

OTOKAR REPORTS 2005 3Q RESULTS

“Rapid growth in export revenues”

In this report, we submit 2004 third quarter figures re-based to provide an approximate comparison to 2005 third quarter figures. 2005 Q3 & 2004 Q3 financial results published in this press release prepared according to International Financial Reporting Standards.

Highlights of 2005 3Q

- The recorded net sales for the first 9 months of 2005 was USD 149 million, implying a 8% decrease compared the same period of last year. The portion of export revenues in total increased to %37 in stated period while it was %11 a year before.
- Sales volume obtained in 3Q05 was 2.644 vehicles.
- The company experienced low operating profit in 3Q05 due to high operating expenses. The increase in operating expenses stemmed from sales expenses related to export contracts of defence vehicles signed in the first nine months. The operating margin in 3Q05 was %6 whereas it was %11 a year before.
- Generated net profit for the first nine months was USD 6,1 million. Net margin of 3Q05 was 4,1%.
- The attained EBITDA for the 3Q05 was USD 12,7 million with a margin of %8,5.

Overview

OTOKAR IFRS P/L Statement Highlights	2005 3Q USD (thousands)	2004 3Q USD (thousands)	USD Based Change
Net Sales	149.468	163.005	-8%
Cost of Sales	112.235	123.832	-9%
Gross Profit	37.233	39.173	-5%
Operating Expenses	28.382	21.366	33%
Operating Profit	8.851	17.807	-50%
Income/(loss) before minorities & taxes	8.528	19.857	-57%
Taxation	2.400	6.895	-65%
Net Profit	6.128	12.961	-53%
EBITDA	12.717	21.959	-42%

Net Sales

Domestic sales, which were mainly comprised of commercial vehicles, decreased in 3Q05 by %35 compared to 3Q04. A lower level of demand after the elimination of the pent-up demand seen in 2004 was the main driver behind this result.

To compensate the elimination of the pent-up demand seen in 2005, the company set its strategy on exports of defence products at the beginning of 2005. Most of the export contracts signed in the end of 2004 and in early 2005, were delivered during the first nine months of the year and these reflected to company's financials. The company significantly increased its export revenues in 3Q05 by %202. The total share of exports was %37 in 3Q05 while it was %11 last year.

	2005 3Q USD (thousands)	2004 3Q USD (thousands)	Change %
Domestic Sales	93.842	144.574	-35%
Exports	55.625	18.431	202%
Total	149.468	163.005	-8%

Land Rover Defenders ranked first in share of export revenues. Main export regions of the company were North African, Middle Eastern and European countries.

Profit

The gross margin fell moderately to %24 in 3Q05 from %24,9 in 3Q04. The decline in domestic sales was compensated for by the rise in exports of military products. Since defence products have the highest margins in the company's product range, they also helped to compensate the possible decline in profitability.

The company's operating profit was generated as USD 8,9 million with a margin of %6 in 3Q05. Sales expenses due to export contracts were the main reason behind the high increase in operating expenses affecting the operating profit.

Net profit fell to USD 6 million in 3Q05 compared to USD 13 million in the year ago period. Net margin was %4,1 in 3Q05.

Investments

The planned capex of the company in 3Q05 was USD 1,4 million and it was used mainly for maintenance and repair.

Objectives

For the end of 2005, Otokar is targeting a total revenue of USD 220 million with an exports revenue of USD 60 million.

Otokar has completed the development studies of its export model of midibus named **Navigo**. The distribution and dealer network were set in export markets, especially in the European countries like Bulgaria, Serbia, France, Germany and Italy. For the year 2006, orders from these countries for Navigos are expected.

The production of lately signed USD 88,4 million amount defence oriented order has been planned for the 4Q05. The company is planning to realize a portion of the delivery till the end of 2005. Except for USD 88,4 million export order, other military based agreements have been held with our clients in the export markets for the coming year.

OTOKAR IFRS Balance Sheet	2005 3Q USD (thousands)	31.12.2004 USD (thousands)
Current Assets	110.747	114.442
Current Liabilities	69.510	74.486
Working Capital	41.237	39.956
Property, Plant & Equipment -Net	30.332	32.829
Total Assets	150.588	160.047
Total Liabilities	73.767	78.582
Shareholders Equity	76.820	81.465

OTOKAR IFRS Balance Sheet	2005 3Q
Current Ratio	1,59
Liquidity Ratio	1,05
Current Assets / Total Assets	0,74
Current Liabilities / Total Liabilities	0,94
Total Liabilities / Total Liabilities & Shareholders' Equity	0,49

OTOKAR IFRS Statement of Cash Flow	2005 3Q USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	3.656
Net Cash Provided by Operating Activities	25.387
Net Cash Used in Investment Activities	-11.794
Pre-Financing Cash Flow	13.593
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	-16.381
Net Decrease in Cash and Cash Equivalents	-2.789
Cash and Cash Equivalents at the End of the Period	867

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