

OTOKAR REPORTS 1H 2010 RESULTS

In this report we submit 1H 2010 figures to compare with 1H 2009 figures. 1H 2010 & 1H 2009 financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 1H 2010

- Otokar generated USD 110.4 million domestic revenues in 1H 2010, 69% greater than the 1H 2009. Otokar's 1H 2010 total revenues were USD 127.1 million. As a result of this, the share of the domestic revenues in total revenues reached to 87%, whereas it was 53% and 69% in 1H 2009 and FY 2009 respectively. A similar situation is encountered in comprise of sales in terms of defensive, commercial and other revenues. The portion of commercial products in total revenues was 47% in 1H 2010, whereas it was 31% in 1H 2009.
- In the 1H 2010, Otokar vastly increased its sales and production units. Otokar's production and sale units in 1H 2010 were 1.364 and 1.434, 47% and 65% greater than 1H 2009 respectively.
- The planned dividend payment that was agreed at the General Assembly for the year 2009 is TL.20.4 million was paid on Mar 24, 2010.

Overview

OTOKAR IFRS P/L Statement Highlights	1H 2010 USD (thousands)	1H 2009 USD (thousands)	USD Based Change
Net Sales	127.120	124.879	2%
Cost of Sales	(109.041)	(85.252)	28%
Gross Profit	18.078	39.627	-54%
Operating Expenses	(19.224)	(21.957)	-12%
Operating Profit	-1.145	17.670	-106%
Income/(loss) before minorities & taxes	-6.003	7.578	-179%
Taxation	4.207	-275	-1630%
Net Profit	-1.796	7.303	-125%
EBITDA	2.796	20.255	-86%

Net Sales

Otokar increased its total revenues concurrently with the launches of its new products. The total revenues decrease of 24% in 1Q 2010 was transformed into an increase in 1H 2010. Otokar generated USD 127.1 million total revenues, which was 2% greater than the same period a year ago. This increase was mainly stemmed from the increase in domestic revenues by 68%. The domestic revenues in 1H 2010 were USD 110.4 million. At the time of lack of defence orders in total revenues and the decrease in exports, Otokar covered this situation by concentrating on domestic revenues. This shows the flexibility, energy and alertness of Otokar about different and difficult situations. In detail the significant growth in domestic revenues stemmed from growth in Land Rover Defender vehicles, trailer and auto&midibus sales of Otokar. The sales revenue increases were as follows: Land Rover Defender by 1572%, trailer by 130% and auto&midibuses by 74%.

On total sales revenues terms, the leader segment was the auto&midibus with a share of 31% and it was followed by Land Rover Defender with a share of 15% in total revenues. In export revenues again the leader was auto&midibus segment. It constituted 71% of all export revenues by itself. Lastly, in domestic revenues the largest revenue derived from again auto&midibus sales with a share of 24%.

Otokar has generated USD 16.7 million export revenues in 1H 2010. This constitutes 13% of the total sales. This year's export revenues were led by the auto&midibus segment two times in a row after the year 2009. And the Land Rover Defender and Armoured

	1H 2010 USD (thousands)	1H 2009 USD (thousands)	Change %
Domestic Sales	110.405	65.537	68%
Exports	16.715	59.342	-72%
Total	127.120	124.879	2%

Tactical Vehicle sales were the pursuers. In 1H 2010, the shares of these three segments were 71%, 13% and 12% respectively. The export revenues of Navigo and Vectio were 9% greater than the same period a year ago. As a result of the increase in domestic sales and the decrease in exports, Otokar has increased its total revenues by 2% in the aggregate for the 1 H 2010.

Other than the increases in domestic and total revenues, the rise in domestic and total unit sales should also be mentioned. Otokar increased its domestic unit sales by 100% and the total unit sales by 65% in 1H 2010. Lastly, the production units also increased by 47% in 1st half of the year 2010.

Otokar has maintained its leaderships in 9-10-meter and 7&9-10-meter categories in 1H 2010. In 9-10-meter bus category Otokar is in the 1st place with a share of 75%. Also in 7&9-10-meter bus category Otokar is the leader with its 42% share. In addition to these, in 7-meter midibus segment it shares the leadership with Isuzu by their 39% shares. And lastly, Otokar obtained second place in 1H 2010 in 12-meter public transport buses category that Otokar did not exist until 2010 with a share of 16%.

Profit

Gross profit in 1H 2010 was USD 18.1 million, 54% below the same period a year ago. Gross margin was 14.2%, whereas it was 31.7% in 1H 2009.

Operating profit was USD -1.1 million in 1.H'10. Operating margin also decreased to -0.9% in 1.H'10 from 14.1% in 1.H'09.

The company's EBITDA was USD 2.8 million in 1.H'10, having an EBITDA margin of 2.2%. The same figures were USD 20.2 million and 16.2% respectively.

Otokar's net profit was USD -1.8 million in 1.H'10, having a net margin of -1.4%.

The company has continued to pay dividends to its shareholders as in previous years. The planned dividend payment that was agreed at the General Assembly for the year 2009 was TL 20.4 million which was paid on 24.03.2010. Dividend payment percentages were 125%, 30% and 85% for the years 2007, 2008 and 2009 respectively.

Investments

The total investment expenditure of the 1H 2010 was realised about USD 5.8 Million. USD 2 Million of this expenditure was spent on machinery and equipment investment for the R&D Center and modernisation processes. For the full year 2010, the planned investment expenditure figure is around USD 10-15 million which is planning to be spent on modernization & renovation of existing products and also on purchase of additional devices for production units.

Objectives

Otokar plans to start the export operation of minibuses. As it is known well, Otokar previously redesigned its M2000 minibuses and launched them into the market under the name M2010 as the new and modern version of M2000. Even though there is no export activity regarding the minibuses till now, since this new product will be produced in accordance with the European transportation standards, the export operation of M2010 under the name of Centro is planned after the first half of 2010.

Otokar's 2010 total revenues target is about USD 350 million. Otokar also plans to produce total export revenues of USD 110 million. In order to realize these objectives, Otokar will attend both the defensive and commercial fairs held both in Turkey and abroad. In the first half of 2010, Otokar exhibited its commercial product range in Busworld Turkey 2010. Otokar was also the main sponsor of the exhibition for the first time. And the other exhibitions Otokar attended in the first half of 2010 were: Design Spirit İstanbul, Anfas City Expo-Urbanism and Urban Technologies Fair, Busworld Russia, BSDA-Romania defence products fair, Eurosatory 2010-France. These organizations provided Otokar to present its new commercial and defence vehicles for the first time abroad.

Otokar achieves its growth with products designed and developed by itself and states expressly its strategies as: Growing in defence industry, increasing the share of exports and business expansion by developing new products.

Lastly, Otokar's corporate governance rating note was enhanced to 8.32 from 8.12 on annual update in 2010.

FINANCIALS

OTOKAR IFRS Balance Sheet	1H 2010 USD (thousands)	1H 2009 USD (thousands)
Current Assets	262.249	250.821
Current Liabilities	271.739	252.694
Working Capital	-9.490	-1.873
Property, Plant & Equipment –Net	64.329	62.744
Total Assets	380.781	355.660
Total Liabilities	285.524	256.034
Shareholders Equity	95.257	99.626

OTOKAR IFRS Balance Sheet	1H 2010
Current Ratio	0.97
Liquidity Ratio	0.74
Current Assets / Total Assets	0.69
Current Liabilities / Total Liabilities	0.95
Total Liabilities / Total Liabilities & Shareholders' Equity	0.75

OTOKAR IFRS Statement of Cash Flow	1H 2010 USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	20.246
Net Cash Provided by Operating Activities	-11.499
Net Cash Used in Investment Activities	-9.018
Pre-Financing Cash Flow	-20.518
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	9.524
Net Increase in Cash and Cash Equivalents	-10.993
Cash and Cash Equivalents at the End of the Period	9.253

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