





Make a difference with your experience, product, service and ideas ...

Make a difference for your customers, shareholders, employees and society ...

Make a difference in competition, adding value, sustainability and earnings ...

Otokar made a difference with its experience of 45 years in 2008.



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Otokar in Brief

Otokar Otobüs Karoseri Sanayii A.Ş. has been offering special solutions with its own technology, design and applications in the automotive industry in line with the requirements of the customers for 45 years. Being a member of Koç Group, Otokar has been operating in its factory of 552.000 sqm in Arifiye, Sakarya with 1184 employees.

Otokar today manufactures minibuses, medium size buses, semi-trailers, tactical wheeled armoured vehicles and off-road vehicles. Otokar is also the prime contractor of Turkey's first National Main Battle Tank Project.



Vision

Otokar develops its own technology and preserves the local and national identity of its products. It targets persistence satisfaction of customers, employees and partners with total excellence philosophy.



Principles

Otokar aims at satisfaction of customers, sound growth and supply of products and services in universal quality and standards in accordance with the targets and principles established by the Koç Group. It targets to be a symbol of reliability, consistency and respectability for the country, customers, partners and subsidiary industry. Otokar regards the customers as a valuable asset. It works to be the best at all times. It believes that its most important capital is the human resources. It abides by the business ethics and working principles to create funds for continuous growth with the aim of delivering power to the Turkish economy from which it gets its power.

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a difference **08**

Mission

Main duty of Otokar is to design, manufacture and market commercial vehicles and various defence industry products in line with the requirements of the customers with a worldwide competitiveness.



Otokar





Otokar

Chairman's Letter: Make a Difference



Dear Shareholders,

We have been working to make a difference for our shareholders, customers, employees and the society since 1963. In pursuit of our founder the late Mr. Vehbi Koç's motto "As long as my country exists, I exist," we have now left 45 years behind as a company which has been designing, manufacturing the vehicles of its own, attaining a sustainable growth and creating a value for the country, the society and the employees. We have gained countless experiences in 45 years. And we have relied on such experiences to make a difference for our shareholders with our products, service quality, our characteristics and values. At the very beginning of 2008, the 45th anniversary of Otokar, we started with the slogan "Experience making difference". Looking at the business results, I am happy to say that we had differentiated with successes befitting our 2008 slogan and 45th anniversary.

Although 2008 promised a successful year at the beginning, the negative impacts of the global economic crisis were heavily felt during the last quarter, especially in the automotive industry of the country. While the automotive industry significantly shrank, Otokar passed through the crisis-ridden environment more intact and attained the targets owing to its leaps in the defence industry, new products and new market workouts. As a result of our successful activities, we grew by 12% in turnover and 16% in exports during 2008.

Before talking about such successful leaps, I would like to tell something about our characteristic of "operating in niche markets", which is a key characteristic for survival of the company and its shareholders. To be in two niche markets, the defence industry and the commercial vehicles, has been the greatest key of the sustainable success of Otokar so far. The defence industry tenders and the works on commercial vehicles are always balanced and supporting each other, bringing successful results for Otokar. This power is of course backed by experienced staff members, dedicated teams, supreme technology, good engineering and research and development capabilities. These characteristics differentiate Otokar in Turkish and world markets.

The power, historical success and experience of Otokar were appreciated in 2008 as in the past. The most beautiful and important indicator of this appreciation is Turkey's National Main Battle Tank Project. In 2008, Otokar reaped the success in the main battle tank project on which it has been working with sacrificing efforts: the contract negotiations have been concluded and Otokar has been awarded as the prime contractor in the Altay National Main Battle Tank Project contracted by the Under-secretariat of Defence Industry for the Turkish Armed Forces. We are ready to mobilize our infrastructure, capabilities and faith as a whole in the design of the first national main battle tank of Turkey under such a great and important project. The project, which will make a difference for the country, the army and the industry, will reinforce the position of Otokar in the world defence industry.

In 2008 we did also made a difference in designing new military vehicles and in the level of our after-sale services. Every shipment turned into a good reference for us. We have entered new markets and particularly reinforced our position in the world with our armoured vehicles. In 2008, we were incessantly at service of the Turkish Armed Forces, as always. Finally, we are proud of having been selected for the contract of 861 tactical wheeled-vehicles for the Turkish Armed Forces in December.

In commercial vehicles, we were affected from the shrinkage in the market at minimum owing to contracts in large quantities and new products such as CNG busses and Eco semi-trailers. We preserved our share in the semi-trailer market despite the shrinkage of the market, and increased our share in the bus market at highest level among the competitors. Our Doruk (known as Vectio in export markets) brand bus series of 9 meters contributed a lot to this increase for sure. We made a difference in designing owing to win the prize of "Design of Turkey" competition for Doruk LE bus.

We made a difference in the European market with our new models and ever widening distribution network. We have reinforced our position in order to attain our target of selling minimum one of ten busses in the European markets by 2020. We increased our turnover by 58% in the segment of 7-meter small bus in 30 countries, most of which are European countries.

During our 45th anniversary, we made an important investment which will be a touchstone in the history of Otokar. We have purchased the neighbouring factory, facilities and land owned by Otoyol A.Ş. and tripled the area of our facilities.

In 2008 we gave special emphasis to productivity and improvement of quality and cost with a view to make a difference in ever increasing competition. Owing to the Six Sigma methodology and the "Change" project we started in the manufacturing, we achieved significant gains in productivity and quality. Under the SAP system, which is a valuable tool for decreasing the costs and increasing the performance and quality, we have begun to apply the processes in different units as well.

When doing all these things, we had in mind to make a difference for the society as well. We planted 45 thousand trees in the region of our factory in the anniversary of our 45th year. We continued to support the social responsibility campaigns embarked by the Koç Group on the one hand and to cooperate with various charity institutions on the other.

During the last year, we also made a difference in operations for our investors and shareholders as well. We have joined among the leading corporations making up the Corporate Management Index of the Istanbul Stock Exchange and received a high rating: 7,94.

We started 2009 with the successes I summarized above. The next year is supposed to be difficult for our industry and country. Our target for 2009 is to be more competitive, to offer ever the better, and to turn the hard times into promising opportunities for Otokar. During this year, we will be working for realizing the projects we have undertaken for the defence industry successfully. We will maintain our position by developing new products for both of the defence industry and commercial vehicle markets and by entering new markets.

In 2009 we will be working to deserve your trust and faith in us, to continue our sustainable growth and to achieve successful business results that will bring profits for our shareholders.

We wish a successful and prosperous 2009 for the company and the shareholders.

Yours sincerely,



Kudret Önen
Chairman

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 Audit 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.

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.



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.

Make A Difference in Defence Industry

The First National Main Battle Tank of Turkey

In 2008, Otokar was selected as the prime contractor of the ALTAY Main Battle Tank Project to design the first national tank of Turkey. The signing ceremony was held at the manufacturing plant of Otokar on 29 July 2008 in attendance of the Prime Minister Recep Tayyip Erdoğan, the National Defence Minister Vecdi Gönül, the Defence Industry Under-secretary Murad Bayar and the CEO of Koç Holding Mustafa Koç. Sanghee Lee, the Minister of National Defence, representing the Republic of Korea, the country to provide technical support and assistance for the Project and the upper management representatives of the subcontractors, Aselsan, Hyundai-Rotem, Makine ve Kimya Endüstrisi Kurumu and Roketsan were also present at the ceremony.

As result of the contract signed, the ALTAY Tank to be developed under prime contractorship of Otokar will bring our country's dependency on external resources to end. The Republic of Turkey shall own all design and intellectual property rights vested on the ALTAY Tank.

Being responsible to Under-secretariat of Defence Industry for design, prototype production, testing, qualification of the ALTAY tank and the smooth management of the project, Otokar shall work together with the other subcontractors.

The estimated budget for design, prototype production, tests and qualification of the ALTAY Tank, which will provide new technologies and skills to the Turkish defence industry, is declared to amount to USD 494 million.



In Service of Turkish Armed Forces

In 2008, about 52% of the defence industry revenue comes from the domestic market. During 2008, Otokar focused on delivery of the orders received in the preceding year, and on the one hand increased its number of products in the inventory of the Turkish Armed Forces with new model vehicles and new contracts owing to its efficient after-sale services and outstanding R&D achievements.

In December, Otokar has been awarded to begin negotiations for developing of 861 Command Control Vehicles and Cargo and Personnel Carriages under the tender for Tactical Wheeled Vehicles to meet the demand of the Turkish Armed Forces.



New Orders to the Export Leader

Being the export leader of Turkey in defence industry, Otokar military vehicle exports reached USD 70m in 2008. Having become a worldwide brand in armoured vehicle markets, Otokar increased the number of vehicles in the inventory of the existing users in 2008 and added a new user to its existing clients. New vehicles and types were introduced to the existing markets.



Make A Difference in Commercial Vehicles

Highest Growth Rate in Bus Segment

After differentiation in minibus segment with its model M-3000, Otokar increased the minibus sales by 35 percent, along with the market share, over the preceding year.

With the addition of Doruk to the product range in the bus segment, the number of public transport vehicles sold by Otokar increased by 67 percent compared with 2007. Owing to the road-shows and customer visits, Otokar achieved a great success particularly in its inner city transportation models. Welcomed with great interest, Doruk has become the leader in its niche market. Otokar has increased its total market share by 6 points, achieving the highest growth rate in its particular market.

Otokar maintained its market share and leadership in the semi-trailer market, despite the shrinkage of the market during the last quarter of 2008.



58% Increase in Exports

After targeting the European market, Otokar achieved its goals during the last three years. Being a market leader in France with its Navigo busses in the 7-meter bus segment, Otokar has launched its 9-meter Vectio brand bus family in Europe. Owing to its strong sales network and ever growing brand recognition in the market, Otokar increased its export revenues in the medium-size bus segment by 58% over the previous year.



Make a Difference in Design

Otokar competed for the "Design Turkey Industrial Design Awards" organized by the Under-secretariat of Foreign Trade, the Turkish Exporters Assembly and the Association of Industrial Designers under the TURQUALITY® Program with its DORUK 190LE model in 2008. Otokar was awarded the "Design Prize" in the "Transportation and Carriage Vehicles" segment of the competition for its DORUK 190LE bus, which draws the attention for its contemporary designs in public transport.

DORUK 190LE has been designed to offer safe and comfortable transportation to the disabled, the old and the passengers with children with its low-entry chassis. With its reduced turning radius and 9-meters length, DORUK 190LE offers contemporary and modern public transportation solutions.



Make a Difference with the Products

Otokar continues to develop new products and try the latest technologies in its products, like the world leader automotive industries, and expand its product family in the commercial and military vehicle segments on the other.

Mine Resistant Vehicle: KAYA

Being the only designer and manufacturer of mine resistant tactical vehicles in Turkey, Otokar added the armoured vehicle KAYA to its product line in 2008. Developed by the supreme R&D and engineering capabilities of Otokar, KAYA Mine Resistant Cargo / Troop Carrier has a high protection features especially on IED's and explosives whilst maintaining a high mobility on adverse terrain



CNG Bus: DORUK 230DG

Otokar has introduced the CNG bus Doruk 230DG to the market. Built on the Doruk LE model, the CNG bus ideally meets the modern public transport needs with its environmental friendly characteristic, outstanding safety, automatic transmission, low bed chassis and low fuel consumption.

As CNG is more environmental friendly compared with the other fuels, Doruk 230DG reduces the acid rain inducing NOx emissions by 50 percent and SO2 emissions by 90 percent.



VECTIO with Euro 5 Engine in the European Market

In 2008, Otokar introduced the 9-meter bus family, Vectio with Euro 5 emission level, to the market. Delivering more advantages over the coaches owing to its ease of manoeuvrability and lower operating costs, the Vectio series is also a good alternative to the small buses owing to its higher seat capacity. The new emission class models were launched in IAA 2008 exhibition held in Germany.



Luxury NAVIGO Special to the European Market

Otokar has added a luxuriously equipped model to the medium-size bus family of Navigo in the European markets. Navigo 185LX, the most luxurious model of the family, was first exhibited in IAA 2008.



A New Dimension in Transportation of the Disabled: NAVIGO 185SH

Designed to meet the requirements of the European market and sold in the European market only, Navigo 185SH was first exhibited in IAA 2008. The floor rail system allows a wheelchair area to be created. This flexibility helps make the 185 SH the ideal choice for both inner and inter city touring. The NAVIGO can accommodate 29 seated and 6 standing with the wheelchair option. The rail system on the floor allows the driver to use the NAVIGO with or without wheelchair option. The NAVIGO can accommodate 33 seated and 6 standing passengers without wheelchair option.



ECO Series Semi-trailer

Otokar introduced the Eco series semi-trailers to the Turkish transportation market in 2008 with a view to meeting the increasing demand of the transportation market for the trailers in place of trucks. The new series which were developed with Otokar quality to the European standards for the domestic market have two models, Ecotır stationary tent and Ecoliner sliding tent, for dry cargo carriage.



New Accessories to SULTAN

In Sultan 145S and Sultan Maxi models, which are favoured for tourism transportation, once optional equipment, such as LCD screen and horn type mirror, have become standard equipment since January 2008 by taking into account the expectations and requirements of the customers.



Make a Difference in Service

Face-lift for the Dealers

Offering services at 110 points in Turkey in meaning of sales of commercial vehicles, sales of spare parts for commercial and military vehicles, Otokar organized various meetings and training sessions for its network in 2008 with a view to improving the quality.



In 2008, Otokar continued to work on such facilities and standards that will satisfy its customers about the ongoing restructuring in parallel with its growth in the market. Works on the development of physical standards concerning the bus dealers as part of the development of the corporate identity were completed.



7 New Distributors in Europe

Rapidly growing in the European bus market, Otokar added new distributors to its distribution network in 2008 in line with its growing strategy. Otokar met with its dealers and signed seven distributor contracts for Latvia, Poland, Slovakia, Italy, Spain, Croatia and Serbia in IAA 2008, the largest exhibition of commercial vehicles in Europe.



The Clinic Days

Always acting with the mission of being pioneer and making a difference in every area, Otokar continued the "Clinic Days" campaign, which has brought a difference perspective to the after-sale services, in various cities throughout 2008. The campaign of Clinic Days, which offers discounts to the customers and opportunity to talk vis-à-vis the executives of Otokar, was held in Diyarbakır, Gebze, Çorlu, Antalya and Denizli in 2008.

Always at the Service

The outstanding after-sale services offered by Otokar in the defence industry contributed a lot to its achievement in the military vehicle segment in 2008 as in the past. Both the extensive training courses and the logistic support offered by Otokar to the users as part of the after-sale services at home and abroad continued intensively in 2008.



Make a Difference in Manufacturing

Otokar made an investment in 2008 that will make a difference in manufacturing. The management adopted the resolution to expand Otokar's facilities in line with the company's need for short and long term investment they defined in accordance with its current and future projects, primarily the Altay National Tank Project. As result of studies within the context of the company's resolution, the management decided to acquire the plant and facilities owned by Otoyol Sanayi A.Ş., located in Sakarya on 383.000 sqm land considering the advantage of its vicinity to our existing facilities. After this investment, the manufacturing area of Otokar was raised to 552 thousand sqm.



Make a Difference in Productivity

Otokar achieved significant gains in productivity and quality thanks to the "Change" project which was started in 2008 with a view to make a difference in the manufacturing and work processes in an ever increasing competition environment. By employing various methods such as Assembly Line Equalization, Output Flow Chart, Quality Feedback, etc. in the manufacturing of armoured vehicles, Otokar could reduce the output flow time and raise the levels of productivity and quality significantly. By establishing new systems in the manufacturing of trailers and small buses, it increased the productivity by more than 30 percent in various areas.

Furthermore, having started the works on SAP, a proven automation system for improvement of productivity, in 2008, Otokar has begun to use the SAP in all vehicles sales and engineering processes starting with İkitelli Service Station. It completed the infrastructure works aimed at automating the manufacturing processes.

Additional revenue generated through 53 projects realised in 2008 reached YTL 5.1 million, within the scope of the 6 Sigma studies started with the slogan "Hand in Hand towards Excellence".



The Otokar Reward Proposal System, which has been established to get suggestions from the employees for productivity and improvement, received 1.600 suggestions in 2008. Those whose recommendations were implemented successfully were rewarded at the facilities of Otokar. Employees whose suggestions and projects in the "Customer Satisfaction Raisers" and "Cooperation Builders" categories and winners of "The Most Successful Koç Members" competition were rewarded at the facilities of Koç Group.



Make a Difference for the Industry

Being conscious of the corporate responsibility, Otokar continued its relationships with the associations and corporations in the industry successfully in 2008. Continuing its activities under the roof of leading societies such as OSD, ODD, TAİD, TREDER on the one hand, it supported the organizations which contribute to the development of the industry on the other. Otokar sponsored the Symposium on Carriage of Dangerous Substances, which was held first time ever in the country for the purpose of contributing to the environmental and economic development of the country. It also actively took part in the activities of the societies of the industry such as TÖHOB, TOFED, etc.



Make a Difference for the Investors

In 2008, Otokar was evaluated by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. in accordance with the Corporate Management Principles issued by the Capital Market Board and as a result included in the corporations making up the Corporate Management Index of the Istanbul Stock Exchange. Occupying the 9th rank among the corporations making up the index, Otokar was given a Corporate Management Rating as high as 7,94 on 10 point scale as a result of an assessment made in accordance with the principle decisions of the Capital Market Board.

Make a Difference for the Employees

Being aware of the fact that human resource is its most important capital, Otokar worked toward development and satisfaction of its employees. The Reward Proposal System ensured active participation of the employees in the processes on the one hand and training courses and carrier planning sessions aimed at personal and career development of the employees on the other. Various clubs, such as travelling, environment, tennis, diving, etc. have been established and various events, such as visits to museums, historical sites and ruins, sports tournaments, etc. organized.

Reward ceremonies were held for the employees whose suggestions have been realized successfully and who reached a certain seniority level. Certain social events were organized with a view to raising the employee satisfaction. Also events were organized for the families of the employees. Otokar took active part in the sports festivals organized throughout the Koç Group.



Make a Difference for the Future

With a view to making a difference for the region, Otokar initiated various projects throughout the year.

On the occasion of its 45th anniversary, Otokar planted 45 thousand young trees with active participation of the employees in Sakarya province. Otokar also fulfilled its responsibility under the "For My Country" campaign organized by Koç Holding for the province of Sakarya so as to display the value it brought to the region.



With a view to raising the awareness of the automotive subsidiary industry about the environment, to providing technical support in environmental issues and to ensuring that the subsidiary industry takes the necessary measures about the protection of environment and keeps the wastes at minimum, Otokar conducted 12 environment inspections among the subsidiary industry establishments in 2008. Volunteers of Otokar Environment and Ecology Club gave training about the issue of environment to some 1000 students in 7 elementary schools in the region.

Regarding the children as our future, Otokar supported various organizations conducted by various institutions such as Arifiye Kindergarten, the Sapanca Unit of the Foundation for Turkish Educational Volunteers, etc. Otokar also took active part in the project titled "Industry Needs Vocational High Schools" developed by the Koç Group.

Otokar accepted trainees under the university-industry cooperation projects and provided technical and financial support to the projects developed by the universities. The "Sahimo Mekano" Hydrogen Fuelled Vehicle developed by Sakarya University, sponsored by Otokar, won the third prize in the Shell Eco Marathon 2008 competition held in Europe.





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AGENDA

FOR THE 46th GENERAL ASSEMBLY
OF OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.
TO BE HELD ON 17.03.2009 at 11:30 a.m.

1. Opening and election of the Chairing Board.
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 2008 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 2008.
4. Information on profit distribution policies, pursuant to the Corporate Management Principles
5. Acceptance of the Board's proposal on profit distribution and the date thereof, acceptance upon amendment or rejection thereof
6. Re-election or replacement of the Board members with expired office term and fixing the office term.
7. Re-election or replacement of the Auditors with expired office term and fixing the office term
8. Setting the monthly gross remuneration for the Chairman and Members of the Board and of the Auditors.
9. Presentation of the donations and social aids to the tax-exempted foundations and associations in 2008 within the context of awareness of social responsibilities.
10. Adopting the resolution on amendment of Articles 10 and 17 of the Company's Articles of Association.
11. 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.
12. Providing information on the transactions made with relevant parties within the scope of Article 4 of the CMB's Communiqué under Serial number IV number 41.
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 such 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.

Report of the Board of Directors

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.
REPORT OF THE BOARD OF DIRECTORS
FOR THE PERIOD 01.01.2008 - 31.12.2008
PRESENTED TO THE 46TH GENERAL ASSEMBLY

Our Esteemed Shareholders,

Welcome to our 46. Ordinary General Assembly meeting held to evaluate the operating results for the year 2008 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 2008 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, 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:

Name & Surname	Duty	Office Term	
		Beginning	Expiry
Kudret ÖNEN	Chairman	11.04.2008	17.03.2009
Halil İbrahim ÜNVER	Vice Chairman	11.04.2008	17.03.2009
Bülent BULGURLU	Member	11.04.2008	17.03.2009
Alpay BAĞRIAÇIK	Member	11.04.2008	17.03.2009
Ali Tarık UZUN	Member	11.04.2008	17.03.2009
A.Serdar GÖRGÜÇ	Member	11.04.2008	17.03.2009
Taylan BİLGEL	Member	11.04.2008	17.03.2009

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

Auditing Committee:

Name & Surname	Duty	Office Term	
		Beginning	Expiry
Serkan ÖZYURT	Auditor	11.04.2008	17.03.2009
Metin UTKAN	Auditor	11.04.2008	17.03.2009

Limits of power vested on the auditors defined by Article 16 of the Company's 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 31.12.2008, 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 (NTL)	Participation rate %
Koç Holding A.Ş.	10.722.750	44,68
Ünver Holding A.Ş.	5.954.944	24,81

Remaining shares with nominal value of TL 7.322.306, representing 30.51% of the capital, are distributed among around 4920 shareholders, as per the latest data obtained from Central Record Establishment Inc.

Minimum value of our shares traded on the Istanbul Stock Exchange was realised as TL 6,30 during the year and maximum value as TL 20,00 on 02.01.2008.

Amendments to the Articles of Association:

For the purpose to improve the compliance with the Capital Market Board's Corporate Management Principles, "Article 10: Board of Directors" and "Article 17: general Provisions" have been amended.

Dividends distributed in last three years and their percentages:

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

Period	%
2005	40,00
2006	125,00
2007	125,00

Dividend for the operating year 2007 has been fully distributed among shareholders and paid in cash.

Our Participation:

The participation rate in Entek Elektrik Üretim A.Ş. (Entek Power Generation Inc.) is 0,86% as of 30.06.2008. The affiliate' General Assembly meeting was realised on 14.03.2008.

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 to be used in transportation and logistics sector under Otokar-Fruehauf licence.

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

Mid-2007, some difficulties in payments arose as result of loss in value of the financial instruments and their derivatives in the USA, while the subsequent global financial crisis caused in shrinkage of the financial system throughout the world together with reduction in loan facilities and increase in fund costs. The stagnation, originating from the USA, the EU-countries and Japan, began to affect the rest of the world.

Regarding the automotive sector, particularly the sales and production figures began to fall down as from June 2008 and adversely affected the 2008 performance of the whole sector. All these adverse economic events lead to significant contraction of the domestic market, especially during the last quarter. During the year 2008, commercial vehicle market reduced by 20,3% while light commercial vehicle market reduced by 20,7% and heavy commercial vehicle market by 17,5%.

In furtherance to the national market, the effects of the recession in the EU-market, the major export partner, on our economy became evident upon order cancellations in August, causing reduction in our export volume, which had an upside potential.

The inflation target was set as 4% for 2008, which was revised in April as 9,3%, while the PPI and CPI were realised as 8,11% and 10,06%, respectively.

The developments in sector during 2008 can be summarised as follows, in line with the OSD data.

- In 2008, total vehicle production in the sector increased by 4,3% over the previous year and was realised as 1.147 thousand vehicles and car production decreased by 2,1% and realised as 622.000 cars.
- Development of production of Light Commercial Vehicles Group, of which we are a member, is as follows;

For minibus decrease by 4%

For midi bus and delivery van decrease by 15% was realised.

- In heavy commercial vehicles group,

For bus increase by 15% was realised, while

For large trucks decrease by 14%

For small trucks decrease by 5% was realised.

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

Regarding light commercial vehicles, 2008 sales decreased by 20,7%, domestic vehicle sales by 24,8% and imported vehicles by 15,9% compared to 2007 figure, while the market share of imported vehicles was realised as 48%.

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.

	2008		2007		Change		Change %	
	Production Sales		Production Sales		Production Sales		Production Sales	
Minibus	511	498	353	368	158	130	45	35
Small bus	1.700	1.155	1.106	1.188	594	367	54	31
Bus	325	308	106	50	219	258	207	516
4x4Off-road veh	222	209	623	782	(401)	(573)	(64)	(73)
Armoured veh.	470	453	346	358	124	95	36	27
Trailer	1.017	994	1.399	1.375	(382)	(381)	(27)	(28)
Total	4,245	4,017	3,933	4,121	312	(104)	8	(3)

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 12% 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.

	2008 (TL)	2007 (TL)	Change %
Domestic Sales	329.122.328	298.638.295	10
Foreign Sales	149.992.527	128.972.333	16
Total	479,114,855	427,610,628	12

Total foreign sales is realised as USD 115.032.797 (in 2007: USD 100.551.541), and has 31% (in 2007: 30%) share among total turnover.

In 2008 use of capacity was realised as 28% (in 2007: 19%) for minibus, 81% (in 2007: 53%) for midi bus, 52% (in 2007: 38%) for armoured vehicles and 78% (in 2007: 108%) for trailer. Total capacity rate was 44% (in 2007: 40%).

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 and realised the increase of 12% on turnover basis.

In 2008, Otokar participated in several commercial and military fairs organised in and outside Türkiye. Otokar participated in Antalya Otoshow Fair, Antalya, Busworld Türkiye 2008 Fair, Iraq Fair in Gaziantep and İzmir International Fair, in addition to IAA Hannover Fair and FIAA Madrid Fair to introduce its commercial vehicles. Regarding military vehicles, the Company participated in FIDEA - Defence Industry, organised in Chile, and Paris Eurosatory Fair, France.

INVESTMENTS

In order to attain rapid growth targeted for vehicles of Otokar, holder of the intellectual rights thereof, the Company carried on its investments in "Otokar R&D Centre" in 2008 as well, based on the resolution taken for research and development efforts.

In 2008, the investment in machine and equipment within the scope of R&D Centre and modernisation efforts amounts to around USD 1 million.

Additionally, based on the Board of Directors resolution 2008/7 dated 04.09.2008, the ongoing projects related with defence industry and commercial vehicles and the short and long term investment needs regarding such projects were reviewed, and consequently the Company acquired the plant, premises with approximately 90.000 m² indoor space on 383.000 m² land and the lands owned by Otoyol Sanayi A.Ş., offered for sale as a package, located within the expansion zone of Otokar, against USD 47,5 million. Otokar will carry on its operations on totally 552.000 m² land.

ADMINISTRATIVE ACTIVITIES

Members of the upper management team served in 2008 and the duty descriptions are as given below.

Name & Surname	Duty
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 Manoeuvre Vehicles

As of 31.12.2008, total personnel are 1.184 (in 2007: 1.124), of which 405 (in 2007: 333) are serving as administrative staff and officers while 779 (in 2007: 891) 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. Within this context, during first quarter of 2008 Otokar completed 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, and such report was published of out Internet page at www.otokar.com.

As per the Corporate Management Rating Report, the Company's rating was announced as high as 79.40 (7.94), and thus it succeeded to become one of top ten companies who published the Rating Report within the ISE.

During the year, the Company donated TL 284.085 to tax-exempted foundations and associations, as social aid.

In order to ensure sustainable growth, Otokar carried on its investments in productivity and improvement efforts during the year 2008, as well.

All phases of SAP system, which is the integrated part of the contemporary management systems used worldwide, have successfully operational in 2008. In order to improve the productivity at Otokar, the Accounting and Spare Parts Sales processes, constituting the first phase of the system, were completed in 2007, followed by the platform integrally administrating the Production, Engineering, Quality Control, Planning and Procurement processes in 2008.

FINANCIAL RESULTS

As stated in the introduction of the Report, our Company is submitting the financial statements, indicating the activities in the year 2008, 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 2008, are submitted for perusal separately in other sections of the Annual Report.

In 2008, Company's turnover was realised as TL 479.114.855, and gross sales profit as TL 116.627.202.

According to the financial statements, prepared in accordance with the generally accepted accounting principles as announced by the Capital Market Board, TL 6.177.683 was allocated for depreciation, TL 1.003.701 as severance pay and guarantee expenses, and the year ended with pre-tax profit amounting to TL 36.565.736.

For the year 2008 the Company shall pay statutory tax of TL 7.067.137, and the tax provision for the year 2008 is stated in financial statements as TL 1.710.336 due to deferred tax revenues. After allocation of the tax provision, the Company's net profit for 2008 is obtained as TL 34.855.400.

During the year, the Company donated TL 284.085 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, after deduction of statutory obligations from the profit for 2008, totally TL 7.200.000 from among remaining amount will be distributed as cash dividend at rate 30,0% (TL 0,3000 gross=net for each share with nominal value of TL 1,00) to shareholders who are foreign-based taxpayers obtaining profit share via an enterprise or permanent representative in Türkiye, and at rate 25,5% (net TL 0,2550 for each share with nominal value of TL 1,00) to other shareholders, and that the dividend distribution date shall be fixed as April 13, 2009.

Enclosed please find the summary of 2008 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 to serve in next operating year. We hereby express our sincere thanks and regards for your trust, consideration and assistance to our Company.

February 20, 2009



Kudret Önen
Chairman

PROPOSAL FOR PROFIT DISTRIBUTION FOR THE ACCOUNTING YEAR 01.01.2008- 31.12.2008

According to our financial statements for the accounting year 01.01.2008 - 31.12.2008, 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 34.855.400. Below please find our proposal for profit distribution prepared pursuant to our Company's profit distribution policy, and the payment of dividends shall commence on 13.04.2009 in accordance with the General Assembly's resolution.

Profit Distribution Table for the year 2008 of Otokar Otobüs Karoseri Sanayi A.Ş. (TL)		
1. Paid-in/Issued capital		24.000.000
2. Total legal reserves (acc. to statutory records)		18.843.930
Information on privileges, if any as per the Articles of Association		
	According to CMB	According to statutory records
3. Profit for the period	36.565.736	44.337.587
4. Taxes payable (-)	1.710.336	7.067.138
5. Net Profit for the period (=)	34.855.400	37.270.449
6. Prior period losses (-)		
7. First Group legal reserves (-)		
8. NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	34.855.400	37.270.449
9. Donations made during the year (+)	284.085	
10. Net distributable profit for the period, with addition of donations, on which the first dividend will be calculated	35.139.485	
11. First dividend to shareholders	7.027.897	
- Cash	7.027.897	
- Free		
- Total	7.027.897	
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	172.103	
16. Second Group legal reserves	600.000	
17. Status reserves		
18. Special reserves		
19. EXTRAORDINARY RESERVES	27.055.400	29.470.449
20. Other resources anticipated for distribution		

INFORMATION ON DISTRIBUTED PROFIT SHARE RATES				
INFORMATION ON DIVIDEND PER SHARE				
	GROUP	TOTAL AMOUNT OF DIVIDENDS (TL)	DIVIDEND PAID TO SHARE WITH 1 YEAR NOMINAL VALUE	
			AMOUNT (TL)	RATE (%)
GROSS	A + B	7.200.000	0,3000	30,00
	Total	7.200.000	0,3000	30,00
NET	A + B	6.120.000	0,2550	25.50
	Total	6.120.000	0,2550	25.50

RATIO OF PROFIT SHARE DISTRIBUTED TO NET DISTRIBUTABLE PROFIT FOR THE TERM WITH DONATIONS ADDED	
AMOUNT OF PROFIT SHARE DISTRIBUTED AMONG SHAREHOLDERS (TL)	RATIO OF PROFIT SHARE DISTRIBUTED AMONG SHAREHOLDERS TO NET DISTRIBUTABLE PROFIT FOR THE TERM WITH DONATIONS ADDED (%)
7.200.000	20.49

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş.
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 2008 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, 2008, 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, 20.02.2009



Serkan Özyurt
Auditor



Metin Utkan
Auditor

Independent Auditor's Report

OTOKAR OTOBÜS KAROSERİ SANAYİ A.Ş

INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008



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, 2008, and the 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.

Balance sheet of the Company as at December 31, 2007 and the income statement for the year then ended prepared in accordance with financial reporting standards issued by Capital Market Board was audited by other auditor. In the auditors' report of other auditors, dated March 6, 2008, an unqualified opinion was issued on the financial statements as of and for the year then ended December 31, 2007.

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, 2008 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.



Erdem Tecer, SMMM
Engagement Partner

February 16, 2009
Istanbul, Turkey