2009 ANNUAL REPORT

look at the customer, see the success

LOOK AT THE CUSTOMER, SEE THE SUCCESS

For us, success is not only the awards we have won and the high turnovers we have earned, but also the smiling face of our customers. We have always been giving the prime consideration in each project and design we develop to the needs and demands of our customers. In sum, we are working for them, because we know that we owe our sustainable growth and profitability to our customers.

We always look at our customers from a close distance, for by doing so we can better understand them and hence ourselves. We know very well that the secret of our success is in our customers.

Otokar


OTOKAR

2009 ANNUAL REPORT

look at the customer, **see the** success

contents

Otokar

Otokar in Brief

Otokar Otobüs Karoseri Sanayi A.Ş. has been offering special solutions to the needs of customers with its own technology, designs and applications in the automotive industry since 1963. A member of the Koç Group of Companies, Otokar is manufacturing its products with nearly 1200 employees at a manufacturing plant covering an area of 552 thousand square meters in Arifiye, Sakarya.

Manufacturing minibuses, buses and semi-trailers in the commercial vehicles segment, Otokar is also manufacturing 4x4 terrain vehicles of various types as well as tactical wheeled armored vehicles for the defense industry. Otokar is also the prime contractor in the ALTAY Project which has been initiated to design the first national tank of Turkey.

Our Vision

By developing its own technology, Otokar preserves the local and national identity of its products and targets for sustainable satisfaction of its customers, employees and shareholders with the philosophy of total excellence.

Our Principles

In line with the goals and principles established by the Koç Group, Otokar aims at providing goods and services in universal quality and standards so as to ensure satisfaction of the customers and healthy growth. Its goal is to become a symbol of reliability, consistency and respectability in the eye of its customers, shareholders and the subsidiary industry. Otokar focuses on customers, works toward becoming the "best", knows that its most important capital is its human resources, and targets to contribute to the power of Turkish economy from which it takes its power, by continuously creating resources needed for growth by sticking to the high business ethics and the working principles.

Our Mission

Main mission of Otokar is to design, manufacture and market commercial vehicles and various defense industry vehicles competitive around the world in line with the expectations of the customers.

Otokar


VECTIO

2009 ANNUAL REPORT

look at the customer, see the success

Otokar

Chairman's Letter

Dear shareholders,

We are happy and proud for having sustained the earnings and the added values we have been bringing to the customers, the shareholders, the social stakeholders and the country despite the economic crisis prevailed during 2009.

The economic crisis we passed through last year, which all of us monitored closely, has affected many countries and sectors deeply. Many companies exerted great efforts to preserve their existence, let alone gaining profits. The companies which have built their long term plans on the strategy of "sustainable growth" were affected from the crisis less. The recent crisis has shown indisputably that in the reign of globalization no company and no sector can isolate itself entirely from any economic, social and political development occurred in any part of the world and that attaining a sustainable growth is becoming more difficult day by day.

The market conditions are harder than before in all sectors. The customers and users who are acting on global scale and more prone to be affected from the global developments are now more selective, making their research more carefully and diligently. For the customers who have higher expectations, the product quality and the manufacturing technology, which have become standard owing to the ever increasing competition, are no longer the primary drivers of the purchasing decision. The customers and the users, who are going with lesser resources especially after the recent crisis, are now expecting more returns from their investment. The customers are now much more sensitive to getting the best product and service more specifically designed and manufactured to meet their specific needs and expectations for the lowest price.

This change in the requirements of the customers, coupled with the ever increasing competition urge the companies to focus on their customers and to give more importance to three areas in order to sustain the profits and growth. These areas are Costs, Innovation and Design. This trend is evident in the automotive industry as well. The global manufacturers are moving their manufacturing plants to the developing countries in order to reduce their costs on the one hand and giving priority to the design and innovation so as to meet the requirements of the customers on the other.

The recent developments unfortunately pose a threat for Turkey as the ever growing "manufacturing base" of Europe in the automotive industry. The global automotive manufacturers who cannot sacrifice the innovations, though they cannot increase the prices during the periods of crisis, are moving their manufacturing to various countries where the manufacturing costs are lower in order to preserve their competitiveness, reduce their manufacturing costs and sustain their profitability. At this point, in order for Turkish manufacturers to turn this threat into an opportunity and to attain a sustainable growth in the automotive industry by preserving their competitive advantages, they must have their own technology and create their own designs.

I am proud to say that Otokar, by having foreseen these trends, have established its strategies in this direction, achieved the competitive advantages, and created its own designs and intellectual properties on global scale. Having focused on the expectations and requirements of its customers since the very day of its establishment, Otokar is one of the rare companies which are capable of manufacturing the vehicles of its own design with competitive costs bringing competitive advantages on global scale. That Otokar has been maintaining the balance between the military vehicles and the commercial vehicles and thus minimizes the impact of the fluctuations in the market is one of the factors that guarantee the sustainable growth of Otokar.

Owing to these characteristics, Otokar has not sacrificed the sustainable growth and has continued to bring profits to the shareholders and the country by attaining a growth of 5 percent in the turnover despite the economic crisis during 2009.

While the demand for heavy commercial vehicles shrank by 34 percent in Turkey, Otokar has increased its market share and become the market leader in small and medium size bus segment. Otokar successfully continued the projects commenced in the defense industry segment, reinforcing its position as the manufacturing and exportation leader of tactical military vehicles. Otokar has introduced significant innovations in the range of public transport vehicles and been awarded prizes for the buses of its own design. Detailed information is given in the following sections about the other successes achieved by Otokar during 2009. You can also find a summary of the improvement and productivity increasing works conducted by Otokar in order to sustain the growth and profitability of the company.

We have entered a new year during which we are able to maintain the success we have achieved and continue the works with the same speed and decisiveness to do the better. 2010 will be a difficult year during which the effects of the economic crisis will subside but the recovery in the markets will take a longer time than expected. With our ever expanding product family, we will preserve our leading and pioneering position in our markets, have a better position in the European market in the commercial vehicles segment and demonstrate our designing, engineering and manufacturing capabilities through the projects on the agenda in the defense industry market in Turkey and the world.

We will work to complete the projects we have started, to achieve new successes, and to preserve our sustainable growth.

We wish a successful and prosperous 2010 for Otokar and the shareholders.

Yours sincerely,

Kudret Önen
Chairman of the Board of Directors

Members of the Board of Directors

Kudret ÖNEN
Chairman

Mr Önen, born in 1953, university graduate, serving at Head of Koç Holding Inc., as Head of Defence Industry and Other Automotive Group.

Halil İbrahim ÜNVER
Vice Chairman

Mr Ünver, born in 1950, university graduate, serving as Chairman of Ünver Holding Inc.

Dr. Bülent BULGURLU
Member

Mr Bulgurlu, born in 1947, university graduate, serving as Member of the Board and CEO of Koç Holding Inc.

Alpay BAĞRIAÇIK
Member

Mr. Bağrıaçık, born in 1938, university graduate, served at Koç Holding Inc. as Head of Auidit and Financial Group, retired in 2002 as Member of the Board and Consultant.

Ali Tarık UZUN
Member

Mr Uzun, born in 1964, university graduate, serving at Koç Holding Inc. as Head of Auditing Group.

A. Serdar GÖRGÜÇ
Member - General Manager

Mr Görgüç, born in 1959, university graduate, serving as General Manager of Otokar Otobüs Karoseri Inc.

Taylan BİLGEL
Member

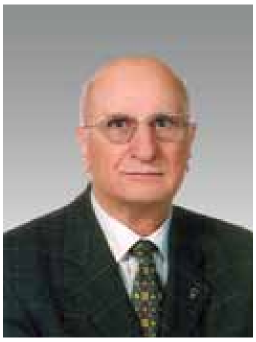
Mr Bilgel, born in 1942, university graduate, serving as Chairman of Orta Anadolu Otomotiv Ticaret ve Sanayi Inc.

Powers of the chairman and members of the Board of Directors have been established in accordance with the article 12 of the Articles of Association and the provisions of the Turkish Commercial Code.

Members of the Board of Auditors

Serkan ÖZYURT
Auditor

Mr Özyurt, born in 1968, university graduate, serving as Coordinator at the Auditing Group of Koç Holding Inc.



M. Metin UTKAN
Auditor

Mr Utkan, born in 1940, university graduate, serving as Certified Financial Counsellor as the Chairman and Founding Member of Utkan Certified Financial Counselling Company.

Powers of the auditors have been established in accordance with the article 16 of the Articles of Association and the provisions of the Turkish Commercial Code.

Evaluation of 2009

"WE HAVE FOCUSED ON THE NEEDS AND EXPECTATIONS OF OUR CUSTOMERS"

By accurately analyzing the needs and expectations of its customers in the field, Otokar focused on research and development works during the stagnant 2009. Otokar has now completed the range of public transport family with vehicles from 5.5 meters to 12 meters. It has added new vehicles and models to the family of military vehicles. Improvements in the semi-trailers continued.

M-2010 / CENTRO

Being an all-time leader in the liner minibus segment in the Turkish market, Otokar has designed a new generation minibus in line with the newly emerged needs in the market. The new bus has been introduced to the Turkish market with the brand name of M-2010 and to the European market with the brand name of CENTRO.

Being the newest and the only Turkish designed minibus, M-2010 incorporates a number of important novelties, among which are the environmental friendly Euro 4 engine, which minimizes the emission levels, and the safety and security equipment in European standard. Servo-powered shock absorbers on four wheels, used first time ever in its class, have raised the comfort in in-city public transport.

DORUK 215T

In line with the need of the intercity passenger and tourist transportation market for a bus with a lower cost compared with large-size buses and with higher passenger capacity compared with small-size buses, Otokar has introduced Doruk 215T, a new model bus in length of 10 meters with a capacity of 39 passengers, to the transportation sector. Owing to its Euro 4 emission level 4-cylinder engine delivering 215HP, Doruk 215T offers the advantage of minimizing the fuel consumption and reducing the operating costs to an optimum level.

VECTIO 250T

Having renovated its family of buses with engines with Euro 5 emission level, Otokar introduced VECTIO 250T for intercity passenger and tourist transportation to the European market in 2009. Gaining reputation in the historical European cities owing to its superior maneuvering capability and high passenger capacity, VECTIO 250T was awarded the "Grand Award", the Europe's most prestigious prize, by Busworld Kortrjik in "medium size bus" category.

KENT 290H

By monitoring the ever increasing need for public transport in cities and observing the rising public transport services provided by the municipalities and the private entities to the public, Otokar has developed KENT as a contemporary and more modern transportation vehicle. With its KENT series of buses of 12 meters, Otokar has completed the product range in the bus segment.

First introduced to the market as a public transport bus, KENT 190H has been designed by the engineers of Otokar over a modular sub-design which has been developed to meet various needs under the same design concept.

KENT 290LF

KENT 290LF, the second model developed within the KENT series, has been designed with lower bed to meet the public transport needs in metropolises. Introduced to the European market in Busworld Kortrijk Fair and to the Turkish market in COMVEX Fair, KENT 290LF has gained the admiration of the users.

With its broad interior space, high performance air conditioner, ramp for the disabled and flat low bed without steps, KENT 290 LF stands as a good solution for in-city public transport.

KAYA MINE RESISTANT TROOP CARRIER

Seeing the recent trend in the world in the field of mine-resistant vehicles, Otokar launched a project to develop a personnel carrier with mine protection, having superior terrain drive performance and high personnel carriage capacity. Designed as a new concept vehicle, the prototype of mine resistant troop carrier was first built in 2008. KAYA was first introduced in IDEX 2009. Subjected to various tests, KAYA passed the criteria established in the NATO standards. Mine-resistant personnel seating systems have been designed for this vehicle first time ever.

Having a capacity of 12 passengers, the Mine Resistant Troop Carrier KAYA offers the capability of responding to threats against the vehicle with its weapon tower.

KAYA, MINE RESISTANT CARGO CARRIER

The Mine Resistant Cargo Carrier KAYA has been designed and manufactured as a vehicle fit for cargo transportation in dangerous zones under rough terrain and normal road conditions. The new vehicle was first exhibited in IDEF 2009. The armored cab of the vehicle affords the highest security and safety for the personnel on board in dangerous zones during transportation of military supplies.

NEW COBRA MODELS

Works of integration of various task equipment and additional features as well as designing of various vehicle versions in line with the requirements of the users were carried out on the vehicle Cobra during 2009.

ARMA, THE TACTICAL WHEELED ARMORED VEHICLE

In parallel with ever diversifying threats and ever increasing demands, Otokar launched the development project of ARMA 6x6 Tactical Wheeled Armored Vehicle. The concept and design works of the vehicle were completed and a test prototype of the vehicle built during 2009.

ALTAY, THE NATIONAL MAIN BATTLE TANK PROJECT

The kick-off meeting of the ALTAY the National Main Battle Tank Project, which is currently carried out under the lead of Otokar as the prime contractor, was held at the manufacturing plant of Otokar in 2009. The launching meeting was attended by the representatives in executive positions of the Undersecretariat of Defense Industry, the Commandership of Land Forces, and Aselsan, Roketsan, MKE and Hyundai Rotem as sub-contractors.

While the works on the ALTAY Project were in progress, a special office space has been allocated to the tank work group in 2009. Special equipment has been purchased in order to testing capabilities of the R&D.

RENEWED LAND ROVER DEFENDER AND ARMORED PATROL VEHICLE

Otokar has renewed its Land Rover Defender and Otokar Armored Patrol Vehicle with new engine and interior design in line with the expectations of the users and newly emerged needs.

SEMI-TRAILER TANKER WITH 36.000 LITER CAPACITY ALUMINUM TANK

In line with the need of the users for a higher capacity tanker, Otokar carried out development, designing and engineering works on the existing semi-trailer tanker with 35.000 liter capacity aluminum tank. As a result of these works, the weight of the tanker was reduced considerably and the capacity of the tank risen to 36.000 liters.

SEMI-TRAILER WITH GALVANIZED CHASSIS

Otokar has begun to manufacture and sell the semi-trailer with galvanized chassis first time ever in Turkey. For the new semi-trailer, Otokar offers the maximum durability and 5-year no-rust warranty in response to the expectations of the logistic companies.

"OTOKAR WAS THERE"

Wherever the user rendered services in 2009, Otokar was there as well.
Focused on the needs of the customers, Otokar listened to the expectations of the users and customers wherever they worked and rendered service and shared the solutions it developed toward the satisfaction of their needs with them.

ROADSHOW OF DORUK 190LE

Otokar's 9-meter Doruk 190LE model bus, which was awarded the "Good Design Prize" of the Industrial Design Awards of Design Turkey in 2008, toured across Turkey at the beginning of 2009. Total 25 municipalities in the Black Sea, Eastern Anatolia, Inner Anatolia and Mediterranean regions were visited to give information about the modern passenger transportation and advantages of Doruk 190LE.

ROADSHOW OF DORUK 215T

Otokar introduced its new 10-meter bus DORUK 215T to the carriers in the tourism sector in 2009. In meetings held in various cities such as İstanbul, Van, Adana, DORUK 215T was introduced to the executives of associations and chambers such as TOFED, İSTAB and to the intercity passenger and tourist carriers.

KENT ROADSHOW

In meetings held by Otokar, the new 12-meter bus series, KENT, were introduced to various entities such as İETT, TÖHOB, İstanbul Halk Ulaşım, Yeni İstanbul Halk Otobüsleri, Özulaş, Öztaş, Mavi Marmara, and BURULAŞ. During the meetings, professionals involved with 12-meter public transport buses found the opportunity to examine KENT. KENT achieved the appreciation of transportation professionals. Promotion of KENT continued in cities such as Ankara, Malatya, İstanbul, and Elazığ throughout the year.

M-2010 ROADSHOW

Dealers of Otokar and executives of chambers and associations of minibus transportation in Istanbul attended the meetings held for presentation of the new minibus series, M-2010, of Otokar. The new minibuses were presented to the examination of the users at minibus stops in İstanbul and Ankara where liner minibus transportation is widespread. Not only the minibus owners, but also the passengers showed great interest to M-2010. The new minibus was highly appreciated by the minibus transportation professionals.

ALTERNATIVE FUEL TRIAL TOURS

The natural gas fuelled Doruk 230DG, the newest vehicle of Otokar running with alternative fuels, was presented to the close examination of the users in 2009. İETT tested the bus in public transport for one month. Doruk 230DG showed outstanding performance in the tests. The bus was also tested by EGO in public transport at various routes in Ankara and passed all difficult tests successfully.

CLINIC DAYS

Otokar continued the clinic services rendered to the owners of commercial vehicles at authorized service shops in Denizli, Adana, Trabzon, Diyarbakır and Sakarya during 2009. Vehicle owners showed great interest to the clinic days during which the users expressed their expectations from Otokar.

WIDER SALES AND SERVICE NETWORK

Otokar has widened its service network to make its products and services available to wider masses. During 2009, 8 new authorized service shops for public transport vehicles and 3 new authorized service shops for trailers were opened across Turkey. 2 new authorized trailer dealers joined the Otokar family and 2 new distributorship agreements were signed in Europe.

OTOKAR IS STANDING BY THE TURKISH ARMED FORCES AT ALL TIMES

After Sale Services traveling service team of Otokar continued to render the planned maintenance/repair services to Otokar vehicles in situ during 2009. Within the scope of this service, maintenance and repair services were rendered to Cobra and Armored Personnel Carrier vehicles of the Turkish Armed Forces on duty at home and abroad.

NO LIMIT TO AFTER SALE SERVICES OF OTOKAR

Otokar continued to render after-sale services to its vehicles used by the armies of other countries. During the visits made to the other countries during 2009, technical support was provided for the Otokar vehicles in use, feedbacks were received, training provided to the users and the technical support needs of the users satisfied.

EXHIBITIONS

Otokar attended many important exhibitions at home and abroad to promote its existing and newly developed vehicles.

IDEX

In the defense industry fair held in Abu Dabhi during 22-28 February, Otokar introduced its 4x4 armored vehicle with mine protection, KAYA.

IDEF

During the 9th International Defense Industry Fair (IDEF) held in Istanbul during 27-30 April, Otokar exhibited the three versions of the weapon carrier of its world famous tactical wheeled armored vehicle, COBRA, the renewed LAND ROVER DEFENDER and ARMORED PERSONNEL CARRIER, and the personnel and cargo carrier models of KAYA, the new family of mine-resistant armored vehicles. In the stand of Otokar, information about the works carried out under the ALTAY National Main Battle Tank Project was given as well.

BAHRAIN SECURITY FORUM AND FAIR

Otokar exhibited its world famous armored vehicle COBRA and Armored Personnel Carrier during the Bahrain Security Forum and Fair held in Bahrain during 24-25 February.

DSEI

During the DSEI defense fair held in London during 8-11 September, Otokar exhibited its Kaya and Cobra model vehicles.

BUSWORLD

Otokar made the first introduction of its KENT and CENTRO model buses during the Busworld Kortrijk Fair, the largest bus fair of Europe. During the fair, also the Europe's most favored Euro 5 engine equipped models of NAVIGO series 7-meter buses and VECTIO series 9-meter buses were introduced. In the fair, VECTIO 250T model bus of Otokar was awarded the "Grand Award".

COMVEX

Otokar exhibited its DORUK and KENT model buses, new minibus and various semi-trailer models in the commercial vehicle fair held in İstanbul during 3-6 December. Also the low bed KENT 290 LF model bus and the renewed Doruk 190 LE model bus as well as the galvanized chassis semi trailer were first time introduced to the visitors of the fair.

"OUR WORKS WERE REWARDED"

Focusing on the customers and the users has brought success to Otokar. Besides receiving substantial orders for commercial and military vehicles, Otokar was awarded rewards and appreciations by various entities and institutions.

"INCREASE BY 5 PERCENT IN TURNOVER"

Otokar reached its goals thank to its new products, new markets and defense industry strategies. The company attained a growth by 5 percent in terms of turnover over the previous year.

“EXPORTS ”

Having vehicles in more than 30 countries, Otokar focused in the European bus market during 2009. Otokar exported more than 300 buses in 2009, becoming one of the fastest growing bus manufacturers in the European market.

In the field of defense industry, Otokar focused on the delivery of vehicles contracted in 2008. By introducing the new vehicles to new markets during 2009, Otokar increased its sales.

“LEADER OF THE BUS SEGMENT”

Otokar became the market leader in the bus segment in 2009. Otokar’s Sultan and Doruk brand buses, which have been manufactured for modern passenger transportation, have become the most favored small and medium size buses by meeting the expectations of the customers.

“LEADER OF THE MINIBUS SEGMENT”

Otokar maintained its position as the leader of the liner minibus transportation market in 2009.

“LEADER OF THE TANKER AND FRIGORIFIC TRAILER SEGMENT”

Otokar was the leader of frigorific and ADR tanker semi-trailer segment in 2009. Otokar has been the market leader in the frigorific semi-trailer segment for 9 years in succession.

“LEADER OF THE TACTICAL WHEELED VEHICLE SEGMENT”

With the armored/non-armored tactical wheeled vehicles delivered to both local and foreign markets, Otokar maintained its leading position in this segment.

CUSTOMER SATISFACTION ON THE RISE

According to a research conducted by independent audit firms, Otokar has the highest customer loyalty index in the medium-bus category in Turkey. In the brand name affinity category, Otokar got the highest score among the competitors.

GRAND AWARD GOES TO VECTIO

Otokar's medium-size bus, Doruk, which is exported with the brand name VECTIO, won the “Grand Award”, the highest award of Europe, in the “medium size bus” category in Busworld Kortrijk Bus Fair held in Belgium. Otokar has been the first Turkish manufacturer to which this great prize has been awarded to the representatives of the bus sector in Europe.

EUROPEAN TYPE APPROVAL

Otokar has become the first Turkish manufacturer who has obtained the European type approval for semi-trailers under the European Whole Vehicle Type Approval (EWVTA) Directive, 2007/46/EC, effective April 29, 2009 in the European Union countries. With this approval, Otokar is entitled to register its trailers in 27 EU countries.

TACTICAL WHEELED VEHICLES PROJECT

Otokar has been elected as the Prime Contractor in the “Tactical Wheeled Vehicles 3/4 Tons Project” initiated for the supply of tactical wheeled vehicles to the Turkish Armed Forces. Under the contract signed between the Undersecretariat of Defense Industry and Otokar, Otokar has commenced the design and manufacture of Command Control Vehicles and Cargo and Personnel Carriers.

OTOKAR'S ARMORED VEHICLES, CHOICE OF THE WORLD

Otokar's armored vehicles continued to be the choice of the armed forces of various countries in 2009. Having supplied vehicles to the armed forces of 15 countries so far, Otokar completed the deliveries of armored vehicles contracted in 2008.

APVS OF COMMANDERSHIP OF GENDARMERIE HAVE BEEN RENEWED

The project for modernization and replacement of Armored patrol vehicles of the Commandership of Gendarmerie which have come to the end of economic life was completed in 2009.

COBRA TOOK PART IN NATO EXERCISES

COBRA chemical, biologic, radiological and nuclear (CBRN) surveillance vehicles served successfully during the "Svizec 2009" exercises. Being the first CBRN surveillance vehicle designed and manufactured in Turkey, COBRA was designed by the know-how of Otokar in the field of armored vehicle to the NATO standards and put into use in the NATO-member country.

Cobra also undertook task in the military exercise "Cooperative Longbow-Cooperative Lancer '09" conducted by NATO in May 6. In the exercise conducted within the framework of cooperation for peace, some one thousand personnel from Turkey, the USA, the UK, Georgia, Ukraine, Azerbaijan, Greece, Canada, Albania, Bosnia-Herzegovina, Croatia, Czech Republic, Hungary, Spain, Macedonia and the United Arab Emirates took part in the exercise.

NEW FLEET ORDERS

Otokar continued to receive significant fleet orders in 2009. Otokar signed contracts for deliveries in high numbers, such as 30 Sultan City vehicles to İnegöl and 32 Sultan City vehicles to Yozgat.

OTOKAR HAS BECOME THE CHOICE OF MUNICIPALITIES

Doruk LE and Kent, the new model buses have gained the appreciation of the municipalities. İzmir In-city Public Transport Company İZULAŞ, Bursa In-city Public Transport Company BURULAŞ, Sakarya Municipality and Düzce Municipality have chosen the buses of Otokar for their bus fleets.

"WE HAVE TARGETED FOR THE BETTER"

Otokar gave weight to improvement and development works with the aim of rendering better service to its customers, doing profitable and effective businesses during the period of economic stagnation, and increasing the work productivity.

WORKS ON THE SERVICE NETWORK

Having sales and service shops in 80 locations across Turkey, Otokar continued its works on the facilities and standards that will satisfy its customers related with the restructuring in parallel with its growth in the market. The renovation works started last year continued at the bus dealers, service shops and spare part dealers in line with the corporate identity of Otokar.

Training courses aimed at rendering better customer service and informing the sales and service teams about the new vehicles continued throughout 2009. Through the Technical Training Center built within the organization of Otokar, practical and theoretical training courses continued to be given to the fleet, public and military customers of the vehicles and to the domestic/overseas authorized service shops.

PRODUCTIVITY IN THE PROCESSES

For cost saving, improvement and productivity increase in the manufacturing of vehicles and in the processes, 74 projects were launched in the areas of purchasing, manufacturing, manufacturing plant, planning and quality during 2009.

PRODUCTIVITY IN THE ASSEMBLY LINE

Improvements in the assembly line aimed at reducing the costs and increasing the productivity continued.

Started the manufacturing of 12-meter bus during 2009, Otokar made the investments in this field and commissioned the painting house in the facility purchased in 2008.

THE EMPLOYEES, OUR MOST VALUABLE ASSET

Works for increasing the motivation and loyalty of the employees of Otokar continued during 2009. Also improvements were done in the orientation programs.

Critical training continued to be given to white and blue collars throughout the year. Within the scope of Assembly Line Quality Improving Project, Part Handling and Line Organization training was given to the blue collars. All blue collars were given Workers' Health and Safety and Environmental Management System training.

"WE HAVE FULFILLED OUR SOCIAL RESPONSIBILITIES"

Undertaking active tasks on the issues of protection and supporting of the society and the environment in all of its operations as being conscious of the corporate responsibility, Otokar regards its works and investments in the field of social responsibility as an investment in the future.

ENVIRONMENTAL FRIENDLY VEHICLES

In 2009, Otokar renewed its Navigo and Vectio bus family sold to the European market with models having Euro 5 engine emission level which is more environmental friendly pursuant to the directives introduced in Europe. Otokar also introduced the Kent bus family with Euro 5 emission level engine to Europe.

In addition, it replaced the engines of Sultan and Doruk buses sold in the domestic market with engines meeting the Euro 4 emission level requirements pursuant to the directives introduced in Turkey, effective 01.01.2010. The environmental friendly Euro 4 engines were used in M-2010, Doruk 215T and Kent vehicles introduced to the market in 2009.

Otokar also supported the SMART MOVE campaign in 2009. Starting from Europe, the campaign, which aims at increasing the use of public transport in order to protect the environment and increase the economic added value and productivity, is spreading all over the world.

Bus & Coach smart move | euro 4 | euro 5

SPECIAL TRAILER FOR TEGV

Otokar completed the design and manufacturing of the Ateşböceği Traveling Educational Unit, sponsored by Akkök Sanayi Yatırım Geliştirme A.Ş., which will be used by the Turkish Education Volunteers Foundation to provide educational services to 3500 children in a year, without profit. Owing to the special technologies used, the trailer, which was built entirely with recyclable materials, has become the most productive, economic and ecologic trailer of Turkey serving to this and similar objectives. Consisting of 3 compartments designated as Information and Technology Compartment, Free Occupational Room and Living Compartment, the Ateşböceği trailer has been so designed to provide education to 12 children at one time.

TREE PLANTING CONTINUING

Planted considerable number of trees in 2008, Otokar planted 6500 saplings in the region of Sakarya during 2009.

MATTER OF COUNTRY

Within the scope of “Vocational Education: a Crucial Matter for the Nation” Campaign initiated by the Koç Community in cooperation with the Ministry of National Education, Otokar hosted students of vocational high schools in the region of Sakarya in its manufacturing plant.


OTOKAR

2009 ANNUAL **REPORT**

look at the customer, **see the** success

Otokar

Agenda

AGENDA

FOR THE 47. ORDINARY GENERAL ASSEMBLY MEETING
OF OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.
TO BE HELD ON 17.03.2010 AT 10:00 A.M.

1. Opening and election of the Chairship Council.

2. Presentation and discussion of the Board's Annual Report, Auditor's report and the Report of the Independent Auditors Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Acceptance of the Board of Directors' proposal on 2009 balance sheet and income statement, approval upon amendment or rejection thereof.

3. Release of the Board members and Auditors for their acts and actions in 2009, separately

4. Briefing to the shareholders on "Profit Distribution Policy", pursuant to the Corporate Management Principles

5. Information to the shareholders on "Disclosure Policy", pursuant to the Corporate Management Principles

6. Acceptance of the Board's proposal on profit distribution for 2009 and the date thereof, acceptance upon amendment or rejection thereof

7. Fixing the number of the Board members and election of members accordingly

8. Fixing the number of the Auditors and election of members accordingly

9. Setting the monthly gross remuneration for the Members of the Board and of the Auditors.

10. Presentation of the donations and social aids to the tax-exempted foundations and associations in 2009 within the context of awareness of social responsibilities

11. Adopting the resolution on amendment of Article 3 "Trade name", Article 4 "Aim and Subject", Article 7 "Registered Capital", Provisional Clause and Article 10 "Board of Directors" of the Company's Articles of Association, provided that necessary permissions are obtained from the Capital Market Board and the Turkish Ministry of Industry and Commerce

12. Approval of the appointment of the independent auditors by the Board of Directors upon proposal by the Auditing Committee, pursuant to the Capital Market Board's Communiqué on the Standards for Independent Audit in the Capital Market.

13. Authorisation of the members of the Board of Directors to execute Company affairs, covered by the subjects thereof, personally or let them be executed by third parties and to become partners in companies being involved in same activities and to perform other activities in accordance with Sections 334 and 335 of the Turkish Commercial Code.

14. Authorisation of the Chairship Council to sign the minutes of the General Assembly meeting and to settle this item in this way.

15. Wishes.

BOARD OF DIRECTORS REPORT

OF OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş. FOR THE PERIOD 01.01.2009 - 31.12.2009 SUBMITTED TO THE 47. ORDINARY GENERAL ASSEMBLY HELD ON MARCH 17, 2010

Our Esteemed Shareholders,

Welcome to our 47. Ordinary General Assembly meeting held to evaluate the operating results for the year 2009 and to discuss and resolve on other items included in our agenda. We wish to express our thanks and our regards for your kind interest.

At this meeting, we wish to provide you information about our activities in 2009 and to submit our financial statements, indicating the year results, prepared in accordance with the generally accepted accounting principles as announced by the Capital Market Board, showing the results of our activities in the year 2009, for your perusal and approval.

The members of the Board of Directors and the Auditing Committee served during the period, their office term and limits of power are given in the following table.

Board of Directors:

		Office term	
Name & Surname	**Position**	**Beginning**	**Expiry**
Kudret ÖNEN	Chairman	17.03.2009	17.03.2010
Halil İbrahim ÜNVER	Vice Chairman	17.03.2009	17.03.2010
Dr Bülent BULGURLU	Member	17.03.2009	17.03.2010
Alpay BAĞRIAÇIK	Member	17.03.2009	17.03.2010
Ali Tarık UZUN	Member	17.03.2009	17.03.2010
A.Serdar GÖRGÜÇ	Member	17.03.2009	17.03.2010
Taylan BİLGEL	Member	17.03.2009	17.03.2010

Limits of power vested on the Chairman and Members of the Board are defined by Article 12 of the Articles of Association and the applicable provisions of the Turkish Commercial Code.

Auditing Committee:

		Office term	
Name & Surname	**Position**	**Beginning**	**Expiry**
Serkan ÖZYURT	Auditor	17.03.2009	17.03.2010
M. Metin UTKAN	Auditor	17.03.2009	17.03.2010

Limits of power vested on the auditors defined by Article 16 of the Articles of Association and the applicable provisions of the Turkish Commercial Code.

Shareholders with a nominal share of more than 10% of capital:

As of 31.12.20097, the registered capital of the Company amounts to TL 25 million, while the issued capital amounts to TL 24 million.

Shareholders with a nominal share of more than 10% of capital, the shareholding amount and their participation rate are shown below.

Trade Name	Shareholding amount (TL)	Participation (%)
Koç Holding A.Ş.	10.722.750	44,68
Ünver Holding A.Ş.	5.954.944	24,81
Diğer ortaklar	7.322.306	30.51
Total	**24.000.000**	**100.00**

As per latest date provided by Merkezi Kayıt Kuruluşu A.Ş. (Central Recording Establishment, Inc), remaining shares with nominal value of TL 7.322.306, representing 30.51% of the capital, are distributed among around 4920 shareholders.

Amendments made in the Articles of Association:

In order to meet the Company's requirements in developing fields of activities, "Article 3: Trade Name", "Article 4: Aim and Subject" were amended, while "Article 7: Registered Capital and provisional Clause" and "Article 10: Board of Directors" were amended to enhance our compliance with changes imposed by the applicable legislation.

Dividends distributed in last three years and respective amounts:

In previous years Otokar distributed dividend, at rates given below, on its issued capital.

Period	%
2006	125,00
2007	125,00
2008	30,00

Dividend for the operating year 2008 distributed among shareholders has been paid on April 13, 2009 fully in cash.

Within the context of dematerialisation of capital market instruments and transition to book-entry system, our share certificates have been dematerialised as per the Capital Market Board's resolution 43/1318 dated October 28, 2005. Shareholders who hold share certificates of our Company are required to apply to the Company's Head Office and to complete any transaction pertaining to previous years, if any, and to apply to any investor establishment to dematerialise their shares.

In line with general announcements of MKK on the dematerialisation process of the share certificates and pursuant to provisional Article 6 of the Capital Market Law, the title owner shareholders are not allowed to exercise their rights of participating unless they dematerialise their own share certificates.

Our shareholders can access to corporate and financial data of our Company on page "Investor Relations" at www.otokar.com.tr

Our Participation:

As per the Board's Resolution 2009/8 dated June 25, 2009, it was resolved to sell the shares in Entek Elektrik Üretim A.Ş. (Entek Power Generation Inc.) and to grant power of sale. Based on this resolution, it has been resolved to sell the Company shares in Entek Elektrik Üretimi A.Ş. at 0,86% completely to Aygaz A.Ş. in consideration of TL 2.099.804 paid in cash and sales transaction was concluded as of July 21, 2009.

AUTOMOTIVE SECTOR AND OTOKAR

Being active in light commercial vehicles segment of the automotive industry, Otokar has a product range consisting of minibus, midi bus and similar vehicles for the commercial market, preferred mostly for mass transportation and personnel transportation, on one hand, and of various types of 4x4 off-road vehicles and light armoured vehicles with tyres to meet the demands of the defence industry, on the other hand. Additionally, trailers and semi-trailers are manufactured for transportation and logistics sector under Otokar-Fruehauf licence.

On July 29, 2008 Otokar and the Undersecretariat for Defence Industry entered into Phase I Turkish Combat Tank Design & Prototype Production Main Contract within the scope of "Modern Tank Production Project using National Resources" (Altay Project). The contract value amounts to US$ 494 million and it will be completed in 78,5 months after the effectiveness of the contract.

The financial crisis, broke out in the USA in last quarter of 2008, has rapidly evolved into a global crisis and the resulting decrease in demand arose in all markets.

Consideration of 2009 as regards to the automotive sector indicates that particularly the sales and production figures tended to fall down and the performance of the whole sector in 2009 was adversely affected. All these adverse economic events lead to reduction in demand for heavy commercial vehicles, such as minibus, midi-bus, truck and bus by 34%, which is a significant rate.

Exports volume of the whole automotive industry in 2009 reduced by 34%, compared to that in the same period of 2008, and it fell down to $ 14.5 billion.

The developments in sector during 2009 can be summarised as follows, in line with the OSD data.

- In 2009, total vehicle production in the sector decreased by 24% compared to the previous year and was realised as 870.000 vehicles, while car production decreased by 18% and was realised as 511.000 cars.

- Developments in production of Light Commercial Vehicles Group, of which we are a member, are as follows;

For minibus	decrease by 44%
For midi bus	decrease by 75%
For delivery van	decrease by 27% was realised.

- In heavy commercial vehicles group,

For bus	decrease by 22%
For large trucks	decrease by 74%
For small trucks	decrease by 89% was realised.

- Production volume of cars increased by 16,3%.

Regarding light commercial vehicles, 2009 sales volume was close to that in 2008, while sales volume of import vehicles decreased by 28%. Sales of domestic light commercial vehicles increased by 25%, while the market share of import vehicles was realised as 18%.

PRODUCTION & SALES

Production and sales figures of our Company, in terms of product types, are given in the following table compared to the previous year figures.

	2009		2008		Change		Change (%)	
	Production	**Sales**	**Production**	**Sales**	**Production**	**Sales**	**Production**	**Sales**
Minibus	262	276	511	498	(249)	(222)	(49)	(45)
Small bus	1,008	978	1,700	1,555	(692)	(577)	(41)	(37)
Bus	290	273	325	308	(35)	(35)	(11)	(11)
4x4 Off-road veh	749	649	222	209	527	440	237	211
Aromured veh	251	270	470	453	(219)	(183)	(47)	(40)
Trailer	395	422	1,017	994	(622)	(572)	(61)	(58)
Total	**2,955**	**2,868**	**4,245**	**4,017**	**(1,290)**	**(1,149)**	**(30)**	**(29)**

In our financial statements, prepared in accordance with the generally accepted accounting principles as announced by the Capital Market Board, the Company's turnover is increased by 5% over the last year. Breakdown of turnover in terms of domestic and international markets is given in the following table, compared with last year's figures.

	2009 (TL)	2008 (TL)	Change (%)
Domestics sales	345,455,005	329,122,328	5
Foreign sales	157,789,678	149,992,527	5
Total	**503,244,683**	**479,114,855**	**5**

Total foreign sales is realised as US$ 100.447.127 (in 2008: US$ 115.032.797), and has 31% (in 2008: 31%) share among total turnover.

In 2009 use of capacity was realised as 14% (in 2008:28%) for minibus, 48% (in 2008: 81%) for midi bus, 29% (in 2008: 33%) for busses, 28% (in 2008: 52%) for armoured vehicles and 30% (in 2008: 44%) for trailer. Total capacity use rate was 30% (in 2007: 44%).

Otokar achieves the growth through its products, developed using engineering and research development means, the design and intellectual rights of which are possessed by Otokar. The Company defines its strategies to grow in the defence industry, to ensure the increase of exports share among exports volume and to grow through introduction of new models, and it accomplished to attain its targets.

Regarding military vehicles, the Company participated in IDEX held in Abu Dhabi and introduced Cobra, Armoured Personnel Carrier and Kaya vehicles. At IDEF 2009 Fair, organised in Istanbul, the Company introduced mine-resistant Armoured Personnel and Load Carrier family, latest versions of world-known armoured Cobra, renewed Land Rover Defender and Armoured Personnel Carrier. The Company participated in DSEI 2009 Defence Fair, organised in London on September 8-11, 2009 and introduced its Kay and Cobra vehicles to the European market for the first time.

Regarding commercial vehicles, Otokar exhibited lately developed 9 m bus, operated by natural gas, called Doruk 230DG, at Liquid Petroleum gas and Pressurised Natural gas Services and Technologies Fair. All vehicles were exhibited at Busworld realised at Kortrijk, Belgium and won the Grand Award, the biggest award in Europe, in Midi Coach segment with its 10 m Vectio 250T. Further to Vectio 250T, Kent Low Floor and Centro products drew considerable attention of the European authorities in the sector. At Istanbul COMVEX Commercial Vehicles and Sub-industry Fair, Otokar exhibited the renewed DORUK LE bus, low floor KENT LF bus model and semi-trailer with galvanised chassis for the first time.

INVESTMENTS

In order to attain rapid growth targeted for vehicles of Otokar, who holds the intellectual rights thereof, the Company carried on its investments in “Otokar R&D Centre” in 2009 as well, based on the resolution taken for research and development efforts.

The investment in machine and equipment within the scope of R&D Centre and modernisation efforts amounts to around ten million US Dollars.

ADMINISTRATIVE ACTIVITIES

Members of the upper management team served in 2009 and the duty descriptions are as given below.

Name & Surname	Duty
A. Serdar GÖRGÜÇ	General Manager
Hüseyin ODABAŞ	Deputy General Manager - Finance
Ali Rıza ALPTEKİN	Deputy General Manager - Production
Murat ULUTAŞ	Deputy General Manager – Technical Affairs
H. Basri AKGÜL	Deputy General Manager – Sales & Marketing
Mustafa BAKIRCI	Deputy General Manager – Tank & Armoured Tactical Vehicles

As of 31.12.2009, total personnel are 1.207 (in 2008:1.184), of which 457 (in 2008: 405) are serving as administrative staff and officers while 750 (in 2008: 779) as workers. During the term no dispute and labour act has arisen.

Our Company is subject to Group Collective Labour Contract, signed with the Turkish Metal Syndicate and MESS on 05.12.2008 and to be effective as from 01.09.2008. The contract is concluded for two years and shall expire on 31.08.2010

The Company has adopted the compliance with the Corporate Management Principles, issued by the Capital Markets Board (CMB), and the execution of arrangements regarding matters which would require compliance based on the emerging circumstances. The “Corporate Management Rating Report, prepared by SAHA Corporate Management and Credit Rating Services Inc., in accordance with the CMB’s Communiqué on “The Essentials for the Rating Operations in the Capital Market and for Rating Institutions” and considering the compliance with the Corporate Management Principles of the ISE companies is accessible on Internet page at www.otokar.com.

The Company’s rating for “2. Rating Term Revision” in 2009 was realised as 8.12 (7.94 in 2008).

FINANCIAL RESULTS

Our Company is submitting the financial statements on its activities in the year 2009, prepared in accordance with the generally accepted accounting principles as announced by the Capital Market Board, to the General Assembly and to the public.

Financial statements, notes to financial statements and ratios, presenting the results of year 2009, are submitted for perusal separately in other sections of the Annual Report.

In 2009, Company’s turnover was realised as TL 503.244.683, and gross sales profit as TL 131.131.809.

According to the financial statements, prepared in accordance with the generally accepted accounting principles as announced by the Capital Market Board, TL 10.943.888 was allocated for depreciation, TL 973.881 as severance pay and guarantee expenses, and the year ended with pre-tax profit amounting to TL 35.674.865.

Tax provision for the year 2009 is stated in financial statements as TL 1.815.055 due to deferred tax revenues. After allocation of the tax provision, the Company's net profit for 2009 is obtained as TL 33.859.810.

During the year, the Company donated TL 559.655 to tax-exempted foundations and associations, as social aid.

When determining the profit distribution, long term Group strategy, capital requirements, investment and finance policies, profitability and cash level of our Company, our participations and affiliates are taken into consideration.

Pursuant to the attached Proposal on Profit Distribution, we hereby submit for your approval that cash dividend at rate 85% and as TL 0,85 gross=net will be distributed among shareholders who are full taxpayer establishments and foreign-based taxpayers obtaining profit share via an enterprise or permanent representative in Türkiye.

cash dividend at rate 72,25% and as TL 0,7225 net for each share certificate with nominal value of TL 1.00 will be distributed among other shareholders,

that TL 19.096.992 of total dividend amount of TL 20.400.000 will be covered by current year non-exempted earnings and TL 1.303.008 by extraordinary reserves and that the dividend distribution shall begin on Wednesday, March 24, 2010.

Enclosed please find the summary of 2009 operations and the results obtained.

Esteemed Shareholders,

Our Board of Directors has thus concluded its work for today. At this meeting the members of the new Board of Directors will be elected who will serve in the next operating year. We hereby express our sincere thanks and regards for your trust, consideration and assistance to our Company.

February 19, 2010

Kudret Önen
Chairman

PROPOSAL FOR PROFIT DISTRIBUTION FOR THE ACCOUNTING YEAR 01.01.2009- 31.12.2009

According the our financial statements for the accounting year 01.01.2009 – 31.12.2009, prepared by our Company in compliance with the International Financial Reporting Standards within the framework of the Capital Market Board's Communiqué under serial number XI number 29 and audited by Güney Independent Auditing and Certified Public Accountancy Inc., the Company generated "Non-consolidated Net Profit for the Period" of TL 33.859.810. Below please find our proposal for profit distribution prepared pursuant to our Company's profit distribution policy, and the payment of dividends shall begin on 24.03.2010 in accordance with the resolution to be adopted by the General Assembly.

Profit Distribution Table for the year 2009 of Otokar Otobüs Karoseri Sanayi A.Ş. (TL)		
1. Paid-in/Issued capital		**24.000.000**
2. Total legal reserves (acc. to statutory records)		**19.443.930**
Information on privileges, if any as per the Articles of Association		
	According to CMB	**According to statutory records**
3. Profit for the period	35.674.865	21.006.691
4. Taxes payable (-)	1.815.055	0
5. Net Profit for the period (=)	33.859.810	21.006.691
6. Prior period losses (-)		
7. First Group legal reserves (-)		
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	33.859.810	21.006.691
9. Donations made during the year **(+)**	559.655	
10. Net distributable profit for the period, with addition of donations, on which the first dividend will be calculated	34.419.465	
11. First dividend to shareholders	6.883.893	
- Cash	6.883.893	
- Free		
- Total	6.883.893	
12. Dividend distributed among holders of preferred shares		
13. Dividend to members of the Board, employees etc		
14. Dividend distributed among holders of beneficial shares		
15. Second dividend to shareholders	13.516.107	
16. Second Group legal reserves	1.920.000	
17. Status reserves		
18. Special reserves		
19. EXTRAORDINARY RESERVES	11.539.810	0
20. Other resources anticipated for distribution		1.313.309
- Extraordinary reserves		1.313.309

<table>
<tr><th colspan="5">INFORMATION ON DISTRIBUTED PROFIT SHARE RATES</th></tr>
<tr><th colspan="5">INFORMATION ON DIVIDEND PER SHARE</th></tr>
<tr><th rowspan="2"></th><th rowspan="2">GROUP</th><th rowspan="2">TOTAL AMOUNT OF DIVIDENDS (TL)</th><th colspan="2">DIVIDEND PAID TO SHARE WITH 1 YEAR NOMINAL VALUE</th></tr>
<tr><th>AMOUNT (TL)</th><th>RATE (%)</th></tr>
<tr><td rowspan="2">GROSS</td><td>-</td><td>20.400.000</td><td>0,8500</td><td>85,00</td></tr>
<tr><td>TOTAL</td><td>20.400.000</td><td>0,8500</td><td>85,00</td></tr>
<tr><td rowspan="2">NET</td><td>-</td><td>17.340.000</td><td>0,7225</td><td>72.25</td></tr>
<tr><td>TOTAL</td><td>17.340.000</td><td>0,7225</td><td>72.25</td></tr>
<tr><th colspan="5">RATIO OF PROFIT SHARE DISTRIBUTED TO NET DISTRIBUTABLE PROFIT FOR THE TERM WITH DONATIONS ADDED</th></tr>
<tr><td colspan="3">AMOUNT OF PROFIT SHARE DISTRIBUTED AMONG SHAREHOLDERS (TL)</td><td colspan="2">RATIO OF PROFIT SHARE DISTRIBUTED AMONG SHAREHOLDERS TO NET DISTRIBUTABLE PROFIT FOR THE TERM WITH DONATIONS ADDED (%)</td></tr>
<tr><td colspan="3">20.400.000</td><td colspan="2">59.27</td></tr>
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OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.

AUDITOR'S REPORT

Auditor's Report

To the General Assembly of
Otokar Otobüs Karoseri Sanayi A.Ş.
ISTANBUL

The conclusions of our auditing works for the accounting year 2009 are submitted hereinbelow for your Perusal.

1. Pursuant to the applicable provisions of the Turkish Commercial Code and other legislation, it has been found out that

a. the statutory books and records have been kept in duly and regular manner,

b. the supporting documents have been kept in orderly manner, and

c. the resolution adopted in connection with the Company management have been recorded in the resolutions' book, kept in orderly and duly manner.

2. Within this context and considering the status and situation of the Company, in our opinion, the financial statements as of December 31, 2009, attached hereto, which have been prepared in accordance with the provisions of the "Communiqué on the Essentials for Financial Reporting in the Capital Market" under serial number XI number 29, issued by the Capital Market Board, present fairly, in all material aspects, the financial position and the results of its operations of the Company at the aforesaid date.

Consequently, we hereby submit the company activities as summarised in the annual report by the Board of Directors, financial statements prepared in compliance with the Capital Market Legislation, the approval of the Board's proposal on profit distribution together with the discharge of the Board of Directors from debt to the esteemed General Assembly for approval.

Sincerely,

Istanbul, 19.02.2010

Serkan Özyurt Auditor	M.Metin Utkan Auditor

Independent Auditor's Report

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.'NİN

INDEPENDENT AUDITOR'S REPORT

1 OCAK - 31 ARALIK 2009

ERNST & YOUNG
Quality In Everything We Do

To the Board of Directors of
Otokar Otobüs Karoseri Sanayi Anonim Şirketi:

We have audited the accompanying financial statements of Otokar Otobüs Karoseri Sanayi Anonim Şirketi (the Company), which comprise the balance sheet as at December 31, 2009, and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards published by the Capital Market Board in Turkey. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with standards on auditing issued by the Capital Market Board in Turkey. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to establish a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Otokar Otobüs Karoseri Sanayi Anonim Şirketi as of December 31, 2009 and its financial performance and cash flow for the year then ended in accordance with financial reporting standards issued by Capital Market Board in Turkey.

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
Partner

February 12, 2010
Istanbul, Turkey

Financial Statements

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.

BALANCE SHEET

AS OF DECEMBER 31, 2009

Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

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

Assets		Audited	Audited
	Notes	**December 31, 2009**	**December 31, 2008**
Current assets			
Cash and cash equivalents	6	31.881.177	65.911.910
Financial investments	7	-	-
Trade receivables		128.188.437	136.553.576
- Trade receivables from related parties	37	30.621.228	22.522.704
- Other trade receivables	10	97.567.209	114.030.872
Receivables from finance sector operations	12	-	-
Other receivables	11	482	331
Inventories	13	166.356.161	117.045.641
Costs and estimated earnings in excess of billings on uncompleted contracts	15	74.129.647	-
Other current assets	26	23.919.235	23.885.914
Total current assets		**424.475.139**	**343.397.372**
Non-current assets			
Trade receivables		31.422.645	37.617.739
- Trade receivables related parties	37	-	-
- Other trade receivables	10	31.422.645	37.617.739
Receivables from finance sector operations	12	-	-
Other receivables	11	5.903	5.903
Financial investments	7	-	2.107.000
Investments accounted using equity method	16	-	-
Biological assets	14	-	-
Investment properties	17	-	-
Property, plant and equipment	18	102.591.845	96.709.092
Intangibles	19	39.832.961	23.542.779
Goodwill	20	-	-
Deferred tax asset	35	2.661.472	4.476.527
Other non-current assets	26	-	-
Total non-current assets		**176.514.826**	**164.459.040**
Total assets		**600.989.965**	**507.856.412**

The accompanying policies and explanatory form an integral part of the financial statements.

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.

BALANCE SHEET

AS OF DECEMBER 31, 2009

Prepared in accordance with the Communiqué No: XI-29 "Communiqué on Financial Reporting Standards in Capital Market"

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

Liabilities		Audited	Audited
	Notes	**December 31, 2009**	**December 31, 2008**
Current liabilities			
Financial liabilities	8	69.388.311	210.331.455
Other financial liabilities	9	-	-
Trade payables		56.548.984	55.813.758
- Trade payables to related parties	37	2.467.310	12.862.156
- Other trade payables	10	54.081.674	42.951.602
Other payables	11	159.900.684	75.303.004
Liabilities from finance sector operations	12	-	-
Government incentives and grants	21	-	-
Tax liabilities from net income for the year	35	-	-
Provisions	22	59.157.739	9.599.800
Other current liabilities	26	5.417.702	4.460.501
Total current liabilities		**350.413.420**	**355.508.518**
Non-current liabilities			
Financial liabilities	8	71.837.163	-
Other financial liabilities	9	-	-
Trade payables		-	-
- Trade payables to related parties	37	-	-
- Other trade payables	10	-	-
Other payables	11	-	-
Liabilities from finance sector operations	12	-	-
Government incentives and grants	21	-	-
Provisions	22	-	-
Reserve for retirement pay	24	5.616.418	4.450.303
Deferred tax liability	35	-	-
Other non-current liabilities	26	-	-
Total non-current liabilities		**77.453.581**	**4.450.303**
Shareholders' equity			
Parent Company's equity			
Paid-in share capital	27	24.000.000	24.000.000
Inflation adjustment on equity items	27	52.743.030	52.743.030
Adjustments to share capital and equity instruments (-)		-	-
Share premium	-	-	
Revaluation surplus	27	-	1.434.437
Foreign currency translation adjustment	-	-	
Restricted reserves	27	14.818.147	14.218.147
Retained earnings	27	47.701.977	20.646.577
Net income for the year	27	33.859.810	34.855.400
Minority interest		-	-
Total shareholders' equity		**173.122.964**	**147.897.591**
Total liabilities		**600.989.965**	**507.856.412**

The accompanying policies and explanatory form an integral part of the financial statements.

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.

INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2009

Prepared in accordance with the Communiqué No: XI-29 "Communiqué on Financial Reporting Standards in Capital Market"

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

		Audited	Audited
	Notes	**2009**	**2008**
Continuing operations			
Net sales	28	503.244.683	479.114.855
Cost of sales (-)	28	(372.112.874)	(362.487.653)
Gross profit		**131.131.809**	**116.627.202**
Selling, marketing and distribution expense (-)	29	(43.453.036)	(36.327.241)
General and administrative expense (-)	29	(24.145.637)	(21.044.451)
Research and development expenses (-)	29	(5.171.960)	(4.944.475)
Other operating income	31	5.482.322	3.293.752
Other operating expense	31	(4.994.797)	(2.482.738)
Operating profit		**58.848.701**	**55.122.049**
Financial income	32	67.471.766	82.184.496
Financial expense (-)	33	(90.645.602)	(100.740.809)
Net income before taxes from continuing operations		**35.674.865**	**36.565.736**
Tax income/expense for continuing operations			
- Tax expense for the year	35	-	(7.067.137)
- Deferred tax (expense)/ income	35	(1.815.055)	5.356.801
Net income		**33.859.810**	**34.855.400**
Other comprehensive income:			
Change in revaluation fund of financial investments, net of deferred tax	27	(1.434.437)	536.074
Total comprehensive income		**32.425.373**	**35.391.474**
Earnings per share	**36**	**0,141**	**0,145**

The accompanying policies and explanatory form an integral part of the financial statements.

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2009
Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

STATEMENT OF CHANGES IN EQUITY

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

	Paid-in share capital	Inflation adjustment on equity items	Restricted reserves	Revaluation fund	Retained earnings	Net income for the year	Total shareholders equity
January 1, 2008	**24.000.000**	**52.743.030**	**11.338.147**	**898.363**	**15.953.643**	**37.572.934**	**142.506.117**
Transfer to retained earnings	-	-	-	-	34.692.934	(34.692.934)	-
Transfer to restricted reserves	-	-	2.880.000	-	-	(2.880.000)	-
Dividends paid (Note 27)	-	-	-	-	(30.000.000)	-	(30.000.000)
Net income for the year	-	-	-	-	-	34.855.400	34.855.400
Other comprehensive income	-	-	-	536.074	-	-	536.074
Total comprehensive income	-	-	-	536.074	-	34.855.400	35.391.474
December 31, 2008	**24.000.000**	**52.743.030**	**14.218.147**	**1.434.437**	**20.646.577**	**34.855.400**	**147.897.591**
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 (Note 27)	-	-	-	-	(7.200.000)	-	(7.200.000)
Net income for the year	-	-	-	-	-	33.859.810	33.859.810
Other comprehensive income	-	-	-	(1.434.437)	-	-	(1.434.437)
Total comprehensive income	-	-	-	(1.434.437)	-	33.859.810	32.425.373
December 31, 2009	**24.000.000**	**52.743.030**	**14.818.147**	**-**	**47.701.977**	**33.859.810**	**173.122.964**

The accompanying policies and explanatory form an integral part of the financial statements.

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2009
Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”

CASH FLOW STATEMENT

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

	Notes	December 31, 2009	December 31, 2008
Cash flows from operating activities			
Net income before provision for taxes		35.674.865	36.565.736
Adjustments to reconcile income before taxes to net cash flows from operating activities:			
Depreciation and amortization	18, 19	10.943.887	6.177.683
Reserve for retirement pay	24	2.587.328	1.159.599
(Gain) /loss on sale of property, plant and equipment	31	(7.453)	203.914
Interest expense	33	21.115.831	13.018.955
Unrealized foreign exchange (gain) /loss from borrowings		(2.187.000)	14.387.493
Interest income	32	(2.709.512)	(771.755)
Gain on sale of financial investments	31	(1.434.437)	-
Operating profit before changes in operating asset and liabilities		**63.983.509**	**70.741.625**
Trade receivables and other receivables		14.560.082	(49.633.738)
Costs and estimated earnings in excess of billings on uncompleted contracts		(74.129.647)	-
Inventories		(49.310.520)	(16.866.964)
Other current assets		1.867.646	(7.425.671)
Trade payables		735.226	6.946.475
Other liabilities, provisions and other current liabilities		135.112.819	33.600.218
Taxes paid	24	(1.900.967)	(14.270.520)
Employee termination benefits paid		(1.421.213)	(827.720)
Net cash provided by operating activities		**89.496.935**	**22.263.705**
Investing activities			
Purchase of property, plant and equipment	18	(14.258.714)	(61.107.301)
Purchase of intangible assets	19	(19.672.758)	(18.846.365)
Proceeds from sale of property, plant and equipment		822.103	272.149
Interest received		2.709.512	771.755
Change in financial investments		2.107.000	-
Net cash used in investing activities		**(28.292.857)**	**(78.909.762**
Financing activities			
Change in spot borrowings, net		6.695.735	70.327.513
Proceeds from bank borrowings		70.689.119	111.261.173
Repayments of bank borrowings		(147.206.510)	(26.839.417)
Interest payments		(18.213.155)	(5.793.630)
Dividends paid		(7.200.000)	(30.000.000)
Net cash (used in)/ provided by financing activities		**(95.234.811)**	**118.955.639**
Net (decrease)/ increase in cash and cash equivalents		**(34.030.733)**	**62.309.582**
Cash and cash equivalents at the beginning of the year	**6**	**65.911.910**	**3.602.328**
Cash and cash equivalents at the end of the year	**6**	**31.881.177**	**65.911.910**

The accompanying policies and explanatory form an integral part of the financial statements.

1. ORGANISATION AND NATURE OF OPERATIONS

Otokar Otobüs Karoseri Sanayi A.Ş. ("Otokar" or "the Company") was established in 1963 and is registered in Istanbul, Turkey and operating under the Turkish Commercial Code.

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 1.207 (December 31, 2008 - 1.184).

On July 29, 2008, the Company signed an agreement with Undersecretariat of Ministry of Defense for "Term 1 Turkish Battle Tank Design and Prototype Production" under the scope of project "Modern Tank Production Project using National Resources" (Altay Project). The total amount of the agreement is 494 million USD and it covers 78,5 month-period beginning from the sign off of the agreement.

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 February 12, 2010. Board of Directors before the General Assembly Meeting or Board of General Assembly 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 December 31, 2009, the shares listed on the ISE are 29,91% of the total shares. As of December 31, 2009, 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
Total	**100,00**

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. The financial statements have been prepared from statutory financial statement 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 adjustments are mainly related with deferred taxation, retirement pay liability, prorate and useful life depreciation adjustment of fixed assets, accounting of provisions, construction accounting for tank project and discount of receivables and payables. Additionally, the financial statements of current year 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 financial statements have been prepared under the historical cost convention, except financial assets carried at fair value.

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 December 31, 2009 and December 31, 2008 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 new standards which are effective as of January 1, 2009 and changes and interpretations of current standards are as follows:

IFRS 2 Share-based Payment- Vesting Conditions and Cancellations (Amendment)

The purpose of this amendment is to give greater clarity in respect of vesting conditions and cancellations. The standard defines two subjects: a 'vesting condition' and a 'non-vesting condition'.

IFRS 7 Financial Instruments: Disclosures (Amendment)

IFRS 7 has been amended to enhance disclosures about fair value measurement and liquidity risk. IFRS 7 now requires instruments measured at fair value to be disclosed by the source of the inputs in determining fair value, using three level hierarchy. Disclosures also require a full reconciliation of Level 3 instruments and transfers between Level 1 and Level 2. The minimum liquidity risk disclosures of IFRS 7 have also been amended.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting and adopts a full management approach to identifying, measuring and disclosing the results of its operating segments. The information reported is that which the chief operating decision maker uses internally for evaluating the performance of operating segments and allocating resources to those segments. When the information provided to management is recognised or measured on a different basis to IFRS information presented in the primary financial statements, entities need to provide explanations and reconciliations of the differences.

IAS 1 Presentation of Financial Statements (Revised)

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The statement of changes in equity includes only transactions with owners, defined as 'holders of instruments classified as equity'. All non-owner changes are presented in equity as a single line, with details included in a separate statement. The introduction of a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with 'other comprehensive income'. Entities may choose to present all items in one statement, or to present two linked statements, a separate income statement and a statement of comprehensive income.

IAS 23 Borrowing Costs (Revised)

The revised Standard eliminates the option of expensing all borrowing costs and requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of qualifying asset.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)

This amendment will permit a range of entities to recognise their capital as equity rather than as financial liabilities, as currently required by IAS 32. IAS 1 has been amended to require the additional disclosures if an entity has a puttable instrument that is presented as equity.

IFRIC 9 and IAS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives (Amendments)

An entity must assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category.
The assessment must be made on the basis of the circumstances that existed on the later of:

(a) The date when the entity first became a party to the contract, and
(b) The date of a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

IFRIC 13 Customer Loyalty Programmes

The interpretation requires loyalty award credits granted to customers in connection with a sales transaction to be accounted for as a separate component of the sales transaction. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and, accordingly, when revenue from the construction should be recognised.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 concludes that the presentation currency does not create an exposure to which an entity may apply hedge accounting. Consequently, a parent entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation. The hedging instrument(s) may be held by any entity or entities within the group.

IFRIC 18 Transfers of Assets from Customers

This interpretation provides guidance on how to account for items of property, plant and equipment received from customers, or cash that is received and used to acquire or construct specific assets.

Improvements to International Financial Reporting Standards (issued 2008)

The Improvements to IFRS project is an annual process that the IASB has adopted to deal with non-urgent but necessary amendments to IFRS. It is effective for periods beginning on or after 1 January 2009, and transitional provisions vary for each amendment and reference should be made to the standard to ensure correct application.

The amendments explained above do not have any impact other than the additional explanations made in the disclosures.

The new standards which are issued as of the authorization date of the financial statements and effective as of January 1, 2010 and thereafter and not early adopted by the Company and changes and interpretations of current standards are as follows:

a) New and amended standards and interpretations applicable as of December 31, 2010 year-end

Improvements to International Financial Reporting Standards (issued 2009)

Only the improvements effective for December 2009 year-ends are noted in the analysis in this section. The second omnibus edition is issued in April 2009 and 15 amendments to 12 standards are dealt with by the Board. Transitional provisions vary for each amendment and the earliest application date is July 1, 2009.

Amendments to IFRS 2 'Group cash settled share based Payment Transactions'

For group reporting and consolidated financial statements, the amendment clarifies that if an entity receives goods or services that are cash settled by shareholders not within the group, they are outside the scope of IFRS 2. Management will need to consider any such past transactions. The amendment may have a significant affect on the cost recognised in separate financial statements of an entity that has material share-based payment awards that have not previously been accounted for in accordance with IFRS 2.This amendment is applied retrospectively, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in respect of changes in accounting policy. Earlier application is permitted and must be disclosed. The amendment does not have any impact on the Company's financial statements.

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

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss (rather than by adjusting goodwill). The amended IAS 27 requires that a change in ownership interest of a subsidiary is accounted for as an equity transaction. Therefore such a change will have no impact on goodwill, nor will it give raise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The amendment does not have any impact on the Company's financial statements.

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

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment does not have any impact on the Company's financial statements.

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

The Interpretation applies to all non-reciprocal distributions of non-cash assets, including those giving the shareholders a choice of receiving non-cash assets or cash. This interpretation is to be applied prospectively. The amendment does not have any impact on the Company's financial statements.

b) New and amended standards and interpretations issued that are effective subsequent to December 31, 2010 year-ends

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

IFRS 9 introduces new requirements for classifying and measuring financial assets.

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

The main changes to IAS 24 are a partial exemption from the disclosure requirements for transactions between a government-controlled reporting entity and that government or other entities controlled by that government and amendments to the definition of a related party.

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

The amendment to IAS 32 addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

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

Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions.

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

IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability.

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 year. 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) In the context of IAS 11 “Construction contracts” assumptions are made related to total cost of and profitability of projects(Note 15)

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 December 31, 2009, since the assumptions related to the Company’s future taxable profit generation are considered reliable, adequate, deferred tax asset is recognized(Note 35).

c) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates)(Note 24).

d) The Company determines warranty provision by considering the past warranty expenses and remaining warranty period per vehicle(Note 22).

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 10).

2.4 Summary of significant accounting policies

Revenue recognition

Revenue includes invoiced values of sale of goods and rendering services. Revenue from the sale of goods is recognised on an accrual basis over fair value when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is recognized to the extent that its is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Significant risk and rewards related to sales passes to the buyer on delivery of the goods or transfer of ownership to buyer. Net sales are invoiced amounts of delivered goods excluding sales returns.

Interest income is recognised using the effective interest rate until maturity and considering the effective interest rate.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as financial income.

Dividend income from subsidiaries is recognised when the Company’s right to receive the payment is established.

Construction contract activities

Contract revenue and costs are recognized as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. The projects are “fixed cost” and the project revenues are reflected according to the percentage of completion method. The percentage of completion method is used to recognize revenue on a contract as work progresses by matching contract revenue with contract costs incurred based on the proportion of work completed which is determined by the ratio of actual costs incurred through to the end of each reporting period divided by the total estimated contract costs of the project.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the income statement as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Costs and estimated earnings in excess of billings on uncompleted contracts represent revenues recognized in excess of amounts billed. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid and the risk of value change is not material investments including time deposits generally having original maturities of three months or less (Note 6).

Related parties

Parties are considered related to the Company if;

(a) directly, or indirectly through one or more intermediaries, the party:
(i) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
(ii) has an interest in the Company that gives it significant influence over the Company; or
(iii) has joint control over the Company;
(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venturer;
(d) the party is member of the key management personnel of the Company as its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company

A related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost incurred in bringing each product to its present location and conditions are included in the cost of inventory:

Raw materials - cost is determined on a weighted average basis over the costs netted off imputed interest.

Finished goods and work-in progress -cost of direct materials and labor and a proportion of manufacturing overheads is included based on normal operating capacity using average cost method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale (Note 13).

Property, plant and equipment

All property and equipment is initially recorded at cost and then are carried at restated cost until December 31, 2004 with the index of the related purchase date. Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

The useful lives and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Depreciation is provided on cost or revalued amount of property, plant and equipment on a straight-line basis (Note 18). Estimated useful lives are as follows:

Land improvements	25-30 years
Building	30 years
Machinery and equipment	3-15 years
Vehicles	9 years
Furniture and fixtures	5-15 years
Leasehold improvements	5 years

Land is not amortized since it has an unlimited economic life.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of net selling price or value in use. Net selling price is determined by deducting any expenses to be incurred for the sale of an asset from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to receive from the asset.

Gains and losses on sale of property, plant and equipment are included in other operating income and expense (Note 31).

Intangible assets

Intangible assets mainly comprise software rights, information systems, project costs related to new product development and computer software (Note 19). Intangible assets are initially stated at cost and are restated until December 31, 2004 with the index of the related purchase date. Intangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. Intangible assets are amortized on a straight-line basis over the estimate of their useful lives, which is up to 5 years. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not capitalized as an asset in a subsequent period. Capitalized development expenses are amortized in 5 years by straight-line method effective from the start of the production.

Investment, research and development incentives

Investment and research and development incentives are recognized when incentive application of the Company are approved by fiscal authorities.

Borrowings

Borrowings are recognized initially at proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between the proceeds and redemption value is recognized in the income statement over the period of the borrowings. Borrowing costs are charged to the income statement when they are incurred (Note 8).

Income taxes

Income tax is the aggregate amount included in the determination of net profit or loss for the year in respect of current and deferred tax.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 35).

Long-term employee benefits

(a) Defined benefit plans:

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the financial statements, the Company has recognized a liability using the “Projected Unit Credit Method” based upon factors derived using the Company’s experience of personnel terminating and being eligible to receive benefits, discounted by using the current market yield at the balance sheet date on government bonds (Note 24). All actuarial gains and losses are recognized in the income statement.

(b) Defined contribution plans:

The Company pays contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Monetary balance sheet items denominated in foreign currencies have been translated at the Central Bank of Turkey (TCB) exchange rates prevailing at the balance sheet date. Exchange gains or losses arising on translation of foreign currency denominated assets and liabilities are included in the income statement.

Derivative instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Company mainly consist of foreign exchange forward contracts and related transactions. These derivative transactions, even though providing effective economic hedges under the Company risk management position, do not generally qualify for hedge accounting under the specific rules in IAS 39, “Financial Instruments: Recognition and Measurement”, and are therefore treated as derivatives held for trading.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are revised at each balance sheet date and amended in order to reflect management’s recent estimations.

Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements. They are disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Share capital and dividend

Ordinary shares are classified under share capital. Dividend distribution on ordinary shares is recognized as an appropriation of profit in the period in which they are declared (Note 27).

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Warranty expenses

Warranty expenses are recorded as a result of repair and maintenance expenses for products produced and sold, authorized services’ labor and material costs for products under the scope of the warranty terms without any charge to the customers, initial maintenance costs and estimated costs based on statistical information for possible future warranty services and returns of products with respect to the products sold during the year (Note 22).

Trade payables

Trade payables are recognized initially at fair value of and subsequently measured at amortized cost using the effective interest method (Note 10).

Financial instruments

Available for sale investments

Investments intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These are included in non-current assets unless management has the expressed intention of holding the investments for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management reviews the classification of these financial assets on a regular basis.

The fair value of available for sale financial assets is determined by the market price at the balance sheet date when available. If market price is not available, then fair value is estimated based on valuation process by using discounted cash flow, similar purchases and observable market parameters. The fair value of financial assets must be carried at cost less impairment, when the fair value of financial assets cannot be measured reliably.

Financial assets whose fair value can be reliably estimated are carried at fair value. All other financial assets classified as available-for-sale are carried at cost after the deduction of any impairment. When the Company is not able to make an estimate of the fair values that are sufficiently reliable for certain unlisted financial assets for which the Company has less than 20% ownership, due to the high variability in the range of reasonable estimates and various outcome probabilities to assess the usefulness of a single estimate, these securities are recorded at cost after deduction for any impairment. The unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognised in shareholders' equity. When there is objective evidence that an available-for-sale security is impaired, the cumulative loss measured as the difference between the acquisition and the current fair value is removed from equity and recognised in the statement of income.

Loans and receivables

Trade receivables and notes and post-dated checks classified within trade receivables which are recognized at original invoice amount are measured at amortized cost using the effective interest rate method. Short term trade receivables without specified interest rate, are measured at invoice amount when the interest accrual effect is immaterial.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate.

The allowance for doubtful receivables is established through a provision charged to expenses. Provision is made when there is objective evidence that the Company will not be able to collect the debts. The allowance is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables. Bad debt are written off when identified.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, reversal of the provision is credited to other income (Note 10).

Impairments in financial assets

Financial asset are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has
an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables can not be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

If the fair value of available for sale asset increases after the impairment, the related income is directly booked to shareholder's equity.

Recognition and derecognition of financial assets and liabilities

The Company recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Company derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

All regular way financial asset purchase and sales are recognized at the date of the transaction, the date the Company committed to purchase or sell. The mentioned purchases or sales are ones which require the delivery of the financial assets within the time interval identified with the established practices and regulations in the market.

Earnings per share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year.

The 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. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

Subsequent events

Subsequent to the balance sheet date events that provide additional information about the Company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Subsequent to the balance sheet date events that are not adjusting events are disclosed in the notes when material.

Cash flow statement

For purposes of preparation of the statements of cash flows, cash and cash equivalents include cash on hand, bank deposits and reverse repurchase agreements with maturity of less than three months.

Impairment of assets

At each reporting date, the Company assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Company estimates the recoverable values of such assets. When individual recoverable value of assets can not be measured, recoverable value of cash generating unit of that asset is measured.

Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount, which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset's carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

All other borrowing costs are expensed in the period they occur.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

3. Mergers and acquisitions

None (December 31, 2008 - None).

4. Joint ventures

None (December 31, 2008 - None).

5. Segment reporting

The Company does not prepare segment reporting. Sales by geographical areas and by product groups are disclosed in Note 28.

6. Cash and cash equivalents

	December 31, 2009	December 31, 2008
Cash at banks		
- demand deposits	2.280.660	2.367.035
- time deposits	27.952.966	62.557.990
Checks and notes received	1.597.557	928.159
Other	49.994	58.726
Total	**31.881.177**	**65.911.910**

As of December 31, 2009, effective interest rates of time deposits which are originally amounting to USD 13.827.989 and TL 7.130.000 are annually 1,5% for USD and 6,7% for TL and the maturities are 4 days on average (As of December 31, 2008, USD 41.300.000 and TL 100.000).

As of 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 December 31, 2009, the Company has restricted bank deposit amounting to TL 795 (December 31, 2008 - TL 795).

7. Financial investments

Available for sale financial assets

	December 31, 2009		December 31, 2008	
	TL	%	TL	%
Entek Elektrik Üretimi A.Ş. ("Entek")	-	-	2.107.000	%0,86
Total			**2.107.000**	

With the resolution of Board of Directors numbered 2009/8 and dated June 25, 2009, the Company has decided to sell its shares in Entek Elektrik Üretimi A.Ş. With this resolution, the shares of the Company in Entek Elektrik Üretimi A.Ş., with a ratio of 0,86%, are transferred to Aygaz A.Ş. for an amount of TL 2.099.804 in July 21, 2009.

8. Financial liabilities

			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 USD	-	-	-	-
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.

			December 31, 2008
	Interest rate (%)	Amount in original currency	TL
Short-term bank borrowings			
Denominated in USD	3,81% - 11,17%	57.377.299	86.771.689
Denominated in EUR	5,76% - 11,23%	21.943.625	46.976.912
Denominated in TL	18% - 29%	76.582.854	76.582.854
Total			**210.331.455**

The Company has not provided any guarantees for the borrowings received (December 31, 2008- None).

9. Other financial liabilities

None (December 31, 2008 - None).

10. Trade receivables and payables

Trade receivables

	December 31, 2009	December 31, 2008
Trade receivables, net	42.949.742	55.759.020
Notes receivables, net	63.649.902	65.997.343
Total	**106.599.644**	**121.756.363**
Less: Provision for doubtful receivables	(9.032.435)	(7.725.491)
Other short-term trade receivables	**97.567.209**	**114.030.872**
Notes receivables, net	31.422.645	37.617.739
Other long-term trade receivables	**31.422.645**	**37.617.739**

Guarantees received for trade receivables

Receivables of the Company mainly relate to the sales to the minibus and bus dealers and trailer sales and military vehicle sales. As of December 31, 2009, the total trade receivable from dealers amounting to TL 37.393.552 (December 31, 2008 - TL 29.269.496), after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 34.870.008 (December 31, 2008 - TL 50.686.064). The Company manages its credit risk for the remaining receivables through policies and procedures as explained in the Credit Risk section of Note 38.

The movement of the provision for doubtful receivables for the year ended December 31, 2009 and December 31, 2008 are as follows:

	December 31, 2009	December 31, 2008
January 1	7.725.491	7.249.253
Collections	(104.107)	(5.424)
Additional provision	1.411.051	481.662
Total	**9.032.435**	**7.725.491**

Trade payables

	December 31, 2009	December 31, 2008
Trade payables, net	53.944.515	42.888.032
Notes payables, net	137.159	63.570
Other short-term trade payables	**54.081.674**	**42.951.602**

11. Other receivables and payables

Other short-term receivables

	December 31, 2009	December 31, 2008
Due from personnel	482	331
Total	**482**	**331**

Other long-term receivables

	December 31, 2009	December 31, 2008
Deposits and guarantees given	5.903	5.903
Total	**5.903**	**5.903**

Other short term payables

	December 31, 2009	December 31, 2008
Advances received	156.843.558	72.141.887
Due to personnel	3.034.025	3.139.827
Other miscellaneous payables	23.101	21.290
Total	**159.900.684**	**75.303.004**

12. Receivables and payables from finance sector operations

None (December 31, 2008 - None).

13. Inventories

	December 31, 2009	December 31, 2008
Raw material	34.750.524	27.210.962
Work-in-process	4.441.454	9.075.982
Finished goods (2008 - net of net realizable value amounting to TL 240.838)	31.468.170	24.655.681
Merchandise	20.306.900	12.096.664
Goods in transit	75.389.113	44.006.352
	166.356.161	**117.045.641**

14. Biological assets

The Company's operations do not involve any biological assets.

15. Costs and billings on uncompleted contracts

As of December 31, 2009 costs related to uncompleted contracts is amounting to TL 64.326.929.

As of December 31, 2009, the short term advances taken by the Company related with ongoing projects which amounts to TL 108.437.400 was included in other payables in the financial statements (December 31, 2008 – None).

16. Investment accounted using equity method

None (December 31, 2008 - None).

17. Investment properties

The Company does not have any investment properties.

18. Property, plant and equipment

During the year ended December 31, 2009, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2009	Additions	Disposals	Transfers	December 31, 2009
Cost:					
Land	36.396.386	-	-	-	36.396.386
Land improvements	5.481.336	-	-	-	5.481.336
Buildings	50.777.114	-	-	2.354.785	53.131.899
Machinery, equipment and installations	86.839.417	2.123.025	(3.733.799)	1.235.240	86.463.883
Motor vehicles	5.024.671	937.774	(848.914)	-	5.113.531
Furniture and fixtures	17.958.621	1.770.583	(1.321.111)	-	18.408.093
Leasehold improvements	1.445.746	-	-	-	1.445.746
Construction in progress	52.196	9.427.331	-	(3.590.025)	5.889.502
	203.975.487	**14.258.713**	**(5.903.824)**	**-**	**212.330.376**
Accumulated depreciation:					
Land improvements	1.926.769	201.655	-	-	2.128.424
Buildings	16.144.638	2.448.405	-	-	18.593.043
Machinery, equipment and installations	69.582.592	4.075.033	(3.613.759)	-	70.043.866
Motor vehicles	2.992.257	298.847	(163.682)	-	3.127.422
Furniture and fixtures	15.490.589	498.666	(1.311.734)	-	14.677.521
Leasehold improvements	1.129.550	38.705	-	-	1.168.255
	107.266.395	**7.561.311**	**(5.089.175)**	**-**	**109.738.531**
Net book value	**96.709.092**	**6.697.402**	**(814.649)**	**-**	**102.591.845**

During the year ended December 31, 2008, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2009	Additions	Disposals	Transfers	December 31, 2008
Cost:					
Land	5.370.676	31.025.710	-	-	36.396.386
Land improvements	4.543.484	937.852	-	-	5.481.336
Buildings	32.136.056	19.054.910	(413.852)	-	50.777.114
Machinery, equipment and installations	78.803.152	8.193.560	(475.746)	318.451	86.839.417
Motor vehicles	4.700.211	546.442	(221.982)	-	5.024.671
Furniture and fixtures	16.928.245	962.088	-	68.288	17.958.621
Leasehold improvements	1.445.746	-	-	-	1.445.746
Construction in progress	52.196	1.112.155	-	(1.112.155)	52.196
	143.979.766	**61.832.717**	**(1.111.580)**	**(725.416)(*)**	**203.975.487**
Accumulated depreciation:					
Land improvements	1.765.209	161.560	-	-	1.926.769
Buildings	14.807.956	1.417.250	(80.568)	-	16.144.638
Machinery, equipment and installations	66.941.856	3.116.482	(475.746)	-	69.582.592
Motor vehicles	2.846.488	224.972	(79.203)	-	2.992.257
Furniture and fixtures	15.154.083	336.506	-	-	15.490.589
Leasehold improvements	1.090.845	38.705	-	-	1.129.550
	102.606.437	**5.295.475**	**(635.517)**	**-**	**107.266.395**
Net book value	**41.373.329**				**96.709.092**

(*) This amount is transferred from construction in progress to other intangible assets.

According to Board of Directors resolution dated September 4, 2008 and numbered 2008/7, the Company's defense industry and commercial vehicle projects and related short and long term investment requirements are evaluated, and accordingly, factory, machinery and land located over 383 thousand square meter area which is owned by Otoyol Sanayi A.Ş. in the near location of the Company is purchased for a consideration of USD 47,5 million. By this acquisition, the Company will be operating on 552 thousand square meter area.

Current year depreciation and amortization expense has been allocated to cost of sales by TL 2.826.364 (December 31, 2008 – TL 2.568.645), to development projects in process by TL 425.194 (December 31, 2008 - 557.750), to research and development expenses by TL 2.558.484 (December 31, 2008 - TL 633.000) to general administrative expenses by TL 947.083 (December 31, 2008 - TL 749.031), to selling and marketing expenses by TL 362.221 (December 31, 2008 - TL 257.134), to inventories by TL 1.305.806 (December 31, 2008 - TL 505.773), to other operating expenses (idle capacity expense) by TL 2.518.735 (December 31, 2008 – 906.349).

As of December 31, 2009 and December 31, 2008, gross values of fully depreciated items which are still in use is as follows:

	December 31, 2009	December 31, 2008
Machinery, equipment and installations	43.680.810	47.525.326
Furniture and fixtures	2.585.412	13.912.260
Motor vehicles	12.577.232	2.585.412
Leasehold improvements	1.392.258	1.089.332
	60.235.712	**65.112.330**

19. Intangible assets

During the year ended December 31, 2009, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2009	Additions	Transfers	December 31, 2009
Cost:				
Other intangible assets	3.839.826	2.096.688	-	5.936.514
Development costs	5.848.347	-	20.936.041	26.784.388
Development projects in process	16.758.438	17.576.070	(20.936.041)	13.398.467
	26.446.611	**19.672.758**	**-**	**46.119.369**
Accumulated amortization:				
Other intangible assets	2.341.733	757.224	-	3.098.957
Development costs	562.099	2.625.352	-	3.187.451
	2.903.832	**3.382.576**	**-**	**6.286.408**
Net book value	**23.542.779**	**16.290.182**	**-**	**39.832.961**

During the year ended December 31, 2008, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2009	Additions	Transfers	December 31, 2008
Cost:				
Other intangible assets	2.793.953	320.457	725.416	3.839.826
Development costs	2.550.970	-	3.297.377	5.848.347
Development projects in process	2.255.323	17.800.492	(3.297.377)	16.758.438
	7.600.246	**18.120.949**	**725.416(*)**	**26.446.611**
Accumulated amortization:				
Other intangible assets	1.979.108	362.625	-	2.341.733
Development costs	42.516	519.583	-	562.099
	2.021.624	**882.208**	**-**	**2.903.832**
Net book value	**5.578.622**			**23.542.779**

(*) This amount is transferred from construction in progress to other intangible assets.

As of December 31, 2009 and December 31, 2008, the gross values of fully amortized intangible assets which are still in use is as follows:

	December 31, 2009	December 31, 2008
Other intangible assets	1.089.332	1.777.802
	1.089.332	**1.777.802**

20. Goodwill

None (December 31, 2008 - None).

21. Government incentives

Research and development incentive rate, which will be calculated over the research and development expenditures, is raised to 100% from 40% with the amendment made to the 10th article of the Tax Law numbered 5520 as a result of the amendment in the 35th article of the Law 5746 related to the Support of Research and Development Operations. The aforementioned law has been enacted as of April 1, 2008. Accordingly, as of 2008, income tax-payers can deduct 100% of the expenditures which are related to research and development related to new technology and information developments. In 2009, it is required that 100% research and development incentive rate should be applied for the total of research and development expenditures of the year

The Company has research and development incentive amounting to TL 23.263.413 (December 31, 2008 - TL 14.149.292) as a result of its research and development expenditures amounting to TL 23.263.413 (December 31, 2007 - TL 14.149.292) which is utilized at 100% (December 31, 2008 - 100%) deduction without any withholding tax. The Company has an R&D center certificate.

For the year ended December 31, 2009, government incentives of the Company amounting to TL 2.626.159 included in other income consist of the amounts provided by Scientific & Technological Research Council of Turkey (Tübitak) in order to support research and development (R&D) expenditures of several projects conducted by the Company (December 31, 2008 – TL 1.389.615).

As of December 31, 2009, there is not any incentive which has been gained but not utilized (December 31, 2008 - None).

22. Provisions, contingent assets and liabilities

Provisions

	December 31, 2009	**December 31, 2008**
Provision for other cost (*)	51.518.026	-
Warranty provision	6.184.720	6.376.954
Provision for vacation pay liability	1.438.270	1.749.665
Provision for sales commission	-	1.465.890
Provision for cost of materials committed to be delivered	16.723	-
Other	-	7.291
	59.157.739	**9.599.800**

(*) 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 Company provides one year warranty for minibus and Land Rover vehicles and 2 years warranty for certain armoured vehicle models and midi-busses sold. The Company has no warranty commitment for trailers. Therefore, warranty expense provision has been recorded only for the vehicles under guarantee as of the balance sheet date. The movement of the warranty expense provision is as follows:

	December 31, 2009	December 31, 2008
January 1,	6.376.954	5.705.132
Additional provision	8.686.823	7.182.448
Payments	(8.879.057)	(6.510.626)
	6.184.720	**6.376.954**

Provision for vacation pay liability

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

	December 31, 2009	December 31, 2008
January 1,	1.749.665	1.215.343
Additional provision	(311.395)	534.322
	1.438.270	**1.749.665**

Letters of guarantees

a) Guarantees given as of December 31, 2009 and December 31, 2008 are as follows:

	December 31, 2009	December 31, 2008
Bank letters of guarantee (*)	291.493.623	211.826.027
	291.493.623	**211.826.027**

(*) Bank letters of guarantee amounting to TL 153.066.348 are given to Undersecretariat of Ministry of Defense for the Altay Project.

b) Guarantees received as of December 31, 2009 and December 31, 2008 are as follows:

	December 31, 2009	December 31, 2008
Bank letters of guarantee (**)	95.238.952	58.642.264
Guarantee notes	3.389.000	8.405.000
Mortgages received	7.045.000	7.023.000
Guarantee checks	135.000	185.000
	105.807.952	**74.255.264**

(**) Bank letters of guarantee amounting to TL 55.351.176 are obtained from the sub-contractors for Altay Project.

23. Commitments

None (December 31, 2008 - None).

24. Employee benefits

	December 31, 2009	December 31, 2008
Reserve for retirement pay	5.616.418	4.450.303
Total	**5.616.418**	**4.450.303**

Reserve for retirement pay

There are no agreements for pension commitments other than the legal requirements as explained below.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 2.365 for each year of service as of December 31, 2009 (December 31, 2008 - TL 2.088).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

The CMB Accounting Standards require actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2009	December 31, 2008
Discount rate (%)	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	**8**	**7**

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

As of January 1, 2010, the retirement pay liability ceiling is increased to TL 2.427.

The movement of reserve for retirement pay is as follows:

	December 31, 2009	December 31, 2008
January 1	4.450.303	4.118.424
Interest expense	240.316	222.395
Current year provision (including actuarial gains/losses)	2.347.012	937.204
Payments	(1.421.213)	(827.720)
	5.616.418	**4.450.303**

25. Employee pension plan

As of December 31, 2009 and 2008, the Company does not have any liability related to the employee pension plans.

26. Other assets and liabilities

a) Other current assets	December 31, 2009	December 31, 2008
Value added tax receivables	16.459.668	20.492.382
Tax and funds deductible	3.135.804	1.752.693
Prepaid tax	2.979.148	1.078.181
Prepaid expenses	593.458	501.361
Job advances	-	8.306
Other	751.157	52.991
Total	**23.919.235**	**23.885.914**

b) Other current liabilities	December 31, 2009	December 31, 2008
Social security premiums payable	3.227.485	2.656.668
Taxes and funds payable	1.773.651	1.492.608
Deferred special consumption tax	259.324	195.798
Other	157.242	115.427
Total	**5.417.702**	**4.460.501**

27. Shareholders' equity

Share capital

The shareholding structure of the Company as of December 31, 2009 and 2008 is as follows:

	December 31, 2009		December 31, 2008	
Shareholder	**TL**	**%**	**TL**	**%**
Koç Holding A.Ş.	10.722.750	44,68	10.722.750	44,68
Ünver Holding A.Ş.	5.954.944	24,81	5.954.944	24,81
Other	7.322.306	30,51	7.322.306	30,51
Total	**24.000.000**	**100,00**	**24.000.000**	**100,00**
Adjustments to share capital	52.743.030		52.743.030	
Total	**76.743.030**		**76.743.030**	

Retained earnings, as per the statutory financial statements, other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

Listed companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the CMB decision number 1/6 dated January 9, 2009, it was also announced that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company's financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

Based on the decision of CMB dated January 27, 2010, it is decided not to determine any minimum dividend payment distribution requirement for publicly held companies.

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. In case inflation adjustments to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

As of December 31, 2009, in the financial statements of the Company prepared in accordance with financial reporting standards published by Capital Markets Board net income of the year and prior year profits including other reserves to be distributed as dividend is TL 33.859.810 and TL 47.701.977, respectively. Current year net income of the Company in statutory books is TL 21.006.691, other reserves to be distributed as dividend is TL 62.999.596. After deduction of first legal reserves, current year net profit in statutory books is TL 21.006.691. As of our report date, there is no decision of dividend distribution related to 2009.

Revaluation fund amounting to TL 1.434.437 after net of deferred tax amounting to TL 75.496, which was presented in equity was reflected to income statement.

In accordance with the Communiqué, as of December 31, 2009 and December 31, 2008, the details of equity, based on which the dividend will be distributed is as follows:

	December 31, 2009	December 31, 2008
Paid-in share capital	24.000.000	24.000.000
Inflation adjustments on equity items	52.743.030	52.743.030
Revaluation surplus		
- Revaluation surplus of financial assets	-	1.434.437
Restricted reserves	14.818.147	14.218.147
Retained earnings		
- Extraordinary reserves	36.751.894	9.696.494
- Inflation adjustments on legal reserves	10.950.083	10.950.083
- Retained earnings	-	
Net income for the year	**33.859.810**	**34.855.400**
Total shareholder's equity	**173.122.964**	**147.897.591**

As of December 31, 2009 and 2008, the restated amounts and the equity restatement differences of the aforementioned nominal values are as follows:

			December 31, 2009
	Historical value	Restated value	Inflation adjustments on equity items
Share capital	24.000.000	76.743.030	52.743.030
Legal reserves	14.818.147	25.768.230	10.950.083
Total	**38.818.147**	**102.511.260**	**63.693.113**

			December 31, 2008
	Historical value	Restated value	Inflation adjustments on equity items
Share capital	24.000.000	76.743.030	52.743.030
Legal reserves	14.218.147	25.168.230	10.950.083
Total	**38.218.147**	**101.911.260**	**63.693.113**

Historical value of legal and extraordinary reserves in the statutory financial statements are as follows:

	December 31, 2009	December 31, 2008
Legal reserves	14.818.147	14.218.147
Extraordinary reserves	60.181.449	30.711.001
Total	**74.999.596**	**44.929.148**
Dividends distributed during year based on previous year's net income per statutory financial statements	7.200.000	30.000.000
Dividend paid per share (kuruş)	0,030	0,125

The Company's share capital is fully paid, and consists of 24.000.000.000 shares with kuruş 0,1 par value each.

28. Sales and cost of sales

Net sales

	December 31, 2009	December 31, 2008
Domestic sales	345.620.944	329.541.298
Export sales	157.789.678	149.992.527
Gross sales	503.410.622	479.533.825
Less: Sales discounts and sales returns	(165.939)	(418.970)
Net sales	**503.244.683**	**479.114.855**

As of December 31, 2009 and 2008 sales of the Company in terms of the number of vehicles sold are as follows:

	December 31, 2009
Commercial vehicle	184.744.300
Armoured vehicles	179.238.100
Other sales (*)	139.262.283
	503.244.683

(*) TL 74.129.647 of this amount is related to revenues of uncompleted contracts.

	December 31, 2008
Commercial vehicle	250.519.645
Armoured vehicles	179.263.257
Other sales	49.331.953
	479.114.855

Cost of sales

	December 31, 2009	December 31, 2008
Cost of finished goods sold	342.976.579	343.753.430
Cost of merchandise sold	29.136.295	18.734.223
Cost of sales	**372.112.874**	**362.487.653**

29. Research and development expenses, marketing, selling and distribution expenses, general and administrative expenses

	December 31, 2009	December 31, 2008
Selling and marketing expenses	43.453.036	36.327.241
General and administrative expenses	24.145.637	21.044.451
Research and development expenses	5.171.960	4.944.475
Total operating expenses	**72.770.633**	**62.316.167**

Personnel expenses totaling to TL 66.733.967 (December 31, 2008 – TL 64.720.489) have been allocated to cost of sales and inventories by TL 31.326.020 (December 31, 2008 – TL 34.184.645), to selling and marketing expenses by TL 8.039.575 (December 31, 2008 – TL 7.412.020), to general and administrative expenses by TL 10.169.609 (December 31, 2008 – TL 9.935.960), to research and development expenses (including the personnel expenses in the capitalized research and development expenses) by TL 17.198.764 (December 31, 2008 – TL 13.187.864).

30. Expenses as nature

	December 31, 2009	December 31, 2008
Cost of raw material and consumption goods	336.755.300	327.768.201
Personnel expenses	51.988.378	53.834.268
Other production expenses	8.954.722	9.784.251
Warranty expense	8.686.823	7.182.448
Other sales expenses	7.591.176	8.185.363
Depreciation and amortization	6.684.126	4.207.810
Transportation and insurance expense	3.203.739	3.204.355
Exhibition and fair expenses	2.410.753	1.977.019
Change in finished goods, work-in-process and merchandise goods	(10.388.197)	(11.507.650)
Other expenses	28.996.687	20.167.755
Total expenses	**444.883.507**	**424.803.820**

The breakdown of personnel expenses is as follows:

	December 31, 2009	December 31, 2008
Personnel expenses		
Wages and salaries	52.393.720	50.115.214
SSK employee contribution	8.480.044	9.360.254
Other social benefits	4.095.442	4.085.422
Employee termination benefits	2.930.877	1.159.599
	67.900.083	**64.720.489**

31. Other operating income/expense

	December 31, 2009	December 31, 2008
Other income		
R&D incentives income	2.626.157	1.389.615
Income related to Entek sales	1.434.437	-
Gain on sale of property, plant and equipment	7.454	-
Sales incentives income	-	466.612
Other	1.414.274	1.437.525
Total	**5.482.322**	**3.293.752**

	December 31, 2009	December 31, 2008
Other expense		
Idle capacity depreciation expense (*)	(4.354.161)	(906.349)
Bank expenses	(698.800)	(356.491)
Provision for doubtful receivables	(253.231)	(481.662)
Loss on sales of property, plant and equipment	-	(203.914)
Other expenses, net	311.395	(534.322)
	(4.994.797)	**(2.482.738)**

(*) Idle capacity depreciation expense is depreciation expense of the factory and machinery which are not in use for the year ended December 31, 2009.

32. Financial income

	December 31, 2009	December 31, 2008
Foreign exchange gain	43.943.632	60.841.310
Foreign exchange gain on bank borrowings	18.423.156	13.803.775
Interest income from time deposits	2.709.512	771.755
Term difference income related to sales	2.395.466	6.767.656
Total	**67.471.766**	**82.184.496**

33. Financial expense

	December 31, 2009	December 31, 2008
Foreign exchange losses	(51.755.997)	(55.307.540)
Interest expense on bank borrowings	(21.115.831)	(13.018.955)
Foreign exchange losses on bank borrowings	(17.773.774)	(32.284.668)
Unearned financial expense	-	(129.646)
Total	**(90.645.602)**	**(100.740.809)**

34. Available for sale asset and discontinued operations

None (December 31, 2008 - None).

35. 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, 2008 - 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% (2008 - 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.

Corporate 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.

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.

As of December 31, 2009 and December 31, 2008, income tax payables net off prepaid taxes presented in the balance sheet is as follows:

	December 31, 2009	December 31, 2008
Income tax payable	-	7.067.137
Prepaid taxes	-	(7.067.137)
Income tax payable	**-**	**-**

The breakdown of total tax expense for the year ended December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008
Deferred tax credit	1.815.055	(5.356.801)
Corporate tax charge	-	7.067.137
Total tax expense	**1.815.055**	**1.710.336**

The reconciliation of profit before tax to total tax expense is as follows:

	December 31, 2009	December 31, 2008
Profit before tax	35.674.865	36.565.736
Income tax charge at effective tax rate 20% (2008- 20%)	7.134.973	7.313.147
Effect of non-tax deductible and tax exempt items	(5.480.336)	(6.022.229)
Dissallowable expenses	160.418	419.418
Total tax expense	**1.815.055**	**1.710.336**

As of December 31, 2009 and 2008, 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 / (liability)	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Property, plant and equipment	(5.245.615)	(3.399.951)	2.432.172	2.801.305
Intangibles	(4.353.089)	(787.966)	(870.618)	(157.593)
Deferred financial expense	(1.665.601)	(4.567.855)	(333.120)	(913.571)
Inventories	970.454	380.773	194.091	76.155
Warranty reserve	6.184.720	6.376.954	1.236.944	1.275.391
Reserve for retirement pay	5.616.418	4.450.303	1.123.284	890.061
Deferred financial income	1.223.640	803.483	244.728	160.697
Other provisions	3.765.163	2.073.179	753.033	414.634
Adjustment for percentage of completion method on construction projects	(9.802.719)	-	(1.960.544)	-
Other	(792.487)	(1.411.042)	(158.498)	(70.552)
Deferred tax asset			**2.661.472**	**4.476.527**

The movement of deferred tax liability and asset for the year ended December 31, 2009 and 2008 is as follows:

	December 31, 2009	December 31, 2008
January 1	(4.476.527)	852.060
Deferred tax credit for the current year	1.815.055	(5.356.801)
Tax expense recorded in equity	-	28.214
	(2.661.472)	**(4.476.527)**

36. 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.

	December 31, 2009	**December 31, 2008**
Net income attributable to shareholders (TL)	33.859.810	34.855.400
Weighted average number of issued shares	24.000.000.000	24.000.000.000
Earnings per share (kuruş)	0,141	0,145

37. 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 and due to related party balances as of December 31, 2009 and December 31, 2008:

Due from related parties	**December 31, 2009**	**December 31, 2008**
Ram Dış Ticaret A.Ş.(Ram Dış) (1)	30.535.451	22.444.543
Rmk Marine Gemi San.A.Ş.(Rmk Gemi) (1)	22.905	2.723
Ford Otosan A.Ş.(Ford) (1)	18.514	22.740
Zer Merkezi Hizmetler Ve Ticaret A.Ş.(Zer) (1)	-	27.384
Otoyol Sanayi A.Ş. which is in liquidation process (3)	-	11.859
Other (1)	44.358	13.455
Total	**30.621.228**	**22.522.704**

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

Due to related parties	December 31, 2009	December 31, 2008
Zer (1)	748.163	671.064
Ram Dış (1)	276.840	1.270.398
Koç Sistem Bilgi İle.Hizm.A.Ş. (Koç Sistem) (1)	265.270	70.532
Setur Servis Turistik A.Ş. (Setur) (1)	263.272	178.110
Otokoç Otomotiv Tic.San.A.Ş. (Otokoç) (1)	203.549	108.970
Platform Araştırma ve Geliştirme Taş.Tic. A.Ş.(Platform) (1)	194.149	148.392
Akpa Dayanıklı Tük.Paz.A.Ş. (Akpa) (1)	177.502	137.474
Koç Holding A.Ş.(Koç Holding) (2)	108.280	128.367
Setair Hava Taşım.ve Hiz.A.Ş.(Setair) (1)	78.266	-
Ram Sigorta Aracılık Hiz.A.Ş. (Ram Sigorta) (1)	55.238	39.137
Koç-Net Haberleşme A.Ş (Koçnet) (1)	28.245	1.606
Ford (1)	24.533	17.833
Opet Petrolcülük A.Ş. (Opet) (1)	18.087	14.048
Promena Elektronik Tic. A.Ş. (Promena) (1)	14.950	-
Palmira Turizm Tic.A.Ş (Palmira)(1)	1.863	1.013
Yapı Kredi Kültür ve Sanat (1)	1.790	-
Koçtaş Yapı Marketleri T.A.Ş. (Koçtaş) (1)	78	10.945
Tasfiyel Halinde Otoyol (3)	-	9.889.872
Koç Üniversitesi (1)	-	11.379
Koç Finansal Kiralama A.Ş. (1)	-	1.462
Oltaş Otomotiv Last.Tev.A.Ş. (Oltaş) (1)	-	346
Beldeyama Motorlu Vast.A.Ş. (Beldeyama) (1)	-	142.599
Tofaş Türk Otomobıl Fabr.A.Ş. (Tofaş) (1)	-	11.662
Other	7.235	6.947
Total	**2.467.310**	**12.862.156**

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

ii) Major sales and purchase transactions with related parties for the year ended December 31:

Product sales and service revenue	December 31, 2009	December 31, 2008
Ram Dış (1)	132.084.295	37.748.392
Zer (1)	302.435	-
Aygaz Anonim Şirketi (Aygaz) (1)	161.698	161.158
Beldeyama (1)	126.746	-
Ford (1)	14.073	65.738
Aygaz Doğalgaz İletim A.Ş. (Aygaz Doğalgaz) (1)	3.170	-
Rmk Gemi (1)	-	26.864
Otoyol which is in liquidation process (3)	-	10.063.715
Total	**132.692.417**	**48.065.867**

Purchase of property, plant and equipment	December 31, 2009	December 31, 2008
Koç Sistem (1)	1.360.133	1.057.314
Otokoç (1)	150.950	-
Koçnet (1)	26.451	4.212
Otoyol which is in liquidation process (3)	-	57.171.000
Total	**1.537.534**	**58.232.526**

Inventory purchases	December 31, 2009	December 31, 2008
Zer (1)	4.192.838	3.540.356
Ram Dış (1)	1.407.186	5.737.304
Akpa (1)	1.207.464	1.257.854
Beldeyama (1)	623.350	1.736.268
Opet (1)	263.381	237.519
Koçtaş (1)	20.469	26.530
Arçelik A.Ş. (1)	12.874	-
Ford (1)	5.643	10.760
Tasfiye Halinde Otoyol (3)	-	7.355.088
Oltaş (1)	-	105.922
Sanal Merkez T.A.Ş. (1)	-	15.646
Zer (1)	-	-
Total	**7.733.205**	**20.023.247**

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

Services received	December 31, 2009	December 31, 2008
Ram Dış (1)	8.090.341	2.442.081
Setur (1)	1.355.000	1.671.395
Koç Holding A.Ş.(2)	1.096.183	978.379
Ram Sigorta (1)	1.073.286	1.198.582
Otokoç (1)	622.313	432.608
Koç Sistem (1)	285.070	457.270
Koç.Net (1)	207.963	151.089
Platform (1)	165.129	126.666
Setair (1)	108.620	61.215
Promena (1)	42.907	-
Tofaş(1)	8.104	14.125
Koç Üniversitesi (1)	7.595	10.612
Palmira (1)	6.789	845.251
Tasfiye Halinde Otoyol (3)	5.953	-
Yapi Kredi Kültür ve Sanat Yay (1)	1.662	-
Migros T.A.Ş.	-	167.025
VKV Amerikan Hastanesi (1)	-	27.175
Koç Bilgi Savunma A.Ş. (1)	-	1.211
Rahmi M.Koç Müzesi (1)	-	613
Total	**13.076.915**	**8.585.297**

Bank deposits	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)		
- Demand deposits	7.131.308	43.956.700
- Time deposits	626.547	1.352.273
	7.757.855	**45.308.973**

Checks and notes in collection	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	14.309.918	18.392.003
	14.309.918	**18.392.003**

Bank loans	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	50.203.570	16.955.881
Total	**50.203.570**	**16.955.881**

The Company has also a loan amounting to USD 10.000.000 obtained under guarantee of Koç Holding A.Ş. (2008 – None).

iii) For the year ended December 31, financial income and expense with related parties:

Interest income	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	1.180.929	430.902
Total	**1.180.929**	**430.902**

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

Foreign exchange gains	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	14.206.510	2.488.826
Ram Dış (1)	7.757.256	3.114.237
Ram Sigorta (1)	-	-
Total	**21.963.766**	**5.603.063**

Forward gains / losses	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş.		
Forward income	678.416	-
Forward expense	(1.879.244)	-
Total	**(1.200.828)**	**-**

Foreign exchange losses	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	16.015.358	8.345.200
Ram Dış (1)	11.253.453	4.289.826
Tasfiye Halinde Otoyol (3)	668.266	13.236.552 (*)
Ram Sigorta (1)	-	2.307
Total	**27.937.077**	**25.873.885**

(*) Foreign exchange losses invoiced by Otoyol Sanayi A.Ş are resulted from the foreign exchange difference between the date of the invoice and the date of the payments related to the purchase of fixed assets from Otoyol Sanayi A.Ş. amounting to USD 47,5 million.

Interest expense	December 31, 2009	December 31, 2008
Yapı ve Kredi Bankası A.Ş. (1)	2.315.952	405.431
Total	**2.315.952**	**405.431**

(1) Shareholders' subsidiary
(2) Shareholder
(3) Shareholder's subsidiary in liquidation process

Forward agreements with Yapı ve Kredi Bankası A.Ş.

				December 31, 2009
Amount	**Currency**	**Parity**	**Transaction date**	**Maturity**
-	-	-	-	-

				December 31, 2008
Amount	**Currency**	**Parity**	**Transaction date**	**Maturity**
15.000.000	USD-Euro	1,3973	31.12.2008	15.05.2009
12.000.000	USD-Euro	1,3959	31.12.2008	30.06.2009
11.000.000	USD-Euro	1,3947	31.12.2008	06.08.2009
15.000.000	USD-Euro	1,3944	31.12.2008	12.10.2009

Salaries and similar benefits provided to the executive management by the Company for the year ended December 31, 2009 is amounted to TL 4.350.657 (December 31, 2008 - TL 4.842.413).

38. Nature and level of risks arising from financial instruments

The Company is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. These risks are market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. These risks are monitored by limiting the aggregate risk from any individual counterparty (excluding related parties) and by receiving guarantees from customers when considered necessary. Credit risk of the Company mainly arises from trade receivables. The Company manages this risk that may arise from its dealers or from other customers by restricting the credit limits determined for the dealers according the amount of guarantees received, by receiving advance payments or by receiving the pledge of ownership of the vehicles sold. Credit limits are regularly monitored by the Company and the customers' credit quality are regularly evaluated by considering the customer's financial position, past experiences and other factors. All foreign sales are made after receiving confirmed letters of credit. Military vehicle sales are made to domestic or foreign governmental institutions or to companies acting as agents to these institutions; accordingly, the Company does not anticipate any collection risk related to military vehicle sales. Trade receivables are evaluated by management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables (Note 10).

	Receivables			
Current Year	**Trade Receivables**	**Other Receivables**	**Bank deposits (Note 6)**	**Derivative Instruments**
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	**159.793.780**	**6.385**	**30.233.627**	**-**
- Maximum risk secured by guarantee (2)	(125.401.848)	-	-	-
A. Net book value of financial assets neither overdue nor impaired	157.273.528	6.385	30.233.627	-
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	1.113.718	-	-	-
D. Net book value of impaired assets	1.406.534	-	-	-
- Overdue (gross book value)	10.438.968	-	-	-
- Impairment (-) (Note 10)	(9.032.435)	-	-	-
- Net value under guarantee	1.406.533	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

	Receivables			
Prior Year	**Trade Receivables**	**Other Receivables**	**Bank deposits (Note 6)**	**Derivative Instruments**
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (1)	**174.171.315**	**6.234**	**64.925.025**	**80.151.900**
- Maximum risk secured by guarantee (2)	(90.565.396)	-	-	-
A. Net book value of financial assets neither overdue nor impaired	169.790.541	6.234	64.925.025	-
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	2.310.746	-	-	-
D. Net book value of impaired assets	2.070.028	-	-	-
- Overdue (gross book value)	9.795.519	-	-	-
- Impairment (-) (Note 10)	(7.725.491)	-	-	-
- Net value under guarantee	2.070.028	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	80.151.900

(1) Guarantees received and factors increasing the loan reliability are not considered when determining this amount.
(2) Guarantees consist of guarantee notes, guarantee checks, mortgages and car pledges received from customers.

Trade receivables aging analysis

As of December 31, 2009, trade receivables amounting to TL 2.520.252 (December 31, 2008 - TL 4.380.774) have not been collected at the due dates.

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

Current year	**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

Prior year	**Trade receivables**
1- 30 day past due	-
1- 3 month past due	1.094.674
3- 12 month past due	2.160.889
1- 5 year past due	1.125.211
Over 5 year past due	-
Amount secured with guarantee (1)	4.380.774

(1) Pledges on trailer vehicles.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

As of December 31, 2009 and December 31, 2008, maturities of gross trade payables and financial liabilities are as follows:

Current Year

Maturities per agreements	**Book value**	**Total cash outflow per agreement (=I+II+III+IV)**	**Less than 3 month (I)**	**Between 3-12 month (II)**	**Between 1-5 year (III)**	**Over 5 years (IV)**
Non-derivative financial liabilities						
Bank loans	141.225.474	150.063.565	69.854.413	-	80.209.152	-
Trade payables	56.548.984	56.769.351	46.154.444	10.607.642	7.265	-
Other payables	156.843.558	156.843.558	-	156.843.558	-	-

Expected maturities	**Book value**	**Total cash outflow per agreement**	**Less than 3 month**	**Between 3-12 month**	**Between 1-5 year**	**Over 5 years**
Non-derivative financial liabilities						
Other payables	3.057.126	3.057.126	-	3.057.126	-	-
Other current liabilities	5.417.702	5.417.702	5.417.702	-	-	-

Expected maturities (or maturities per agreement)	Book value	Total cash outflow per agreement	Less than 3 month	Between 3-12 month	Between 1-5 year	Over 5 years
Derivative financial liabilities (net)						
Derivative cash inflows	-	-	-	-	-	-
Derivative cash outflows	-	-	-	-	-	-

Prior Year

Maturities per agreements	Book value	Total cash outflow per agreement (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	210.331.455	218.382.520	66.407.476	151.975.044	-	-
Trade payables	55.813.758	56.317.189	46.141.466	10.175.723	-	-
Other payables	72.141.887	72.141.887	-	72.141.887	-	-

Expected maturities	Book value	Total cash outflow per agreement	Less than 3 month	Between 3-12 month	Between 1-5 year	Over 5 years
Non-derivative financial liabilities						
Other payables	3.161.117	3.161.117	3.161.117	-	-	-
Other current liabilities	4.460.501	4.460.501	4.460.501	-	-	-

Expected maturities (or maturities per agreement)	Book value	Total cash outflow per agreement	Less than 3 month	Between 3-12 month	Between 1-5 year	Over 5 years
Derivative financial liabilities (net)						
Derivative cash inflows	(1.146.926)	(1.146.926)	-	(*)	-	-
Derivative cash outflows	80.151.900	80.151.900	-	(*)	-	-

(*) On December 31, 2008, the Company signed forward agreement amounting to USD 53.000.000 to hedge the risk of EUR/USD parity fluctuations . According to this agreement, the Company will purchase USD 53.000.000 in exchange for EUR 37.975.909. Since TL denominated cash inflows and outflows on maturity can not be computed, TL amounts are not presented.

Market risk

a) 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 as of December 31, 2009;

Table of foreign currency position

Current Year

	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	158.023.446	54.461.939	27.342.162	4.495.814	-
24. Import	153.977.582	26.863.275	35.628.214	14.246.113	872.942

Table of foreign currency position

Prior Year

	TL equivalent (functional currency)	USD	EUR	GBP	CHF
1. Trade receivables	95.427.613	1.747.043	42.713.233	613.515	-
2a. Monetary financial assets (including cash, bank accounts)	65.601.564	41.439.146	1.358.473	11.369	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current assets (1+2+3)	161.029.177	43.186.189	44.071.706	624.884	-
5. Trade receivables	37.617.739	-	17.571.814	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-current assets (5+6+7)	37.617.739	-	17.571.814	-	-
9. Total assets(4+8)	198.646.916	43.186.189	61.643.520	624.884	-
10. Trade payables	(29.047.890)	(8.092.591)	(6.606.517)	(1.048.255)	(264.691)
11. Financial liabilities	(133.748.602)	(57.377.299)	(21.943.625)	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non-monetary other liabilities	(72.141.887)	(47.218.498)	(342.560)	-	-
13. Current liabilities (10+11+12)	(234.938.379)	(112.688.388)	(28.892.702)	(1.048.255)	(264.691)
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-
17. Non-current liabilities (14+15+16)	-	-	-	-	-
18. Total liabilities (13+17)	(234.938.379)	(112.688.388)	(28.892.702)	(1.048.255)	(264.691)
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)	(36.291.463)	(69.502.199)	32.750.818	(423.371)	(264.691)
21. Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	35.850.424	(22.283.701)	33.093.378	(423.371)	(264.691)
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23. Export	149.992.527	58.895.933	33.126.944	4.331.594	-
24. Import	151.405.544	36.060.533	47.804.806	7.070.534	1.107.478

On December 31, 2008, the Company signed forward agreement amounting to USD 53.000.000 to hedge the risk of EUR/USD parity fluctuations. According to this agreement, the Company will purchase USD 53.000.000 in exchange for EUR 37.975.909 (Note 37).

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 December 31, 2009 and 2008:

	Exchange rate sensitivity analysis table	
		Current Year
	Profit/Loss	**Profit/Loss**
	Appreciation of foreign currency	**Appreciation of foreign currency**
In case 10% appreciation of USD against TL:		
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)
In case 10% appreciation of EUR against TL:		
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)
In case 10% appreciation of GBP against TL:		
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
In case 10% appreciation of CHF against TL:		
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)**

	Exchange rate sensitivity analysis table	
		Prior Year
	Profit/Loss	**Profit/Loss**
	Appreciation of foreign currency	**Appreciation of foreign currency**
In case 10% appreciation of USD against TL:		
1- USD net asset/liability	(3.369.964)	3.369.964
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(3.369.964)	3.369.964
In case 10% appreciation of EUR against TL:		
4- EUR net asset/liability	7.084.631	(7.084.631)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	7.084.631	(7.084.631)
In case 10% appreciation of GBP against TL:		
7- GBP net asset/liability	(92.820)	92.820
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(92.820)	92.820
In case 10% appreciation of CHF against TL:		
10- CHF net asset/liability	(36.804)	36.804
11- Amount hedged for CHF risk (-)	-	-
12- CHF net effect (10+11)	(36.804)	36.804
Total (3+6+9+12)	**3.585.043**	**(3.585.043)**

As of December 31, 2009, the Company does not have any derivative instruments.

As of December 31, 2008, the Company signed a forward agreement amounting to USD 53.000.000 with Yapı Kredi Bankası in order to hedge the risk of EUR/USD parity fluctuations. Maturities and parities of related agreement are as follows:

Amount	Currency	Parity	Transaction date	Maturity
15.000.000	USD	1,3973	31.12.2008	15.05.2009
12.000.000	USD	1,3959	31.12.2008	30.06.2009
11.000.000	USD	1,3947	31.12.2008	06.08.2009
12.000.000	USD	1,3944	31.12.2008	12.10.2009

b) Interest position table and related sensitivity analysis

Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are not substantially subject to changes in market interest rates.

The Company's interest rate risk arises from short-term borrowings and time deposits. The Company has obtained fixed rate bearing borrowings and time deposits however the borrowings and time deposits that the Company will obtain in future will be affected from future interest rates.

According to IFRS 7 "Financial Assets" effective from January 1, 2008 the interest rate position of the Company is as following:

Interest rate position table		Current year	Prior year
	Fixed-interest bearing financial instruments		
Financial assets	Financial assets at fair value through profit/loss Available for sale financial assets	- -	- -
Financial liabilities		141.225.475	210.331.455
	Variable interest bearing financial instruments		
Financial assets		-	-
Financial liabilities		-	-

As of December 31, 2009 and 2008, financial liabilities of the Company are bank loans with fixed interest rates.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with other companies in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

	December 31, 2009	December 31, 2008
Total debt (*)	363.092.844	345.908.718
Less: Cash and cash equivalents (Note 6)	(31.881.177)	(65.911.910)
Net debt	331.211.667	279.996.808
Total equity	173.122.964	147.897.591
Total share capital	504.334.631	427.894.399
Debt/share capital rate	**66%**	**65%**

(*) As of December 31, 2009, advances received for sales orders amounting to TL 156.843.558 (December 31, 2008 - TL 72.141.887) is included in total debt. Had this amount been deducted from total debt, such ratio would have been 50% as of December 31, 2009 (December 31, 2008-58%).

39. Fair values of financial instruments

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: The fair value of the foreign currency assets which are converted by the year end foreign exchange rates are considered to approximate their respective carrying values. 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: The fair value of the foreign currency liabilities which are converted by the year end foreign exchange rates are considered to approximate their respective carrying values. 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.

40. Subsequent events

None.

41. 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

Financial Ratios

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.

STATEMENTS OF FINANCIAL RATIOS (%)

AT 31 DECEMBER

Liquidity ratios	**2009**	**2008**
1- Current ratio (Current assets/Short-term liabilities)	1.21	0.97
2- Liquidity ratio (Current assets – Inventories/Short-term liabilities	0.74	0.64
Financial Structure Ratios		
1- Ratio of total liabilities to total assets (Short-term liabilities + Long-term liabilities/Total assets)	0.71	0.71
2- Equity/Total Liabilities Equity/(Short-term liabilities + Long-term liabilities)	0.40	0.41
Operational Profitability Ratios		
1- Profitability ratio of sales (Pre-tax profit/Net sales)	0.07	0.08
2- Profitability ratio of assets (Pre-tax profit/Net sales)	0.06	0.07
3- Profitability rate of equity (Net profit for the term/Equity)	0.20	0.24


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Corporate Governance Compliance Report

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.

CORPORATE GOVERNANCE COMPLIANCE REPORT

1. STATEMENT ON OBSERVANCE OF CORPORATE MANAGEMENT PRINCIPLES

Our Company has adopted the principles, revealing the corporate management quality, most of which are currently being applied. It is aimed to inform the public, to ensure transparency and to perform required studies regarding the decisions and transactions pertaining to the shareholders and beneficiaries and the Board of Directors, in compliance with the Corporate Management Principles.

Pursuant to the Capital Market Board's (CMB) resolution number 48/1588 dated 10.12.2004, it is deemed appropriate that the companies, being listed on the Istanbul Stock Exchange (ISE), will include their statement on the observance of the aforesaid Corporate Management Principles in their annual report and on Internet sites, if any, as from the annual report for 2004. Accordingly, Otokar Otobüs Karoseri Sanayi A.Ş. has included in the Annual Report 2009 the information on the observance of the following principles. The OBSERVANCE REPORT is submitted hereinbelow, and it can be further scrutinised at our Internet site (www.otokar.com.tr)

PART I - SHAREHOLDERS

2. Unit of Relations with Shareholders

At Otokar Otobüs Karoseri Sanayi A.Ş.' the relations with shareholders are executed by the Financial Affairs/Accounting Unit. Some of the Unit's activities are the following:

- Introduction of our Company to individual and corporate investors both in and out of the country; informing the potential investors and shareholders,

Hüseyin Odabaş and Yasemin Orhon are charged with this issue and they can be reached by e-mail at arf@otokar.com.tr or by phone at (0264) 229 22 44/ext. 411.

- Issuance of reports for the Board of Directors,
- Making necessary arrangements before the General Assembly meeting, issuance of required documentation, obtaining prior authorization for amendments in the Articles of Association and submission thereof to the General Assembly,
- Organisation of the General Assembly meeting, issuance of documents to be used by shareholders, provision of minutes of meeting to demanding parties,
- Informing the shareholders,
- Submission of necessary Special Case Comments to the ISE and the CMB, considering the provisions of the CMB's Communiqué under serial number VIII and number 39,
- Follow up of the changes made in the legislation related with the Capital Market Act and providing information for the relevant departments of the Company,
- Ensuring the payment of dividends to the shareholders,
- Issuance of financial statements and reports on quarterly basis.

For the aforesaid duties, Hüseyin Odabaş and İrfan Özcan are charged with this issue and they can be reached by e-mail at arf@otokar.com.tr or by phone at (0264) 229 22 44/ext. 410.

3. Exercise of shareholders' right to get informed

20 shareholders, who appear on the list of attendants for the latest General Assembly, have been furnished with information on the financial and administrative subjects. During the year an Investor Meeting oriented on Brokerage Analysts was organised with the participation of the General Manager and members of Upper Management Team. Additionally, the Financial Affairs Unit organised 25 vis-à-vis meetings with the Brokerage Analysts.

The Company's web site contains the section "Relations with Investors" and related links, further to the information through which they can access to the "ISE" data.

With the Company's Articles of Association, the demand for appointment of an auditor has not been arranged as a personal right, and we have not received such a demand from our shareholders. The Company's activities are regularly examined by the Independent External Auditor determined by the General Assembly and by Auditors appointed by the General Assembly.

4. Information of the General Assembly

In 2009 only an Ordinary General Assembly was held with the participation of the majority. Furthermore, the opportunity for participation has been provided for representatives of printed and visual media, executives of various establishments and institutions and others who intended to participate only as followers.

Invitation for General Assembly meeting is made by the Board of Directors in accordance with the applicable provisions of the Turkish Commercial Code (TCC), the Capital Market Act and the Articles of Association. The public is informed on the meeting as soon as the Board of Directors takes the resolution on General Assembly meeting through making declaration to the ISE and CMB.

Additionally, place of meeting, the agenda of the meeting, draft amendments to the Articles of Association, if any, and sample for the power of attorney shall be published in two daily newspapers, distributed throughout Türkiye, at least 21 days prior the meeting day. Such announcements indicate the places where the audited financial statements can be examined.

At General Assembly meetings, held under the supervision of the government commissioner, it is the most natural right of shareholders to ask questions and to express their opinions. Thus, our shareholders exercise their right to ask question at the General Assembly meeting, present their proposal regarding the agenda items and speak on the proposals they present, in line with the procedures as required by the Council of Meeting.

Minutes of the General Assembly meetings are announced in our website. Further, these are provided at the head office for scrutiny by the shareholders and are delivered, when requested.

The activities to be involved in are given under Article 4 "Aim and Subject" of the Articles of Association, and the Company is not allowed to make business it would like, unless the General Assembly adopts a resolution by amending this article. For matters like merger, acquisition or split of the Company, the subject is submitted to the general for its approval and decision, upon the Board of Directors' proposal. As it is stated in the said Article of the Articles of Association, approved by the General Assembly, the Company may buy, sell, let be build, lease, accepts or put on mortgage any real property and impose any real right thereon. Latest version of the Articles of Association, containing the said and other articles, is available in our website (www.otokar.com.tr).

All Minutes of General Assembly Meetings and lists of attendants, by years, can be obtained from the Company head office, while the minutes of the General Assembly meetings held in last three years can be seen in our website.

5. Voting Rights and Minority Rights

According to the Articles of Association, there is no privilege with regard to the exercise of voting rights.

At the General Assembly, voting is made in accordance with the regulations on the representation and way of voting (Article 18 of the Articles of Association). The regulations by the Capital Market Board on voting by Proxy shall be complied with.

The Articles of Association does not contain any regulation on the representation of minority shares at the management and method of cumulative voting.

6. Profit Distribution Policy and Time for Profit Distribution

Profit distribution by our Company is made within the framework of the applicable provisions of the Turkish Commercial Code, Capital Market Legislation, Tax Legislation and other related legislation and of the articles of the Articles of Association related with the profit distribution.

When determining the profit distribution, we take into consideration long term Group strategy, capital requirements of our Company, participations and affiliates, the investment and financing policies, profitability and cash level.

As principle, net profit for the term stated in the financial statements which are prepared within the scope of the Capital Market Legislation and are subject to independent auditing, shall be taken as basis and at least 50% of the "distributable profit for the period" calculated in accordance with the Capital Market Legislation and other applicable legislation shall be distributed in cash or as free shares.

If the calculated profit to be distributed is less than 5% of the issued capital, profit distribution shall not take place.

Dividends to be distributed in line with the General Assembly's resolution can be paid completely in cash or as free shares or be paid partially in cash or as free shares.

Dividends to be paid in cash shall be fully paid latest at the end of fifth month after the relevant accounting year and dividends as free shares shall be fully distributed latest at the end of six month.

Within the framework of profit distribution policy, the dividend shall be distributed equally among all existing shares.

The distribution shall be made according to the provisions of Article 24 of the Articles of Association.

Dividends distributed in last years as percentage of the issued capital are given in the following table.

YEARS	ISSUED CAPITAL (TL)	DIVIDEND AS % OF THE ISSUED CAPITAL	AMOUNT DIVIDEND DISTRIBUTED (TL)
FROM YEAR 2001 PROFIT	7.069.800	%65,00	4.595.370
FROM YEAR 2002 PROFIT	7.834.774	%55,50	4.348.299
FROM YEAR 2003 PROFIT	24.000.000	Dividend distribution was not realized due to set-off of loss of previous years due to UFRS by the profit of the current period.	
FROM YEAR 2004 PROFIT	24.000.000	%60,00	14.400.000
FROM YEAR 2005 PROFIT	24.000.000	%40,00	9.600.000
FROM YEAR 2006 PROFIT	24.000.000	%125,00	30.000.000
FROM YEAR 2007 PROFIT	24.000.000	%125,00	30.000.000
FROM YEAR 2008 PROFIT	24.000.000	%30,00	7.200.000

7. Assignment of Shares

The Articles of Association does not contain any provision on procedures to complicate free assignment of shares by respective shareholders and restriction of assignment of shares.

PART II – ENLIGHTENMENT OF THE PUBLIC & TRANSPARENCY

8. Company's Information Policy

Otokar applies an information policy aiming the provision of accurate, complete and comprehensible information in order to enlighten the public in effective, transparent and lasting manner. Except commercial secrets, the Company aims to share its vision and targets, past performance and its expectations with the public and relevant establishments, existing and potential investors and shareholders in equal manner and to establish an effective and open communication stage by announcing its financial data within the scope of the generally accepted accounting principles and the Capital Market Provisions.

It complies with the Capital Market Legislation and the regulations by the Istanbul Stock Exchange for all practices of enlightenment and aims to implement the most effective communication policy within the framework of the CMB's Corporate Management Principles.

Relations with the media are executed by the Corporate Communication Unit and additional information can be obtained from Beril Aksoy Gönüllü via e-mail to kyl@otokar.com.tr or by phone (0216) 489 29 50/ext. 268.

The Financial Affairs/Accounting Unit is responsible for disclosure affairs (Hüseyin Odabaş and İrfan Özcan at arf@otokar.com.tr or (0264) 229 22 44/ext. 410) by announcing necessary information and documents.

9. Material Disclosures

In 2006, the Company made 13 material disclosures. For no case, the CMB and the ISE required additional comments. The Company is not listed on international stock exchanges, thus no material disclosure is required for any establishment except for the CMB and the ISE. Material disclosures were made within the time period set by law; therefore the Company was not subject to any sanction by the CMB.

10. Company's Internet Site and its Contents

The Company holds an active and updated Internet site. The web site covers various information on the Company in a comprehensive manner. Being updated in line with developments, the site has also an "investor relations" section, covering minimum subjects as set by the CMB: Company's annual report is available as hard copy as well as examined at the website at www.otokar.com.tr.

11. Disclosure of Real Person Ultimate Controlling Shareholder/Shareholders

There are no shareholders with participation rate over 5%, except Koç Holding Inc., and Ünver Holding Inc., both being major shareholders of the Company.

Members of the Board of Directors, upper management and shareholders controlling 5% of the capital, directly or indirectly, shall disclose to the public the transactions made on the capital market instruments and stocks and the results thereof, there is no material disclosures to affect the investors.

12. Disclosure of the Insiders to the Public

Persons who may access to information which would affect the value of the Company's capital market instruments are the members of the Board of Directors and the Company's upper management team. Accordingly, the persons on list of the aforesaid positions can be stated as Mr Kudret Önen, Mr Halil İbrahim Ünver, Mr Alpay Bağrıaçık, Mr Ali Tarık Uzun, Mr Bülent Bulgurlu, Mr Serdar Görgüç and Mr Taylan Bilgel, all serving as members of the Board, Mr Metin Utkan and Mr Serkan Özyurt, serving as auditors and Mr Hüseyin Odabaş, Mr Ali Rıza Alptekin, Mr Murat Ulutaş, Mr H. Basri Akgül and Mr Mustafa Bakırcı, members of the upper management team.

Utmost importance is given to ensure the compliance of all Company personnel with the rules on the use of information obtained from inside to attain balance between the transparency and the protection of the Company interests.
Any information on the Company gathered during the employment period, which the Company wishes not to disclose to any third part6y other than those who need the information to conduct the business and which can be defined as commercial secret are deemed to be 'Company Information'. All employees shall, during and after their employment at Otokar, keep the company information secret, not use them directly or indirectly, and sign the undertaking for protection of information.

PART III - STAKEHOLDERS

13. Disclosure to Stakeholders

The beneficiaries are furnished with information regarding matters of their interest by through invitation to meetings, whenever required, or via telecommunication means.

14. Participation of the Stakeholders in the Management

Practices for participation of the beneficiaries in the improvement studies regarding administrative affairs and for expression their comments and evaluations are being carried on according to the procedures defined within the Company. Systematic meetings and training programs, extending from EFQM models and self-evaluation meetings allowing participation of all white and blue collars to open-door meetings, based on the total quality philosophy and aiming to improve productivity and where the employees as well as suppliers and customers express their opinion freely, and studies such as "inquiry on evaluation of working life" are realised in line with the HR policies. Studies are planned and carried on to enhance the efficiency on each segment of the public, from dealer meetings to the shareholders' visit to the plant. In addition, there is a system established through which the customer demands are followed on the sales and dealer network and forwarded to the management and arrangements are made accordingly and necessary feedback is obtained.

15. Human Resources Policy

Within the framework of the Human Resources Policy applied by our Company, the criteria to be used for recruitment of personnel and promotion mechanism have been set in written. Our aim as human resources process is to continuously develop the competency of our labour force and to maintain our permanent advantage within the global competitive environment by adhering to the following principles:

- Right person for right job
- Equal remuneration for equal job; differentiation based on performance
- Recognition and commendation depending on achievement
- Equal opportunities for everybody

The operation of the human resources systems defined to this end shall be defined by procedures and announced to all employees.

The human resources policy has already been established and being applied. Recruitment policies, career planning, development and training policies regarding the employees are provided under the Personnel Regulation. Although the establishment of various committees to execute the relations with the employees are in discussion, no representative has been elected and appointed as of yet. Studies in compliance with the Human Resources policies applied by the Koç Group and the rights and working conditions of white as well as blue collars have been covered not to allow for any discrimination or bad treatment. No complaint was filed during the last period in this regard.

16. Information on Relations with Customers and Suppliers

Customer satisfaction is the priority and indispensable aim regarding the marketing and sales of goods. Customer satisfaction is regularly reported and followed.

Our Company takes all measures and adopts necessary procedures to attain customer satisfaction at marketing, sales and after sales of the goods and services. Demands by the customers are met in speedy manner and the customer is informed accordingly. Quality standards and guarantee for high quality are fulfilled. The principles and policies concerning the suppliers as well as the satisfaction criteria for the customer-oriented goods and services are regularly measured and followed up by the responsible departments of the Company.

17. Social Responsibility

Within the scope of social efforts specific to the region where our plant is located as well as generally to the public, activities are organised based on corporate social responsibility and the criteria of effects on the public. The Annual Report covers necessary and detailed information on efforts made during the term within the said framework. During the year, no notice on any environmental pollution has been issued, and records are kept on our activities, primarily environmental effect evaluation reports.

PART IV - BOARD OF DIRECTORS

18. Structure, Composition of the Board of Directors and Independent Members

Members currently serving as members of the Board are:
Mr Kudret Önen - Chairman
Mr Halil İbrahim Ünver- Vice Chairman,
Dr Bülent Bulgurlu – Member of the Board,
Mr Alpay Bağrıaçık- Member of Auditing Committee,
Mr Ali Tarık Uzun- Member of Auditing Committee,
Mr Serdar Görgüç-Member of the Board and General Manager,
Mr Taylan Bilgel-Member of the Board.

Mr Serdar Görgüç serves at the Board of Directors as executive member. Following the General Assembly, where the members of the Board are appointed, the Board takes the resolution on duty allocation and the Chairman and Vice Chairman are elected. In case any position will become vacant during the year, the provisions of Article 315 of the Turkish Commercial Code shall apply. For performance of works, covered by the company's subject, by the Chairman and members of the Board of Directors, personally or on behalf of third parties, and their participation in other companies being involved in same works, the approval by the General Assembly should be obtained, pursuant to the provisions of Article 334 and 335.

19. Qualification of the Members of the Board

Chairman and members of the Board are persons with highest level of efficacy and effectiveness. It is essential to establish the Board of Directors consisting of persons who meet the requirements of the Corporate Management Principles and are of competency being masters of management. Regarding the qualifications of persons to be appointed as members of the Board, it is noted that the managers, equipped with such qualifications, possess necessary knowledge.

20. Company Mission and Vision and Strategic Targets

Vision:
Otokar preserves domestic and national identity of its products by developing its own technology and aims to attain the continuity of its customers, employees and shareholders satisfaction based on the total perfection philosophy.

Mission:
Main task of Otokar is to design, produce and sell commercial vehicles and various products for defence industry, in line with customers' expectations, with competitive edge in international markets.

Strategic Targets:
- to grow at 16% on average in certain periods ensuring at least 15% profitability for our own resources and increasing the value of our shares,
- to focus on the manufacturing of products which are of ambitious nature and have competitive strength in international markets,
- to invest in technology with the purpose to become the leading or second Company in sectors we are acting,
- to improve our band strength in sectors we act and to dominate the technology,
- to increase the share of foreign sales in revenues by improving our export volume and our activities abroad.

Strategic targets defined according to our vision and mission is handled by the Board of Directors. The values related with our vision and mission determined by the Upper Management Team and approved by the Board are given in the Annual Report. The studies of relevant departments in connection with the establishment and implementation of strategic targets are submitted to the Board by the upper management, who follows the procedure. The Board of Directors compares the upper management's targets for new year by evaluating past year performance and takes the necessary resolution.

21. Risk Management and Internal Audit Mechanism

Risk management and internal audit organisation is established in line with the financial and administrative activities. Its operation and efficiency is followed by the Financial Affairs/Accounting Unit in accordance with the applicable capital market legislation and regulations.

The Company's financial statements are examined by the Auditing Committee, consisting of the members of the Board. Furthermore, auditors appointed by the general Assembly, pursuant to the Turkish Commercial Code, perform auditing functions as well.

Our Company carries on its activities being subject to audit, covering all financial control and risk analysis, by the Presidency of Auditing Group, reporting to the Board of Directors of Koç Holding Inc.

22. Basis for the Activities of the Board of Directors

Topics and agenda related with the Board's resolutions are prepared periodically or according to requirements arisen. Depending on the requirements, number of meetings held within a year may vary. In last three years (2007-2009), totally 29 Board meetings were held. Attendance and invitation for the meeting is, principally, made whenever the business requires and the Board meeting is held accordingly. There is no special secretariat established for communication, but the Accounting Unit is involved in issuance of agenda, recording and following up of the resolutions taken. If there are different votes regarding the resolutions taken, it is noted on the resolution. Questions and comments on the resolutions are noted, as well.

The agenda of the Board meetings are determined upon notification of the matters to be resolved by the Board, as set out in the Articles of Association, to the members of the Board by the upper management. Besides these, the agenda may be determined upon notification of requirement for resolution on a specific matter by any Board member to the upper management of the Company.

Topics to be discussed by the Board of Directors are gathered at the Financial Affairs Department, are consolidated and the agenda is thus determined.

Otokar A.Ş. Financial Affairs Manager is charged with the duties to determine the agenda of the Board meeting, issuance of the resolutions taken by the Board, providing information to the Board members and ensuring the communication.

Different opinions expressed during the meeting and reasons for opposing votes are written down in the minutes of meeting. However, since there is no opposition or different opinion expressed of recent date, no announcement has been made for the public.

23. Prohibition of Dealing with Company and Non-Competition

It is prohibited that the members of Board deal and compete with the Company, and necessary measures are taken in accordance with the practice, adhering to statutory regulations in such cases which would result in conflict of interests.

24. Ethical Rules

In general, the Company conducts studies to ensure the compliance with and implementation of ethical rules. Within the entirety of the legislation and regulations and practice, generally accepted ethical rules are complied with.

New regulations shall be disclosed to the public, whenever realised, within the framework of the Company employees, beneficiaries and policy on providing information.

25. Number, Structure and Autonomy of the Committees established by the Board of Directors

There is a committee established to ensure that the Board performs its duties and responsibilities in a healthy manner, which is responsible for audit.

This Committee consists of Mr Alpay Bağrıaçık and Mr Ali Tarık Uzun, and is responsible to follow the financial matters, to examine the periodical financial statements and notes to financial statements and to submit the Independent External Auditor's report to the Board of Directors for its approval.

Any Corporate Management Committee has not been established yet within the scope of the Company's corporate management principles. In this matter, steps will be taken according to the applicable legislation and to the regulations to be announced by the CMB.

26. Financial Rights vested on the Board of Directors

Rights to be vested on the Board are determined by the General Assembly. At the General Assembly held on 20.04.2006, the shareholders approved the payment of remuneration to Board members on monthly basis.

No additional benefits are provided for the Chairman and members of the Board, other than the remuneration determined by the General Assembly. There is no special application regarding performance or reward for the Board.

Furthermore, no money was lent to any member of the Board and of upper management team, no loan was awarded, no benefits were provided as loan through any third party and no security for the aforesaid, such as guaranty.


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