

(Convenience translation of a review report and interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Őirketi

**Financial statements and review report of
independent auditors for the interim period
January 1 - June 30, 2010**

(Convenience translation of a review report and interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

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(Convenience translation of review report originally issued in Turkish – See additional paragraph below)

**Independent auditor’s review report on the interim financial statements of
January 1 - June 30, 2010**

To the Board of Directors of
Otokar Otomotiv ve Savunma Sanayi A.Ş.:

We have reviewed the accompanying condensed financial statements of Otokar Otomotiv ve Savunma Sanayi A.Ş (“the Company”), which comprise the condensed balance sheet as at June 30, 2010, the condensed comprehensive income statement, equity movement and cash flow statement for the six month period then ended. Management is responsible for the preparation and presentation of these interim financial statements in accordance with financial reporting standards issued by Capital Market Board. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with standards on auditing issued by Capital Markets Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards published by Capital Markets Board. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the financial reporting standards issued by Capital Markets Board.

Additional paragraph for convenience translation to English

As described in Note 2, 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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Erdem Tecer, SMMM
Engagement Partner

July 29, 2010
Istanbul, Turkey

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi**Balance sheet as of June 30, 2010****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	Previous period	Previous period
			Audited	Audited
			(Reclassified	(Reclassified
		Reviewed	Note: 2.1)	Note: 2.1)
	Notes	June 30, 2010	December 31, 2009	December 31, 2008
Assets				
Current assets				
Cash and cash equivalents	3	14.569.938	31.881.177	65.911.910
Trade receivables	5, 17	88.306.867	128.188.437	136.553.576
Other receivables		35.367	482	331
Inventories	6	96.310.943	90.967.048	73.039.289
Costs and estimated earning in excess of billings on uncompleted contracts	7	115.138.772	74.129.647	-
Other current asset	11	98.601.436	99.308.348	67.892.266
Total current assets		412.963.323	424.475.139	343.397.372
Non-current assets				
Trade receivables	5	28.286.559	31.422.645	37.617.739
Other receivables		5.903	5.903	5.903
Financial investments		-	-	2.107.000
Property, plant and equipment	8	101.299.611	102.591.845	96.709.092
Intangibles	9	48.022.333	39.832.961	23.542.779
Deferred tax asset	15	9.037.512	2.661.472	4.476.527
Total non-current assets		186.651.918	176.514.826	164.459.040
Total assets		599.615.241	600.989.965	507.856.412

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi**Balance sheet as of June 30, 2010****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	Previous period	Previous period
			Audited	Audited
			(Reclassified	(Reclassified
		Reviewed	Note: 2.1)	Note: 2.1)
	Notes	June 30, 2010	December 31, 2009	December 31, 2008
Liabilities				
Current liabilities				
Financial liabilities	4	166.255.516	69.388.311	210.331.455
Trade payables	5, 17	31.517.042	56.548.984	55.813.758
Other payables	7	148.359.082	159.900.684	75.303.004
Provisions	10	76.283.804	59.157.739	9.599.800
Other current liabilities	11	5.491.473	5.417.702	4.460.501
Total current liabilities		427.906.917	350.413.420	355.508.518
Non-current liabilities				
Financial liabilities	4	14.611.778	71.837.163	-
Reserve for retirement pay		6.278.073	5.616.418	4.450.303
Other Non-current liabilities		817.434	-	-
Total non-current liabilities		21.707.285	77.453.581	4.450.303
Shareholders' equity				
Parent Company's equity				
Paid-in share capital		24.000.000	24.000.000	24.000.000
Inflation adjustment on equity items		52.743.030	52.743.030	52.743.030
Revaluation surplus		-	-	1.434.437
Restricted reserves		16.738.147	14.818.147	14.218.147
Retained earnings		59.241.787	47.701.977	20.646.577
Net (loss)/ income for the period		(2.721.925)	33.859.810	34.855.400
Total shareholders' equity		150.001.039	173.122.964	147.897.591
Total liabilities		599.615.241	600.989.965	507.856.412

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Comprehensive income statement for the period ended June 30, 2010

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	Current period		Previous period	
		Reviewed		Reviewed	
		January 1 – June 30, 2010	April 1 – June 30, 2010	January 1– June 30, 2009	April 1 – June 30, 2009
Continuing operations					
Net sales	12	192.652.947	111.196.576	200.733.369	83.197.742
Cost of sales (-)	12	(165.254.957)	(96.310.242)	(137.035.575)	(66.402.436)
Gross profit		27.397.990	14.886.334	63.697.794	16.795.306
Selling, marketing and distribution expense (-)		(16.636.286)	(8.732.864)	(21.372.136)	(7.526.507)
General and administrative expense (-)		(11.293.336)	(5.287.280)	(13.219.757)	(6.939.922)
Research and development expenses (-)		(2.702.116)	(1.318.160)	(3.045.838)	(295.421)
Other operating income		1.680.112	885.628	3.046.268	1.421.670
Other operating expense		(182.386)	(19.729)	(702.939)	(294.596)
Operating (loss) /profit		(1.736.022)	413.929	28.403.392	3.160.530
Financial income	13	19.118.619	10.632.729	45.880.968	19.527.444
Financial expense (-)	14	(26.480.562)	(13.298.393)	(62.103.055)	(26.678.121)
Net (loss) /income before taxes from continuing operations		(9.097.965)	(2.251.735)	12.181.305	(3.990.147)
Tax income/expense for continuing operations					
- Tax (income) /expense for the period	15	-	-	(409.351)	1.914.150
- Deferred tax expense	15	6.376.040	5.943.045	(32.547)	(767.564)
Net (loss) /income		(2.721.925)	3.691.310	11.739.407	(2.843.561)
Other comprehensive income:		-	-	-	-
Total comprehensive (expense) /income		(2.721.925)	3.691.310	11.739.407	(2.843.561)
Earnings(loss) / income per share	16	(0,00011)	0,00015	0,00049	(0,00012)

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Statement of changes in equity for the period ended June 30, 2010

**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	Revaluation fund	Retained earnings	Net income /(loss) for the period	Total shareholders’ equity
January 1, 2009	24.000.000	52.743.030	14.218.147	1.434.437	20.646.577	34.855.400	147.897.591
Transfer to retained earnings	-	-	-	-	34.855.400	(34.855.400)	-
Transfer to restricted reserves	-	-	600.000	-	(600.000)	-	-
Dividends paid	-	-	-	-	(7.200.000)	-	(7.200.000)
Total comprehensive income	-	-	-	-	-	11.739.407	11.739.407
June 30, 2009	24.000.000	52.743.030	14.818.147	1.434.437	47.701.977	11.739.407	152.436.998
January 1, 2010	24.000.000	52.743.030	14.818.147	-	47.701.977	33.859.810	173.122.964
Transfer to retained earnings	-	-	-	-	33.859.810	(33.859.810)	-
Transfer to restricted reserves	-	-	1.920.000	-	(1.920.000)	-	-
Dividends paid	-	-	-	-	(20.400.000)	-	(20.400.000)
Total comprehensive loss	-	-	-	-	-	(2.721.925)	(2.721.925)
June 30, 2010	24.000.000	52.743.030	16.738.147	-	59.241.787	(2.721.925)	150.001.039

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Cash flow statement for the period ended June 30, 2010

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	June 30, 2010	June 30, 2009
Cash flows from operating activities			
Net (loss)/ income before provision for taxes		(9.097.965)	12.181.305
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	8, 9	7.442.662	5.016.672
Reserve for retirement pay		1.353.445	1.714.120
Gain on sale of property, plant and equipment		(10.720)	(54.200)
Interest expense	14	5.513.400	13.391.054
Unrealized foreign exchange gain from borrowings	13,14	(1.269.750)	(1.299.212)
Interest income	13	(127.806)	(1.924.146)
Forward (income)/ expense accrual		(5.263.970)	245.338
Operating profit before changes in operating asset and liabilities		(1.460.704)	29.270.931
Trade receivables and other receivables		42.982.773	40.452.130
Costs and estimated earnings in excess of billings on uncompleted contracts		(41.009.125)	(35.292.560)
Inventories		(5.343.895)	(30.165.680)
Other current assets		5.970.878	1.429.004
Trade payables		(25.031.941)	(25.701.668)
Other liabilities, provisions and other current liabilities		6.475.668	52.118.926
Taxes paid		-	(1.900.967)
Employee termination benefits paid		(691.790)	(1.054.008)
Net cash (used in)/provided by operating activities		(18.108.136)	29.156.108
Investing activities			
Purchase of property, plant and equipment	8	(3.017.568)	(3.097.172)
Purchase of intangible assets	9	(11.454.889)	(8.488.435)
Proceeds from sale of property, plant and equipment		143.377	134.994
Interest received		127.809	1.924.146
Net cash used in investing activities		(14.201.271)	(9.526.467)
Financing activities			
Increase on spot borrowings, net		56.597.358	28.487.707
Proceeds from bank borrowings		40.664.600	48.499.119
Repayments of bank borrowings		(59.514.302)	(75.355.791)
Interest payments		(2.349.488)	(9.246.180)
Dividends paid		(20.400.000)	(7.200.000)
Net cash provided by/ (used in) financing activities		14.998.168	(14.815.145)
Net (decrease)/ increase in cash and cash equivalents		(17.311.239)	4.814.496
Cash and cash equivalents at the beginning of the period	3	31.881.177	65.911.910
Cash and cash equivalents at the end of the period	3	14.569.938	70.726.406

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended June 30, 2010

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.

In accordance with Ordinary General Assembly Meeting dated March 17, 2010, Company’s official title, which had been previously as “Otokar Otobüs Karoseri Sanayi Anonim Şirketi” , has been changed as “Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi”.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 1.243 (December 31, 2009 - 1.207).

The registered addresses of the Company are as follows:

Headquarters:

Aydınevler Mahallesi, Dumlupınar Cad. No:24 A Bl.
81580 Küçükyalı / İstanbul

Factory:

Atatürk Cad. No: 9
54580 Arifiye / Sakarya

Financial statements are authorized for issue by the Board of Directors of the Company on July 29, 2010, signed by Ahmet Serdar GÖRGÜÇ and Hüseyin ODABAŞ on behalf of Board of Directors of the Company. Although there is no such intention, the Company Management and certain regulatory bodies have the power to amend the statutory 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 June 30, 2010, the shares listed on the ISE are 29,91% of the total shares. As of June 30, 2010, 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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended June 30, 2010

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. Such adjustments mainly comprise effects of deferred taxation, employee termination benefits, depreciation of property, plant and equipments based on their economic lives and on pro-rata basis, accounting for accruals, implementation of construction contract accounting for tank project and rediscount of trade receivables and payables. Additions to these adjustments, financial statements of current and prior 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 was published in the official gazette and become effective as of April 9, 2008.

The interim condensed financial statements for the six month period ended June 30, 2010 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, 2009.

Reclassifications Performed in 2009 and 2008 Years' Financial Statements

The Company has made certain reclassifications in the balance sheets as of December 31, 2009 and December 31, 2008 and income statement for the period ended December 31, 2009 to conform to the financial statements as of June 30, 2010. The reclassifications, to be comparable with the current period financial results, are as follow:

Advances given amounting to TL 75.389.113 and TL 44.006.352, which were classified under goods in transit account as of December 31, 2009 and December 31, 2008, respectively were reclassified into other current assets.

Furthermore, idle capacity amortization expense amounting to TL 3.193.165 which was classified under other expenses as of June 30, 2009, was reclassified under cost of sales account.

Functional and presentation currency

Functional and presentation currency of the Company is TL.

2.2 Changes in accounting policies

The accounting policies used in the preparation of the interim condensed financial statements for the period ended June 30, 2010 are consistent with those used in the preparation of the financial statements as of and for the year ended December 31, 2009.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended June 30, 2010

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 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.

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) Assumptions are used at determination of total project costs and profitability of the projects under the scope of IAS 11 “Construction Contracts”. (Note 7).
- 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 unused tax losses and for all temporary differences. For the year ended June 30, 2010, since the assumptions related to the Company’s future taxable profit generation are considered reliable, adequate, deferred tax asset is recognised. (Note 15).
- c) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). Employee termination benefits as of June 30, 2010 and December 31, 2009 are TL 6.278.073 and TL 5.616.418, respectively.
- d) The Company determines warranty provision by considering the past warranty expenses and remaining warranty period per vehicle (Note 10).
- 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 the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered (Note 5).

2.4 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the financial statements as of and for the year ended December 31, 2009.

The new standards which are effective as of December 31, 2010 and changes and interpretations of current standards are as follows:

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First - Time Adopters’,

Amendments to IFRS 2 ‘Group cash settled share based Payment Transactions’,

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended June 30, 2010

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 (continued)

IFRS 3, 'Business Combinations' (Revised) and IAS 27, 'and Separate Financial Statements' (Amended),

IAS 39 Financial Instruments: Recognition and Measurement – 'Eligible Hedged Items',

IFRIC 17 'Distributions of Non-cash Assets to Owners',

Improvements to International Financial Reporting Standards (issued 2008),

Improvements to International Financial reporting Standards (issued 2009).

New and amended standards and interpretations issued that are effective subsequent to December 2010 year-ends(these amendments aren't accepted by European Union yet.)

Amendments to IFRS 1- Limited exemption from comparative IFRS 7 disclosures. (Effective for periods beginning on or after 1 July 2010, with earlier application permitted).

IFRS 9 Financial Instruments (Effective for periods beginning on or after January 1, 2013),

IAS 24 Related Party Disclosures (Revised) (Effective for periods beginning on or after January 1, 2011),

IAS 32 Classification of Rights Issues (Amendment) (Effective for periods beginning on or after 1 February 2010),

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment) (Effective for periods beginning on or after January 1, 2011, with earlier application permitted),

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective for periods beginning on or after 1 July 2010, with earlier application permitted).

Improvements to IFRSs

In May 2010, International Accounting Standards Board (IASB) made 11 changes in 7 standards:

IFRS 1: Accounting policy changes in the year of adoption

IFRS 1: Revaluation basis as deemed cost

IFRS 1: Use of deemed cost for operations subject to rate regulation

IFRS 3: Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised standard

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended June 30, 2010

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 (continued)

IFRS 3: Measurement of non-controlling interests

IFRS 3: Un-replaced and voluntarily replaced share-based payment awards

IFRS 7: Clarification of disclosures

IAS 1: Clarification of statement of changes in equity

IAS 27: Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements

IAS 34: Significant events and transactions

IFRIC 13: Fair value of award credits

2.5 Segment reporting

The Company does not prepare segment reporting. Sales by geographical areas and by product groups are disclosed in Note 12.

2.6 Seasonality of operations

There are no significant impacts on the interim financial statements of the Company due to seasonality.

3. Cash and cash equivalents

	June 30, 2010	December 31, 2009
Cash at banks		
- demand deposits	1.449.515	2.280.660
- time deposits	11.714.193	27.952.966
Checks and notes received	1.400.990	1.597.557
Other	5.240	49.994
	14.569.938	31.881.177

As of June 30, 2010 the Company has time deposits originally denominated in USD amounting to USD 7.439.000 with average maturity of time deposit of 1 day and with the effective interest rate of 3,25% (As of December 31 2009, the Company has time deposit amounting to USD 13.827.989 and TL 7.130.000 with the effective interest rates of 1,5 % and 6,70% respectively and with average of maturity of 4 days).

As of June 30, 2010 and December 31, 2009 checks and notes received consist of checks and notes given to banks for collections which are due as of balance sheet date.

As of June 30, 2010, the Company has restricted bank deposit amounting to TL 795 (December 31, 2009 - TL 795).

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended June 30, 2010

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)

4. Financial liabilities

				June 30, 2010	
	Interest rate (%)		Amount in original currency	TL	
Short-term bank borrowings					
Denominated in EUR	%2,85 - %3,55		13.202.775	25.371.772	
Denominated in TL	%6,90 - %9,70		140.883.744	140.883.744	
Total				166.255.516	

					June 30, 2010	
	Interest rate (%)	Maturity	Amount in original currency	TL		
Long-term bank borrowings (*)						
Denominated in EUR	%3,39	18/04/2012	7.603.569	14.611.778		
Total				14.611.778		

(*) Principle amount of long- term borrowings as of June 30, 2010 will be repaid on maturity with all interests accrued.

					December 31, 2009	
	Interest rate (%)		Amount in original currency	TL		
Short-term bank borrowings						
Denominated in USD	%2,78		10.059.212	15.146.155		
Denominated in EUR	%6,6		10.523.794	22.734.553		
Denominated in TL	%11		31.507.603	31.507.603		
Total				69.388.311		

					December 31, 2009	
	Interest rate (%)	Maturity	Amount in original currency	TL		
Long-term bank borrowings (*)						
Denominated in EUR	%3,55	09/06/2011	10.014.162	21.633.593		
Denominated in TL	%10	01/06/2011	50.203.570	50.203.570		
Total				71.837.163		

(*) Principle amount of long- term borrowings as of December 31, 2009 will be repaid on maturity with all interests accrued.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended June 30, 2010

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)

4. Financial liabilities (continued)

The Company has a loan amounting to EUR 7.500.000 under the guarantee of Koç Holding A.Ş. (December 31, 2009 - USD 10.000.000)

Maturities of short-term bank borrowings range between 1 and 3 months.

The Company has not provided any guarantees for the borrowings received (December 31, 2009 - None).

5. Trade receivables and payables

Trade receivables

	June 30, 2010	December 31, 2009
Trade receivables, net	28.727.419	42.949.742
Notes receivables, net	52.870.735	63.649.902
	81.598.154	106.599.644
Less: Provision for doubtful receivables	(9.032.435)	(9.032.435)
Other short-term trade receivables	72.565.719	97.567.209
Trade receivables from related parties (Not 17)	15.741.148	30.621.228
Short-term receivables	88.306.867	128.188.437
Long-term notes receivable, net	28.286.559	31.422.645
Long-term receivables	28.286.559	31.422.645

Guarantees received for trade receivables

Generally receivables of the Company relate to the sales to the minibus and bus dealers and trailer sales and military vehicle sales. As of June 30, 2010, the total trade receivable from dealers amounting to TL 29.175.565 (December 31, 2009 - TL 37.393.552), after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 45.729.920 (December 31, 2009 – TL 34.870.008).

Trade receivables aging analysis

As of June 30, 2010, trade receivables amounting to TL 6.207.675 (December 31, 2009- TL 2.520.252) have not been collected at the due dates.

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5. Trade receivables and payables (continued)

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

Current period	Trade receivables
1- 30 day past due	141.275
1- 3 month past due	-
3- 12 month past due	3.517.826
1- 5 year past due	2.548.574
Over 5 year past due	-
Amount secured with guarantee (1)	6.207.675

Prior period	Trade receivables
1- 30 day past due	-
1- 3 month past due	-
3- 12 month past due	-
1- 5 year past due	2.520.252
Over 5 year past due	-
Amount secured with guarantee (1)	2.520.252

(1) Pledges on trailers

The movement of the provision for doubtful receivables for the period ended June 30, 2010 and June 30, 2009 are as follows:

	June 30, 2010	June 30, 2009
January 1	9.032.435	7.725.491
Collections	-	(15.495)
Additional provision	-	806.873
Total	9.032.435	8.516.869

Trade payables

	June 30, 2010	December 31, 2009
Trade payables, net	28.728.463	53.944.515
Notes payables, net	144.600	137.159
Short-term trade payables	28.873.063	54.081.674
Trade payables to related parties (Note 17)	2.643.979	2.467.310
Short-term trade payables	31.517.042	56.548.984

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6. Inventories

	June 30, 2010	December 31, 2009 (Reclassified Note 2.1)	December 31, 2008 (Reclassified Note 2.1)
Raw material	32.500.838	34.750.524	27.210.962
Work-in-process	5.666.366	4.441.454	9.075.982
Finished goods	38.061.050	31.468.170	24.655.681
Merchandise	20.082.689	20.306.900	12.096.664
	96.310.943	90.967.048	73.039.289

7. Costs and billings on uncompleted contracts

As of June 30, 2010, costs related to uncompleted contracts is amounting to TL 97.608.613.

As of June 30, 2010, the short term advances taken by the Company related with ongoing projects which amounts to TL 113.254.179 was included in other payables in the financial statements (December 31, 2009 –108.437.400).

8. Property, plant and equipment

During the period ended June 30, 2010, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2010	Additions	Disposals	Transfers	June 30, 2010
Cost:					
Land	36.396.386	-	-	-	36.396.386
Land improvements	5.481.336	-	-	-	5.481.336
Buildings	53.131.899	-	-	-	53.131.899
Machinery, equipment and installations	86.463.883	967.049	(92)	5.478.362	92.909.202
Motor vehicles	5.113.531	874.000	(196.745)	-	5.790.786
Furniture and fixtures	18.408.093	897.516	(1.088)	-	19.304.521
Leasehold improvements	1.445.746	2.856	-	-	1.448.602
Construction in progress	5.889.502	276.147	-	(5.478.362)	687.287
	212.330.376	3.017.568	(197.925)	-	215.150.019
Accumulated depreciation:					
Land improvements	2.128.424	100.828	-	-	2.229.252
Buildings	18.593.043	1.260.178	-	-	19.853.221
Machinery, equipment and installations	70.043.866	2.302.293	(37)	-	72.346.122
Motor vehicles	3.127.422	165.114	(65.114)	-	3.227.422
Furniture and fixtures	14.677.521	329.094	(117)	-	15.006.498
Leasehold improvements	1.168.255	19.638	-	-	1.187.893
	109.738.531	4.177.145	(65.268)	-	113.850.408
Net book value	102.591.845				101.299.611

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8. Property, plant and equipment (continued)

During the period ended June 30, 2009, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2009	Additions	Disposals	Transfers	June 30, 2009
Cost:					
Land	36.396.386	-	-	-	36.396.386
Land improvements	5.481.336	-	-	-	5.481.336
Buildings	50.777.114	-	-	-	50.777.114
Machinery, equipment and installations	86.839.417	646.287	(30.000)	-	87.455.704
Motor vehicles	5.024.671	624.431	(79.396)	-	5.569.706
Furniture and fixtures	17.958.621	886.890	(9.117)	-	18.836.394
Leasehold improvements	1.445.746	-	-	-	1.445.746
Construction in progress	52.196	939.564	-	-	991.760
	203.975.487	3.097.172	(118.513)	-	206.954.146
Accumulated depreciation:					
Land improvements	1.926.769	100.828	-	-	2.027.597
Buildings	16.144.638	1.220.932	-	-	17.365.570
Machinery, equipment and installations	69.582.592	2.017.299	(1.786)	-	71.598.105
Motor vehicles	2.992.257	140.294	(26.816)	-	3.105.735
Furniture and fixtures	15.490.589	222.378	(9.117)	-	15.703.850
Leasehold improvements	1.129.550	19.352	-	-	1.148.902
	107.266.395	3.721.083	(37.719)	-	110.949.759
Net book value	96.709.092				96.004.387

Current year depreciation and amortization expense has been allocated to cost of sales by TL 1.851.094 (June 30, 2009 – TL 1.250.357), to development projects in process included in intangible assets by TL 905.728 (June 30, 2009 - 195.510), to research and development expenses by TL 2.243.393 (June 30, 2009 - TL 727.795) to general administrative expenses by TL 515.211 (June 30, 2009- TL 468.831), to selling and marketing expenses by TL 214.729 (June 30, 2009 - TL 163.363), to inventories by TL 975.799 (June 30, 2009 - TL 701.973), to other operating expenses (idle capacity expense) by TL 736.708 (June 30, 2009– 1.357.739).

As of June 30, 2010 and December 31, 2009, gross values of fully depreciated items which are still in use is as follows :

	June 30, 2010	December 31 2009
Machinery, equipment and installations	47.210.065	46.640.422
Furniture and fixtures	12.839.516	12.749.417
Motor vehicles	2.585.412	2.585.412
Leasehold improvements	1.089.332	1.089.332
	63.724.325	63.064.583

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9. Intangible assets

For the period ended June 30, 2010, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2010	Additions	Transfers	June 30, 2010
Cost:				
Other intangible assets	5.936.514	546.374	-	6.482.888
Development costs	26.784.388	-	3.586.172	30.370.560
Development projects in process	13.398.467	10.908.515	(3.586.172)	20.720.810
	46.119.369	11.454.889	-	57.574.258
Accumulated amortization:				
Other intangible assets	3.098.957	527.309	-	3.626.266
Development costs	3.187.451	2.738.208	-	5.925.659
	6.286.408	3.265.517	-	9.551.925
Net book value	39.832.961			48.022.333

For the period ended June 30, 2009, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2009	Additions	Transfers	June 30, 2009
Cost:				
Other intangible assets	3.839.826	1.020.639	-	4.860.465
Development costs	5.848.347	-	8.577.592	14.425.939
Development projects in process	16.758.438	7.272.286	(8.577.592)	15.453.132
	26.446.611	8.292.925		34.739.536
Accumulated amortization:				
Other intangible assets	2.341.733	326.716	-	2.668.449
Development costs	562.099	773.363	-	1.335.462
	2.903.832	1.100.079		4.003.911
Net book value	23.542.779			30.735.625

As of June 30, 2010 and December 31, 2009, the gross values of fully amortized intangible assets which are still in use is as follows :

	June 30, 2010	December 31, 2009
Other intangible assets	2.037.347	2.007.453
	2.037.347	2.007.453

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10. Provisions, contingent assets and liabilities

Provisions

	June 30, 2010	December 31, 2009
Provision for other cost (*)	66.413.410	51.518.026
Warranty provision	5.966.905	6.184.720
Provision for vacation pay liability	2.135.637	1.438.270
Provision for personnel premium	1.000.000	-
Provision for sales commission	661.052	-
Other	106.800	16.723
	76.283.804	59.157.739

(*) 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.

Letters of guarantees

As of June 30, 2010 and December 31, 2009 the tables which represent the position of guarantees, pledges and mortgages are as follow;

	June 30, 2010	December 31, 2009
Guarantees given by the Company		
a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	285.091.839	291.493.623
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation.	-	-
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations.	-	-
d. Total amount of other guarantees, pledges and mortgages	-	-
Total	285.091.839	291.493.623

	June 30, 2010	December 31, 2009
Guarantee letters given		
Undersecretariat of Ministry of Defense	159.928.287	153.066.348
Other	125.163.552	138.427.275
	285.091.839	291.493.623

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10. Provisions, contingent assets and liabilities (continued)

Guarantees received as of June 30, 2010 and December 31, 2009 are as follows:

	June 30, 2010	December 31, 2009
Bank letters of guarantee (**)	98.975.866	95.238.952
Mortgages received	4.545.000	7.045.000
Guarantee notes	3.105.000	3.389.000
Guarantee checks	135.000	135.000
	106.760.866	105.807.952

(**) Bank letters of guarantee amounting to TL 51.709.907 are obtained from the sub-contractors for Altay Project (December 31, 2009 TL – 55.351.176).

There are no pledges, mortgages, guarantees which are given in favour of real and legal persons with the purpose of guarantees of the liabilities to third parties.

11. Other assets and liabilities

	June 30, 2010	December 31, 2009 (Reclassified Note 2.1)	December 31, 2008 Reclassified Note 2.1)
a) Other current assets:			
Advances given	69.223.501	75.389.113	44.006.352
Value added tax receivables	19.174.369	16.459.668	20.492.382
Derivative income accrual	5.263.970	-	-
Prepaid tax	1.605.574	2.979.148	1.078.181
Prepaid expenses	1.503.047	593.458	501.361
Tax and funds deductible	1.229.499	3.135.804	1.752.693
Job advances	18.952	-	8.306
Other	582.524	751.157	52.991
Total	98.601.436	99.308.348	67.892.266
b) Other current liabilities:			
Deferred special consumption tax	2.788.672	259.324	195.798
Social security premiums payable	1.603.816	1.773.651	1.492.608
Taxes and funds payable	930.301	3.227.485	2.656.668
Other	168.684	157.242	115.427
Total	5.491.473	5.417.702	4.460.501

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12. Sales and cost of sales

Net sales

	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30 2009	April 1 - June 30 2009
Domestic sales	167.714.089	96.427.533	104.164.949	56.056.569
Export sales	25.359.638	15.133.005	96.612.002	27.177.313
Gross sales	193.073.727	111.560.538	200.776.951	83.233.882
Less: Sales discounts and sales returns	(420.780)	(363.962)	(43.582)	(36.140)
Net sales	192.652.947	111.196.576	200.733.369	83.197.742

As of June 30, 2010 and June 30, 2009 sales of the Company in terms of amount of product groups are as follows.

	January 1 – June 30, 2010	January 1 – June 30, 2009
Commercial vehicles	91.000.527	61.112.332
Armoured vehicles	42.305.041	82.091.759
Other sales (*)	59.347.379	57.529.278
	192.652.947	200.733.369

(*) TL 38.351.736 of the total amount is related with the ongoing projects (June 30, 2009 – TL 35.292.559). Furthermore, as of December 31, 2009, TL 74.129.647 was related with the ongoing projects.

Cost of sales

	January 1- June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1- June 30, 2009
Cost of finished goods sold	153.836.817	91.228.895	125.881.382	59.625.532
Cost of merchandise sold	11.418.140	5.081.347	11.154.193	6.776.904
Cost of sales	165.254.957	96.310.242	137.035.575	66.402.436

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13. Financial income

	January 1– June 30, 2010	April 1– June 30, 2010	January 1– June 30, 2009	April 1– June 30, 2009
Foreign exchange gain	5.769.766	1.893.091	29.415.915	6.513.306
Forward income	5.468.618	4.782.672	-	-
Foreign exchange gain on bank borrowings	5.332.800	2.407.550	12.961.185	12.151.560
Term difference income related to sales	2.419.629	1.492.906	1.579.722	6.199
Interest income from time deposits	127.806	56.510	1.924.146	856.379
Total	19.118.619	10.632.729	45.880.968	19.527.444

14. Financial expense

	January 1– June 30, 2010	April 1– June 30, 2010	January 1– June 30, 2009	April 1– June 30, 2009
Foreign exchange losses	20.486.800	10.347.825	34.115.806	20.396.626
Interest expense on bank borrowings	5.513.400	2.950.493	13.391.054	7.007.226
Foreign exchange losses on bank borrowings	398.050	2.050	13.905.573	233.513
Unearned financial expense	82.312	(1.975)	445.284	(1.204.582)
Forward expense	-	-	245.338	245.338
Total	26.480.562	13.298.393	62.103.055	26.678.121

15. Tax assets and liabilities

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

In Turkey, the corporation tax rate is 20% (December 31, 2009 - 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% (2009- 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.

Tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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15. Tax assets and liabilities (continued)

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax. Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

The breakdown of total tax expense for the year ended June 30, 2010 and 2009:

	January 1 – June 30, 2010	January 1– June 30, 2009
Corporate tax expense	-	409.351
Deferred tax expense/(income)	(6.376.040)	32.547
Total tax (income) /expense	(6.376.040)	441.898

As of June 30, 2010 and December 31, 2009, 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 assets / (liabilities)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Property, plant and equipment	4.572.514	5.245.615	2.566.792	2.432.172
Intangibles	5.813.474	4.353.089	(1.162.695)	(870.618)
Guarantee expense provision	(5.966.905)	(6.184.720)	1.193.381	1.236.944
Reserve for retirement pay	(6.278.073)	(5.616.418)	1.255.615	1.123.284
Adjustment for percentage of completion method on construction projects	12.227.400	9.802.719	(2.445.480)	(1.960.544)
Unused current period loss and research and development discount	(36.001.770)	-	7.200.354	-
Derivative income accrual	5.263.970	-	(1.052.794)	-
Expense provisions	(3.796.689)	(1.438.270)	759.338	287.654
Other	(3.615.004)	(2.062.900)	723.001	412.580
Deferred tax asset			9.037.512	2.661.472

The movement of deferred tax liability and asset for the period ended June 30, 2010 and 2009 is as follows::

	June 30,2010	June 30, 2009
January 1	(2.661.472)	4.476.527
Deferred tax benefit for the current period	(6.376.040)	(32.547)
	(9.037.512)	4.443.980

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16. Earnings per share

Earnings per share is 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. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly.

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.

The Company’s existing issued capital is represented by 2.400.000.000 number of issued shares with the par value Kr 1.

	June 30, 2010	June 30, 2009
Net income attributable to shareholders (TL)	(2.721.925)	11.739.407
Weighted average number of issued shares	2.400.000.000	2.400.000.000
Earnings per share (kr)	(0.00011)	0.00049

Declared and approved share of profit as follows;

Par value of common stock per share, gross 0.00085

Based on General Assembly Meeting dated March 17, 2010, dividend distribution amounting to TL 20.400.000 was approved and dividend payments were started to be paid as of March 24, 2010.

17. Related party disclosures

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

i) Due from related party balances as of June 30, 2010 and December 31, 2009:

Due from related parties	June 30, 2010	December 31, 2009
Ram Dış Ticaret A.Ş. (Ram Dış) (1) (*)	15.470.477	30.535.451
Otokoç Otomotiv Tic.San.A.Ş. (Otokoç) (1)	188.870	44.358
Rmk Marine Gemi San.A.Ş. (RMK Marine) (1)	24.999	22.905
Zer Merkezi Hizmetler ve Ticaret A.Ş. (Zer) (1)	21.804	-
Ford Otosan A.Ş. (Ford) (1)	18.995	18.514
Aygaz Anonim Şirketi (Aygaz) (1)	16.003	-
Total (Note 5)	15.741.148	30.621.228

(*) TL 15.470.477 of this balance (December 31, 2009: TL 30.535.451) consists of the receivables due to export registered sales to Ram Dış from third parties .

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi**Notes to the financial statements****For the period ended June 30, 2010****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)****17. Related party disclosures (continued)**

Due to related parties	June 30, 2010	December 31, 2009
Ram Dış (1)	946.326	276.840
Zer (1)	424.548	748.163
Setur Servis Turistik A.Ş. (Setur) (1)	273.494	263.272
Koç Sistem Bilgi İle.Hizm.A.Ş. (Koç Sistem) (1)	215.070	265.270
Ram Sigorta Aracılık Hiz.A.Ş. (Ram Sigorta) (1)	203.296	55.238
Eltek Elektrik Enerji İth.İhr.Top.Tic. A.Ş. (Eltek) (1)	191.722	-
Akpa Dayanıklı Tük.Paz.A.Ş. (Akpa) (1)	108.562	177.502
Koç Holding A.Ş. (2)	106.060	108.280
Otokoç Otomotiv Tic.San.A.Ş. (Otokoç) (1)	67.802	203.549
Koç-Net Haberleşme A.Ş (Koçnet) (1)	30.713	28.245
Ford (1)	24.513	24.533
Promena Elektronik Tic. A.Ş. (Promena) (1)	23.080	14.950
Opet Petrolcülük A.Ş. (Opet) (1)	16.912	18.087
Palmira Turizm Tic.A.Ş (Palmira)(1)	-	1.863
Koçtaş Yapı Marketleri T.A.Ş. (Koçtaş) (1)	11.881	78
Platform Araştırma ve Geliştirme Taş.Tic. A.Ş.(Platform) (1)	-	194.149
Setair Hava Taşıma.ve Hiz.A.Ş. (Setair) (1)	-	78.266
Yapı Kredi Kültür ve Sanat Yay. Tic. A.Ş. (1)	-	1.790
Other	-	7.235
Total	2.643.979	2.467.310

(1) Shareholder's subsidiary

(2) Shareholder

(3) Shareholder's subsidiary in liquidation process

ii) Major sales and purchase transactions with related parties for the period ended June 30:

	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Product sales and service revenue				
Ram Dış (*)	18.061.114	9.244.056	86.898.672	18.251.482
Zer	215.372	89.702	140.608	51.960
Otokoç	161.500	161.500	-	-
Aygaz	81.797	71.407	99.885	59.750
Ford	529	529	13.835	6.560
Beldeyama	-	-	126.746	64.563
Total	18.520.312	9.567.194	87.279.746	18.434.315

(*) TL18.061.114 of this amount (June 30, 2009: TL 86.898.672) consists of export registered sales to Ram Dış from third parties.

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	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Purchase of property, plant and equipment				
Koç Sistem	1.072.579	536.367	788.768	760.355
Koçnet	91.210	80.456	11.228	3.135
Zer	1.156	1.156	-	-
Otokoç	-	-	78.432	-
Total	1.164.945	617.979	878.428	763.490

	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Inventory purchases				
Zer	2.189.205	1.101.998	1.732.339	1.007.800
Ram Dış	1.685.042	780.205	587.013	209.758
Akpa	606.339	320.135	482.529	259.610
Opet	146.211	71.662	117.293	61.815
Koçtaş	12.492	10.749	10.573	9.183
Beldeyama	-	-	482.407	225.043
Total	4.639.289	2.284.749	3.412.154	1.773.209

	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Services received				
Ram Dış	1.099.670	955.571	5.661.775	1.340.288
Ram Sigorta	852.413	218.655	800.124	97.221
Setur	779.466	463.966	552.518	289.272
Koç Holding A.Ş.	560.107	270.834	609.698	314.994
Elttek Elektrik	320.307	320.307	-	-
Otokoç	305.466	149.328	268.132	126.414
Koçnet	141.086	75.732	81.705	37.581
Koç Sistem	103.649	51.322	177.675	37.688
Promena	22.559	21.840	16.700	16.700
Palmira	2.857	756	3.150	668
Rahmi M.Koç Müzesi	1.962	1.962	-	-
Setair Hava Taşımacılığı ve Hizmetleri A.Ş.	-	-	21.035	7.519
Tasfiye halinde Otoyol Sanayi A.Ş. (Otoyol)	-	-	5.953	5.953
Tofaş Türk Otomobil Fabrikası A.Ş. (Tofaş)	-	-	3.790	3.790
Total	4.189.542	2.530.273	8.202.255	2.278.088

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

17. Related party disclosures (continued)

Bank deposits	January 1 - June 30, 2010	December 31, 2009
Yapı ve Kredi Bankası A.Ş. (1)		
- Demand deposits	780.193	626.547
- Time deposits	-	7.131.308
Total	780.193	7.757.855

Checks and notes in collection	June 30, 2010	December 31, 2009
Yapı ve Kredi Bankası A.Ş. (1)	10.319.931	14.309.918
Total	10.319.931	14.309.918

Bank loans	June 30, 2010	December 31, 2009
Yapı ve Kredi Bankası A.Ş. (1)	52.575.683	50.203.570
Total	52.575.683	50.203.570

(1) Shareholder's subsidiary

For the period ended June 30, financial income and expense with related parties:

	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Interest income				
Yapı ve Kredi Bankası A.Ş.	46.967	6.245	1.103.920	446.779
Total	46.967	6.245	1.103.920	446.779

Foreign exchange gain	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Yapı ve Kredi Bankası A.Ş.	514.759	233.785	7.740.409	(9.323)
Ram Dış	2.196.817	1.271.290	5.294.469	4.283.918
Ram Sigorta	425	292	-	-
Total	2.712.001	1.505.367	13.034.878	4.274.595

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	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Forward incomes and expenses				
Yapı ve Kredi Bankası A.Ş.				
Forward income	2.455.596	2.038.191	678.415	-
Forward expense	-	-	(340.187)	-
Total	2.455.596	2.038.191	338.228	-

	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Interest expenses				
Yapı ve Kredi Bankası A.Ş.	2.939.434	1.518.312	866.458	456.313
Total	2.939.434	1.518.312	866.458	456.313

	January 1 - June 30, 2010	April 1 - June 30, 2010	January 1 - June 30, 2009	April 1 - June 30, 2009
Foreign exchange expenses				
Ram Dış	5.904.470	3.191.876	13.823.037	10.254.328
Yapı ve Kredi Bankası A.Ş.	467.993	352.680	8.715.310	1.060.286
Ram Sigorta	47	47	-	-
Total	6.372.510	3.544.603	22.538.347	11.314.614

Forward agreements with Yapı ve Kredi Bankası A.Ş.

Amount	Currency	Parity	Transaction date	June 30, 2010 Maturity
10.000.000	US Dollar- Euro	1.3763	17.03.2010	30.07.2010

Benefits provided to the Executive Management

Salaries and similar benefits provided to the executive management for the period ended June 30, 2010 is amounted to TL 1.229.402 (June 30, 2009 - TL 1.128.590).

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

18. 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				
		Current period				
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	183.236.149	72.922.139	35.397.109	161.645	-
2a.	Monetary financial assets (including cash, bank accounts)	18.069.125	10.814.920	451.185	72.513	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	33.856.489	18.706.189	2.289.563	-	-
4.	Current assets (1+2+3)	235.161.764	102.443.248	38.137.857	234.158	-
5.	Trade receivables	29.324.858	-	15.259.852	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	29.324.858	-	15.259.852	-	-
9.	Total assets(4+8)	264.486.621	102.443.248	53.397.709	234.158	-
10.	Trade payables	(76.410.470)	(42.120.114)	(3.557.900)	(1.370.151)	-
11.	Financial liabilities	(25.371.772)	-	(13.202.775)	-	-
12a.	Monetary other liabilities	-	-	-	-	-
12b.	Non-monetary other liabilities	(147.550.398)	(93.028.466)	(550.800)	-	-
13.	Current liabilities (10+11+12)	(249.332.640)	(135.148.580)	(17.311.475)	(1.370.151)	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(14.611.779)	-	(7.603.569)	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	(14.611.779)	-	(7.603.569)	-	-
18.	Total liabilities (13+17)	(263.944.419)	(135.148.580)	(24.915.044)	(1.370.151)	-
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	542.203	(32.705.331)	28.482.665	(1.135.993)	-
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	114.236.111	41.616.945	26.743.902	(1.135.993)	-
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	25.311.163	2.153.058	10.864.690	88.968	-
24.	Import	48.057.724	8.943.189	14.181.015	2.501.809	-

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

		Table of foreign currency position				
			Prior period			
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	171.980.703	48.631.610	44.843.135	787.486	-
2a.	Monetary financial assets (including cash, bank accounts)	22.948.379	14.373.088	545.916	53.356	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	36.306.118	22.915.011	834.600	-	-
4.	Current assets (1+2+3)	231.235.200	85.919.709	46.223.651	840.842	-
5.	Trade receivables	31.422.645	-	14.545.501	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	31.422.645	-	14.545.501	-	-
9.	Total assets(4+8)	262.657.845	85.919.709	60.769.152	840.842	-
10.	Trade payables	(27.889.814)	(808.758)	(2.474.573)	(8.926.104)	-
11.	Financial liabilities	(37.880.708)	(10.059.212)	(10.523.794)	-	-
12a.	Monetary other liabilities	-	-	-	-	-
12b.	Non-monetary other liabilities	(155.430.988)	(93.028.466)	(7.109.210)	-	-
13.	Current liabilities (10+11+12)	(221.201.510)	(103.896.436)	(20.107.577)	(8.926.104)	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(21.633.593)	-	(10.014.162)	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	(21.633.593)	-	(10.014.162)	-	-
18.	Total liabilities (13+17)	(242.835.103)	(103.896.436)	(30.121.739)	(8.926.104)	-
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	19.822.742	(17.976.727)	30.647.413	(8.085.262)	-
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	138.947.612	52.136.728	36.922.023	(8.085.262)	-
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	96.612.002	42.247.669	9.129.346	2.972.690	-
24.	Import	51.079.594	11.704.345	12.539.101	1.882.378	631.358

Furthermore, as of June 30, 2010, the Company has made two forward contracts amounting to USD 32.586.250 and GBP 400.000. In accordance with the related forward agreements, the Company will buy USD 32.586.250 against EUR 24.000.000 and will buy GBP 400.000 against EUR 456.178.

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18. 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, EUR and GBP exchange rates, with all other variables held constant, on the Company’s income before tax as of June 30, 2010 and December 31, 2009:

Exchange rate sensitivity analysis table		
	Current period	
	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	6.553.420	(6.553.420)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	6.553.420	(6.553.420)
<i>In case 10% appreciation of EUR against TL:</i>		
4- EUR net asset/liability	5.139.376	(5.139.376)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	5.139.376	(5.139.376)
<i>In case 10% appreciation of GBP against TL:</i>		
7- GBP net asset/liability	(269.185)	269.185
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(269.185)	269.185
Total (3+6+9+12)	11.423.611	(11.423.611)

Exchange rate sensitivity analysis table		
	Prior period	
	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	7.850.227	(7.850.227)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	7.850.227	(7.850.227)
<i>In case 10% appreciation of EUR against TL:</i>		
4- EUR net asset/liability	7.976.265	(7.976.265)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	7.976.265	(7.976.265)
<i>In case 10% appreciation of GBP against TL:</i>		
7- GBP net asset/liability	(1.931.731)	1.931.731
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(1.931.731)	1.931.731
<i>In case 10% appreciation of CHF against TL:</i>		
10- CHF net asset/liability	-	-
11- Amount hedged for CHF risk (-)	-	-
12- CHF net effect (10+11)	-	-
Total (3+6+9+12)	13.894.761	(13.894.761)

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

Forward agreements

Amount	Foreign exchange currency	Parity	Transaction date	June 30, 2010	
				Maturity date	
456.178	GBP-Euro	0,8768	08.02.2010	27.07.2010	
10.000.000	US Dollar - Euro	1,3763	17.03.2010	30.07.2010	
11.000.000	US Dollar - Euro	1,3759	17.03.2010	30.09.2010	
1.500.000	US Dollar - Euro	1,2293	16.06.2010	14.09.2010	
1.000.000	US Dollar - Euro	1,2296	16.06.2010	14.10.2010	

19. Subsequent events

There is no significant event after balance sheet date.

20. 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

There is no other matters having significant impact on or requiring explanation in order to provide the clarity, interpretability and perceptibility of the financial statements.