

OTOKAR REPORTS 2006 YEAR END RESULTS

“Riding on the high tide of exports”

In this report we submit year end 2006 figures to compare with year end 2005 figures. 2005 & 2006 financial results published in this press release are prepared according to International Financial Reporting Standards

Highlights of 2006

- The recorded net sales of 2006 was USD 240.2 million, implying a 13,5 % increase compared the same period of last year. Export revenues comprised of 47 % of total sales with an amount of USD 111.8 million. 43 % increase was realized in export revenues in 2006 compared to 2005.
- Sales volume obtained in 2006 was 3.780 vehicles. %45 of unit sales was defense vehicles while the rest was commercial vehicles. The highest unit sale growth was observed in armored tactical vehicles with 214 % rate.
- The company profitability was quite high during 2006 with an increase of 322 % in comparison with 2005 year end. All margins were higher than their last year levels.
- Generated net profit was USD 29.4 million with a net margin of 12.3 %, highest level for the past 5 years.
- The attained EBITDA for the year 2006 was USD.33.3 million with an EBITDA margin of 13.9 %.

Overview

OTOKAR IFRS P/L Statement Highlights	2006 USD (thousands)	2005 USD (thousands)	USD Based Change
Net Sales	240,200	211.665	13.48%
Cost of Sales	-164.622	-160.032	2.86%
Gross Profit	75,571	51.633	46.36%
Operating Expenses	-45.806	-39.552	15.81%
Operating Profit	29.766	12.081	146.39%
Income/(loss) before minorities & taxes	36.486	9.159	298.36%
Taxation	-7.023	-2.187	221.12%
Net Profit	29.463	6.972	322.59%
EBITDA	33.304	17.215	93.45%

Net Sales

OTOKAR's 2006 yearend net sales growth was % 13.5 supported by the export sales both in defence vehicles and commercial vehicles alongside the domestic sales. The company experienced USD million 240.19 net sales revenue.

The company significantly increased its export revenues in 2006 by %45. The total share of exports was %47 in 2006 while it was %37 last year. The impact of the big export defence order of USD 88.4 million on revenues was unsuspectingly great in 2006.

	2006 USD (thousands)	2005 USD (thousands)	Change %
Domestic Sales	128.366	133.622	-3,93%
Exports	111.834	78.043	43,29%
Total	240.200	211.665	13.48%

The share of exports in total revenues in 2006 was 43,3 %. Since OTOKAR has become a significant player in defence industry, the expansion of defence vehicle exports was mainly to North Africa, Middle East , Far East and Gulf Region countries.

Except for the export of defense vehicles to the stated regions above, the contribution of exports of commercial vehicles to European countries like France, Italy, Romania and Bulgaria, via established distribution network was also observable in 2006 compared to last year.

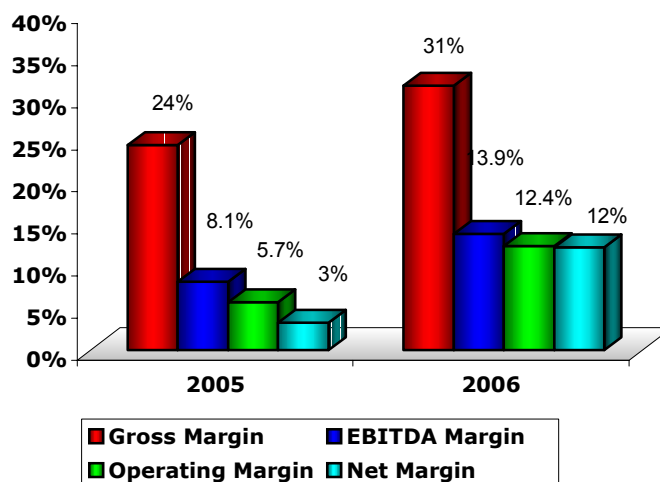
Profit

Boost in revenues due to the increase in sales of high margin products in the product range of the company, produced excessive margins in year of 2006.

The company had USD 75.6 million gross profit with a margin of % 31,50.

The operating profit was obtained as USD 29.766 million in 2006, %146,39 higher than same period of last year.

A considerable progress in company's EBITDA level was observed in 2006. It rose from USD 17.215 million in 2005 to USD 33,304 million in 2006 by %93,45. The EBITDA margin increased from %8,1 in 2005 to %13,9 in 2006.



The most impressive growth was experienced in the net profit of the company. Net profit was attained as USD 29.500 million with %322,59 growth. Net margin also showed a great progress by rising from %3,3 in 2005 to %12,3 in 2006.

Investments

The total capex planned for the year 2006 is around USD 4,5 million to be spent on modernization & renovation of existing products and also on purchase of additional testing devices for Test and Design Centre. Otokar, also in addition to the budgeted investment, planned another USD.1,5 million worth of spending for its armoured assembly band .Otokar, transferring the most developed armoured vehicle production techniques, has proven its reliability in the armoured vehicle sector. As for the trailer business Otokar is the first tanker producer with an ADR Certificate in Turkey.

Objectives

Otokar was able to reach its aforesaid targets for the year 2006 achieving a considerable net sales and a profit.

In the international area of defense market, Otokar's land vehicles and armored tactical vehicles are in constant demand. The company also proved its reliability and confidence to meet the big amount of defense orders by completing its largest export order of USD 88,4 million even one year before its contract date. Otokar has been taking place in many local and national defense tenders and projects and is keen on having figures in the coming years outranking the yearend figures of 2006.

The company's progress in commercial vehicles is also continuing. Otokar added new models of midibuses to its civilian vehicle product range. A new model midibus for 35 passengers (9 meters long) named "DORUK" was launched to the market which is noted for its comfort regarding the handicapped as well. Furthermore, the sales for new model trailers under the brand name of "Otokar" also started in 2006 and are highly demanded by its clients.

OTOKAR IFRS Balance Sheet	31.12.2006 USD (thousands)	31.12.2005 USD (thousands)
Current Assets	128.175	111.630
Current Liabilities	82.035	73.641
Working Capital	46.140	37.988
Property, Plant & Equipment -Net	28.550	30.852
Total Assets	182.877	155.266
Total Liabilities	86.879	78.061
Shareholders Equity	95.998	77.205

OTOKAR IFRS Balance Sheet	31.12.2006
Current Ratio	1,56
Liquidity Ratio	0,77
Current Assets / Total Assets	0,70
Current Liabilities / Total Liabilities	0,94
Total Liabilities / Total Liabilities & Shareholders' Equity	0,48

OTOKAR IFRS Statement of Cash Flow	31.12.2006 USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	6.311
Net Cash Provided by Operating Activities	-6.796
Net Cash Used in Investment Activities	-2.154
Pre-Financing Cash Flow	-8.950
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	3.092
Net Decrease in Cash and Cash Equivalents	-5.858
Cash and Cash Equivalents at the End of the Period	453

GUIDANCE FOR 2007

Otokar has been negotiating about a lot of tenders to increase its productivity and profitability together with its growth. Some of the tenders are abroad and some of them are domestic.

We are happy to say that the two most important deals have come true in the last couple of days. A domestic deal for 167,5 mio. YTL. for the supply of 288 units of COBRA armoured vehicles which will be produced and delivered starting the second half of 2007 and finished by the second half of 2008 and 52,8 mio USD. worth of exports deal for the supply of COBRA armoured vehicles which will also be produced and delivered by the second half of 2008.

These deals will no doubt affect the profitability and the performance of OTOKAR.

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