	217.883
<b>Total</b>	<b>6.677.261</b>	<b>5.193.728</b>

As of March 31, 2012 and December 31, 2011, gross values of fully depreciated items which are still in use are as follows:

	March 31, 2012	December 31, 2011
Machinery, equipment and installations	46.497.168	45.831.577
Motor vehicles	2.585.412	2.585.412
Furniture and fixtures	11.912.346	11.912.057
Leasehold improvements	1.094.646	1.094.646
	62.089.572	61.423.692



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11. Intangible assets

For the period ended March 31, 2012, the movement of intangibles and accumulated amortization is as follows:

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

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

	January 1, 2012	Additions	March 31, 2011
<b>Cost:</b>			
Other intangible assets	6.768.208	327.028	7.095.236
Development costs	55.012.467	-	55.012.467
Development projects in process	7.299.830	4.948.299	12.248.129
	<b>69.080.505</b>	<b>5.275.327</b>	<b>74.355.832</b>
<b>Accumulated amortization:</b>			
Other intangible assets	4.186.143	286.785	4.472.928
Development costs	9.373.412	2.750.623	12.124.035
	<b>13.559.555</b>	<b>3.037.408</b>	<b>16.596.963</b>
<b>Net book value</b>	<b>55.520.950</b>		<b>57.758.869</b>

As of March 31, 2012 and December 31, 2011 the gross values of fully amortized intangible assets which are still in use is as follows:

	March 31, 2012	December 31, 2011
Other intangible assets	<b>2.815.933</b>	2.793.969
	<b>2.815.933</b>	2.793.969

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## 12. Provisions, contingent assets and liabilities

### Provisions

	March 31, 2012	December 31, 2011
Provision for other cost (*)	182.637.343	183.334.944
Warranty provision	18.768.929	18.768.929
Sales expense provision	2.556.163	1.920.005
Provision for vacation pay liability	2.764.500	2.235.464
Provision for personnel premium	1.080.000	-
Other	844.014	200.000
<b>Total</b>	<b>208.650.949</b>	<b>206.459.342</b>

(\*) 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.

### Warranty provision

The movement of the warranty expense provision is as follows:

	March 31, 2012	March 31, 2011
January 1,	18.768.929	6.511.877
Additional provision	4.613.729	3.700.642
Payments	(4.613.729)	(3.032.873)
<b>March 31</b>	<b>18.768.929</b>	<b>7.179.646</b>

### Provision for vacation pay liability

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

	March 31, 2012	March 31, 2011
January 1,	2.235.464	1.922.831
Additional provision	529.036	477.494
<b>March 31</b>	<b>2.764.500</b>	<b>2.400.325</b>

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## 12. Provisions, contingent assets and liabilities (continued)

### Commitments and contingencies

As of March 31, 2012 and December 31, 2011, the tables which represent the position of guarantees, pledges and mortgages are as follow:

	March 31, 2012	December 31, 2011
<b>Guarantees -Pledges-Mortgages(“GPM”s) given by the Company</b>		
a.GPMs given for companies in the name of its own legal personality	<b>586.690.551</b>	649.585.517
b. GPMs given on behalf of of the fully consolidated companies	-	-
c. GPMs given fort he continuation of its economic activities on behalf of third parties	-	-
d. Total amount of other GPMs	-	-
<b>Total</b>	<b>586.690.551</b>	649.585.517

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

	March 31, 2012		December 31, 2011	
	Original currency	TL	Original currency	TL t
USD	287.674.152	510.017.504	301.322.506	569.168.082
EUR	11.103.293	26.274.834	13.492.893	32.973.933
GBP	9.192	26.074	12.027	35.081
YTL	50.372.140	50.372.139	47.408.421	47.408.421
		<b>586.690.551</b>		649.585.517

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

	March 31, 2012	December 31, 2011
<b>Guarantee letters given</b>		
Under secretariat of Ministry of Defense	<b>434.969.723</b>	439.881.761
Other	<b>151.720.828</b>	209.703.756
	<b>586.690.551</b>	649.585.517

### Letter of Guarantees

a) Guarantees given as of March 31, 2012 and December 31, 2011 are as follows:

	March 31, 2012	December 31, 2011
Bank letters of guarantee (*)	<b>586.690.551</b>	649.585.517
	<b>586.690.551</b>	649.585.517

(\*) Bank letter of guarantee amounting to TL 434.969.723 are given to Under Secretariat of Ministry of Defense within the scope of Altay Project. (December 31, 2011 – TL 439.881.761)

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## 12. Provisions, contingent assets and liabilities (continued)

b) Guarantees received as of March 31, 2012 and December 31, 2011 are as follows:

	March 31, 2012	December 31, 2011
Bank letters of guarantee (**)	286.583.242	225.181.079
Guarantee notes	51.885.779	53.460.035
Mortgages received	3.842.000	3.842.000
	<b>342.311.021</b>	<b>282.483.114</b>

(\*\*) Bank letters of guarantee amounting to TL 172.755.432 are obtained from the sub-contractors for Altay Project. (December 31, 2011 – TL 116.160.705 )

## 13. Other assets and liabilities

	March 31, 2012	December 31, 2011
<b>a) Other current assets:</b>		
Advances given	162.882.110	105.134.614
Value added tax receivables	22.152.414	25.754.551
Prepaid expenses	1.726.049	1.373.991
Other	1.461.704	1.442.035
<b>Total</b>	<b>188.222.277</b>	<b>133.705.191</b>

	March 31, 2012	December 31, 2011
<b>b) Other current liabilities:</b>		
Social security premiums payable	4.514.876	2.476.644
Taxes and funds payable	6.816.479	5.253.198
Deferred special consumption tax	113.613	100.355
Other	270.375	403.778
<b>Total</b>	<b>11.715.343</b>	<b>8.233.975</b>

	March 31, 2012	December 31, 2011
<b>c) Other liabilities:</b>		
Advances received	258.489.144	148.349.293
Due to personnel	1.500.546	6.545.066
Due to shareholders	1.588.399	7.309
Other liabilities	-	27.899
<b>Total</b>	<b>261.578.089</b>	<b>154.929.567</b>

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#### 14. Sales and cost of sales

##### Net sales

	January 1 – March 31, 2012	January 1 – March 31, 2011
Domestic sales	131.629.400	109.921.514
Export sales	40.168.176	37.699.828
Gross sales	171.797.576	147.621.342
Less: Sales discounts and sales returns	(20.773)	(11.608)
<b>Net sales</b>	<b>171.776.803</b>	<b>147.609.734</b>

For the periods ended March 31, 2012 and 2011 sales of the Company in terms categories sold are as follows:

	January 1 – March 31, 2012	January 1 – March 31, 2011
Commercial vehicle	98.133.007	76.179.439
Armoured vehicles	31.677.631	38.948.435
Other sales (*)	41.966.165	32.481.860
	171.776.803	147.609.734

(\*) TL 25.460.205 of this amount is related to revenues of uncompleted contracts (March 31, 2011 TL- 21.745.016)

##### Cost of sales

	January 1 – March 31, 2012	January 1 – March 31, 2011
Cost of finished goods sold	131.241.407	108.937.664
Cost of merchandises sold	8.687.162	5.292.603
<b>Cost of sales</b>	<b>139.928.569</b>	<b>114.230.267</b>

#### 15. Financial income

	January 1 – March 31, 2012	January 1 – March 31, 2011
Foreign exchange gains	46.661.746	15.579.991
Forward income	3.647.157	41.984
Interest income from time deposits	560.395	832.952
Foreign exchange gain on bank borrowings	-	132.000
Deferred financial income	4.107.587	2.464.824
<b>Total</b>	<b>54.976.885</b>	<b>19.051.751</b>

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16. Financial expense

	January 1 – March 31, 2012	January 1 – March 31, 2011
Foreign exchange losses	42.238.612	8.909.630
Foreign exchange loss on bank borrowings	-	2.194.250
Interest expense on bank borrowings	4.683.281	2.612.617
Forward expense	10.012.764	5.950.094
<b>Total</b>	<b>56.934.657</b>	<b>19.666.591</b>

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, 2011 - 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% (2011 - 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, 2012 and December 31, 2011, income tax payables are presented net of prepaid taxes in the balance sheet as follows:

	March 31, 2012	December 31, 2011
Income taxes payable	1.187.124	11.633.639
Prepaid taxes	-	(8.543.854)
<b>Tax liability for the period</b>	<b>1.187.124</b>	<b>3.089.785</b>

The breakdown of total tax expense for the period ended March 31, 2012 and 2011:

	January 1 – March 31, 2012	January 1 – March 31, 2011
Corporate tax charge	(1.187.124)	(2.898.502)
Deferred tax income	1.405.986	1.866.654
<b>Total tax (expense)/income</b>	<b>218.862</b>	<b>(1.031.848)</b>

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#### 17. Tax assets and liabilities (continued)

As of March 31, 2012 and December 31, 2011, 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, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Property, plant and equipment	<b>(7.644.493)</b>	(8.101.095)	<b>1.952.396</b>	1.861.076
Intangible assets	<b>(12.383.662)</b>	(12.721.283)	<b>(2.476.732)</b>	(2.544.257)
Deferred financial expenses	<b>(433.459)</b>	(517.981)	<b>(86.692)</b>	(103.596)
Inventories	<b>(365.218)</b>	(325.962)	<b>(73.044)</b>	(65.192)
Warranty reserve	<b>18.768.929</b>	18.768.929	<b>3.753.786</b>	3.753.786
Reserve for retirement pay	<b>11.530.459</b>	9.110.483	<b>2.306.092</b>	1.822.097
Deferred financial income	<b>2.579.953</b>	1.230.242	<b>515.991</b>	246.048
Other provisions	<b>10.042.898</b>	7.704.234	<b>2.008.579</b>	1.540.847
Adjustment for percentage of completion method on construction projects	<b>29.513.509</b>	38.906.026	<b>5.902.701</b>	7.781.205
Other	<b>1.256.305</b>	(8.218.310)	<b>251.261</b>	(1.643.662)
<b>Deferred tax asset</b>			<b>14.054.338</b>	12.648.352

The movement of deferred tax asset for the period ended March 31, 2012 and 2011 is as follows:

	March 31, 2012	March 31, 2011
January 1	<b>12.648.352</b>	7.944.450
Deferred tax income	<b>1.405.986</b>	1.866.654
	<b>14.054.338</b>	9.811.104

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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:

	<b>March 31, 2012</b>	March 31, 2011
Net income attributable to shareholders (TL)	<b>6.329.765</b>	9.194.311
Weighted average number of issued shares	<b>24.000.000.000</b>	24.000.000.000
Earnings per share (KR)	<b>0,026</b>	0,038

**19. Related party disclosures**

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

- i) Due from and due to related party balances as of March 31, 2012 and December 31, 2011:

<b>Due from related parties</b>	<b>March 31, 2012</b>	December 31, 2011
Ram Dış Ticaret A.Ş. (1) (*)	<b>27.472.054</b>	19.008.642
Ford Otosan A.Ş. (1)	<b>268.806</b>	194.195
Zer Merkezi Hizmetler A.Ş. (1)	<b>115.156</b>	-
Türk Traktör ve Ziraat Makineleri A.Ş. (1)	-	572.854
Other (1)	-	86.673
<b>Total</b>	<b>27.856.016</b>	19.862.364

- (\*) 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, 2012	December 31, 2011
Ram Dış Ticaret A.Ş. (1)	1.182.888	900.459
Ark İnşaat A.Ş. (1)	493.043	402.744
Zer Merkezi Hizmetler A.Ş. (1)	306.226	1.224.507
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	278.298	407.759
Ram Sigorta Aracılık Hz. A.Ş. (1)	250.489	118.255
Koçtaş Yapı Marketleri A.Ş. (1)	145.714	155.537
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	131.346	103.623
Koç Holding A.Ş. (2)	114.386	9.069
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	103.681	621.707
Opet Fuchs Madeni Yağ A.Ş. (1)	100.804	-
Setur Servis Turistik A.Ş. (1)	98.048	461.095
Promena Elektronik Ticaret A.Ş. (1)	22.598	17.336
Opet Petrolcülük A.Ş. (1)	21.338	67.702
Aygaz Doğalgaz Toptan Satış A.Ş. (1)	-	262.254
Other (1)	17.291	334.095
<b>Total</b>	<b>3.266.152</b>	<b>5.086.142</b>

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

(2) Shareholder

ii) Major sales and purchase transactions with related parties as of March 31, 2012 and March 31, 2011:

Product sales and service revenue	March 31, 2012	March 31, 2011
Ram Dış Ticaret A.Ş.(1) (*)	37.595.897	3.448.165
Türk Traktör ve Ziraat Makineleri A.Ş.(1)	1.202.508	375.000
Zer Merkezi Hizmetler A.Ş. (1)	350.288	247.264
Ford Otosan A.Ş.(1)	1.241	114
Aygaz A.Ş.(1)	-	43.868
<b>Total</b>	<b>39.149.934</b>	<b>4.114.411</b>

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

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

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19. Related party disclosures (continued)

<b>Purchase of property, plant and equipment</b>	<b>March 31, 2012</b>	March 31, 2011
Ark İnşaat A.Ş. (1)	<b>1.188.517</b>	-
Koç Sistem Bilgi ve İletişim Hizm. A.Ş. (1)	<b>370.354</b>	212.874
Zer Merkezi Hizmetler A.Ş. (1)	<b>46.407</b>	5.770
Arçelik A.Ş. (1)	<b>19.569</b>	5.502
Bilkom A.Ş. (1)	-	7.074
<b>Total</b>	<b>1.624.847</b>	231.220

<b>Inventory purchases</b>	<b>March 31, 2012</b>	March 31, 2011
Zer Merkezi Hizmetler A.Ş. (1)	<b>1.675.074</b>	1.264.335
Ram Dış Ticaret A.Ş. (1)	<b>1.200.497</b>	1.739.756
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	<b>694.881</b>	415.020
Türk Traktör ve Ziraat Makineleri A.Ş. (1)	<b>188.142</b>	-
Aygaz Doğal Gaz Toptan Satış A.Ş (1)	-	326.583
Other (1)	<b>343.984</b>	103.730
<b>Total</b>	<b>4.102.578</b>	3.849.424

<b>Services received</b>	<b>March 31, 2012</b>	March 31, 2011
Ram Dış Ticaret A.Ş. (1)	<b>552.005</b>	491.503
Setur Servis Turistik A.Ş. (1)	<b>486.038</b>	409.419
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	<b>307.957</b>	106.021
Otokar Europe SAS (3)	<b>304.752</b>	-
Koç Holding A.Ş. (2)	<b>291.600</b>	257.265
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	<b>148.788</b>	122.542
Ram Sigorta Aracılık Hz. A.Ş. (1) (*)	<b>25.784</b>	502.911
Eltek Elektrik Enerji (1)	-	784.891
Other (1)	<b>68.468</b>	269.868
<b>Total</b>	<b>2.185.392</b>	2.944.420

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

(2) Shareholder

(3) Shareholders' subsidiary

(\*) It includes paid and accrued premium for the period ended as of March 31, 2012 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)

	March 31, 2012	December 31, 2011
<b>Bank deposits</b>		
Yapı ve Kredi Bankası A.Ş. (1) - demand deposits	3.019.169	1.600.896
	<b>3.019.169</b>	<b>1.600.896</b>
<b>Checks and notes in collection</b>		
Yapı ve Kredi Bankası A.Ş. (1)	33.360.650	45.089.091
	<b>33.360.650</b>	<b>45.089.091</b>

For the periods ended March 31, 2012 and 2011, financial income and expense with related parties:

	March 31, 2012	March 31, 2011
<b>Interest income</b>		
Yapı ve Kredi Bankası A.Ş. (1)	86.413	47.211
<b>Total</b>	<b>86.413</b>	<b>47.211</b>
<b>Foreign exchange gains</b>		
Ram Dış Ticaret A.Ş (1)	6.281.928	2.238.266
Yapı ve Kredi Bankası A.Ş. (1)	18.483	120.642
Other (1)	8.229	-
<b>Total</b>	<b>6.308.640</b>	<b>2.358.908</b>
<b>Foreign exchange losses</b>		
Ram Dış Ticaret A.Ş (1)	2.221.395	1.216.990
Yapı ve Kredi Bankası A.Ş. (1)	936.845	464.566
Other (1)	548	86
<b>Total</b>	<b>3.158.788</b>	<b>1.681.642</b>
<b>Forward income and losses</b>		
Yapı ve Kredi Bankası A.Ş. (1)	(1.600)	-
<b>Total</b>	<b>(1.600)</b>	<b>-</b>

(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, 2012 amounted to TL 790.445 (March 31, 2011 – TL 679.719 ).

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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, 2012				
	TL equivalent (functional currency)	USD	EUR	GBP
1. Trade receivables	192.648.465	25.885.727	61.844.602	143.334
2a. Monetary financial assets (including cash, bank accounts)	208.808.990	106.433.301	8.180.509	266.166
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
<b>4. Current assets (1+2+3)</b>	<b>401.457.455</b>	<b>132.319.028</b>	<b>70.025.111</b>	<b>409.500</b>
5. Trade receivables	69.763.360	-	29.480.797	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>69.763.360</b>	<b>-</b>	<b>29.480.797</b>	<b>-</b>
<b>9. Total assets(4+8)</b>	<b>471.220.815</b>	<b>132.319.028</b>	<b>99.505.908</b>	<b>409.500</b>
10. Trade payables	(208.844.118)	(109.360.359)	(5.765.792)	(463.555)
11. Financial liabilities	-	-	-	-
12a. Monetary other liabilities	(259.393.842)	(146.105.707)	(153.412)	-
12b. Non-monetary other liabilities	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>(468.237.960)</b>	<b>(255.466.066)</b>	<b>(5.919.204)</b>	<b>(463.555)</b>
14. Trade payables	-	-	-	-
15. Financial liabilities	-	-	-	-
16a. Monetary other liabilities	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-
<b>17. Non-current liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>(468.237.960)</b>	<b>(255.466.066)</b>	<b>(5.919.204)</b>	<b>(463.555)</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-
19a. Hedged total assets amount	-	-	-	-
19b. Hedged total liabilities amount	-	-	-	-
<b>20. Net foreign currency asset/(liability) position (9+18+19)</b>	<b>2.982.855</b>	<b>(123.147.038)</b>	<b>93.586.704</b>	<b>(54.055)</b>
<b>21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>2.982.855</b>	<b>(123.147.038)</b>	<b>93.586.704</b>	<b>(54.055)</b>
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23. Export (As of 31.03.2012)	40.166.902	16.4077.424	4.554.423	92.500
24. Import (As of 31.03.2012)	64.747.117	12.001.742	17.618.631	687.919

As of March 31, 2012, the Company signed forward agreements amounting to USD 124.623.500. According to the agreements, the Company will purchase the related amounts in consideration to EUR 94.774.500.

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

		Table of foreign currency position			
		December 31, 2011			
		TL equivalent (functional currency)	USD	EUR	GBP
1.	Trade receivables	174.028.497	23.283.527	53.135.721	66.907
2a.	Monetary financial assets (including cash, bank accounts)	118.520.882	53.071.795	7.377.015	84.203
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	<b>Current assets (1+2+3)</b>	<b>292.549.379</b>	<b>76.355.322</b>	<b>60.512.736</b>	<b>151.110</b>
5.	Trade receivables	81.455.466	-	33.331.478	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	<b>Non-current assets (5+6+7)</b>	<b>81.455.466</b>	-	<b>33.331.478</b>	-
9.	<b>Total assets(4+8)</b>	<b>374.004.845</b>	<b>76.355.322</b>	<b>93.844.214</b>	<b>151.110</b>
10.	Trade payables	(31.669.169)	(3.534.468)	(6.277.392)	(3.308.955)
11.	Financial liabilities	-	-	-	-
12a.	Monetary other liabilities	(331.684.237)	(175.426.410)	(131.472)	-
12b.	Non-monetary other liabilities	-	-	-	-
13.	<b>Current liabilities (10+11+12)</b>	<b>(363.353.406)</b>	<b>(178.960.878)</b>	<b>(6.408.864)</b>	<b>(3.308.955)</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-
17.	<b>Non-current liabilities (14+15+16)</b>	-	-	-	-
18.	<b>Total liabilities (13+17)</b>	<b>(363.353.406)</b>	<b>(178.960.878)</b>	<b>(6.408.864)</b>	<b>(3.308.955)</b>
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-
20.	<b>Net foreign currency asset/(liability) position (9+18+19)</b>	<b>10.651.439</b>	<b>(102.605.556)</b>	<b>87.435.350</b>	<b>(3.157.845)</b>
21.	<b>Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>10.651.439</b>	<b>(102.605.556)</b>	<b>87.435.350</b>	<b>(3.157.845)</b>
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-
23.	Export (As of 31.12.2011)	37.793.507	22.432.176	1.322.084	69.363
24.	Import (As of 31.12.2011)	61.309.065	12.157.359	18.014.968	716.035

As of December 31, 2011, the Company signed forward agreements amounting to USD 110.153.300 and GBP 3.250.000. According to the agreements, the Company will purchase the related amounts in consideration to EUR 85.328.550.

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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, 2012 and December 31, 2011:

Exchange rate sensitivity analysis table				
March 31, 2012				
	Profit/loss	Profit/loss		
	Appreciation of	Appreciation of		
	foreign currency	foreign currency		
<i>In case 10% appreciation of USD against TL:</i>				
1-	USD net asset/liability	(21.832.738)	21.832.738	
2-	Amount hedged for USD risk (-)			
3-	<b>USD net effect (1+2)</b>	<b>(21.832.738)</b>	<b>21.832.738</b>	
<i>In case 10% appreciation of EUR against TL:</i>				
4-	EUR net asset/liability	22.146.358	(22.146.358)	
5-	Amount hedged for EUR risk (-)			
6-	<b>EUR net effect (4+5)</b>	<b>22.146.358</b>	<b>(22.146.358)</b>	
<i>In case 10% appreciation of GBP against TL:</i>				
7-	GBP net asset/liability	(15.334)	15.334	
8-	Amount hedged for GBP risk (-)			
9-	<b>GBP net effect (7+8)</b>	<b>(15.334)</b>	<b>15.334</b>	
<b>Total (3+6+9+12)</b>			<b>298.286</b>	<b>(298.286)</b>

Exchange rate sensitivity analysis table				
December 31, 2011				
	Profit/loss	Profit/loss		
	Appreciation of	Appreciation of		
	foreign currency	foreign currency		
<i>In case 10% appreciation of USD against TL:</i>				
1-	USD net asset/liability	(19.381.163)	19.381.163	
2-	Amount hedged for USD risk (-)	-	-	
3-	<b>USD net effect (1+2)</b>	<b>(19.381.163)</b>	<b>19.381.163</b>	
<i>In case 10% appreciation of EUR against TL:</i>				
4-	EUR net asset/liability	21.367.451	(21.367.451)	
5-	Amount hedged for EUR risk (-)	-	-	
6-	<b>EUR net effect (4+5)</b>	<b>21.367.451</b>	<b>(21.367.451)</b>	
<i>In case 10% appreciation of GBP against TL:</i>				
7-	GBP net asset/liability	(921.144)	921.144	
8-	Amount hedged for GBP risk (-)	-	-	
9-	<b>GBP net effect (7+8)</b>	<b>(921.144)</b>	<b>921.144</b>	
<b>Total (3+6+9)</b>			<b>1.065.144</b>	<b>(1.065.144)</b>

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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, 2012 and December 31, 2011:

Liabilities	Level 1	Level 2	Level 3	Total
<u>March 31, 2012</u>				
Derivative financial instruments	-	904.697	-	904.697
<b>Total</b>	-	<b>904.697</b>	-	<b>904.697</b>
<u>Assets</u>				
<u>December 31, 2011</u>				
Derivative financial instruments	-	9.022.907	-	9.022.907
<b>Total</b>	-	<b>9.022.907</b>	-	<b>9.022.907</b>

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.