

Otokar Otomotiv ve Savunma Sanayi Anonim Őirketi

**Convenience translation into English of condensed
financial statements and independent review report for
the interim period between 1 January – 30 June 2013
(originally issued in Turkish)**

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

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

Independent auditor's review report on the condensed interim financial statements for the period of January 1 - June 30, 2013

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

Introduction

We have reviewed the accompanying condensed financial statements of Otokar Otomotiv ve Savunma Sanayi A.Ş. ("the Company"), which comprise the condensed balance sheet as of June 30, 2013, the condensed comprehensive income statement, equity movement and cash flow statement for the six month period then ended. Management is responsible for the preparation and presentation of these interim financial statements in accordance with Turkish Accounting Standard No.34 (TAS 34) issued by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with TAS 34.

Additional paragraph for convenience translation to English:

As of June 30, 2013, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying condensed interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the CMB/POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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

Ferzan Ülgen, SMMM
Engagement Partner

August 2, 2013
Istanbul, Turkey

(Convenience translation of condensed interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Interim balance sheet as of June 30, 2013

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

		Current period	Previous period
		Reviewed	Audited
	Notes	June 30, 2013	December 31, 2012 (Restated)
Assets			
Current assets			
Cash and cash equivalents	3	133.477.890	47.906.245
Trade receivables	7	326.051.645	224.693.650
- Due from related party	7, 21	25.801.043	24.550.065
- Other trade receivable	7	300.250.602	200.143.585
Other receivables		85.200	1.715
Inventories	8	287.403.835	252.632.987
Prepaid expenses	13	106.965.568	133.453.785
Derivative financial instruments	6	1.216.840	-
Other current assets	13	29.199.274	21.480.578
Total current assets		884.400.252	680.168.960
Non-current assets			
Trade receivables	7	151.826.592	59.397.503
Other receivables		49.170	47.971
Estimated earnings in excess of billings on uncompleted contracts	9	75.608.950	61.325.046
Financial investment	4	239.280	239.280
Property, plant and equipment	10	121.839.816	125.112.154
Intangibles	11	115.334.335	100.041.870
Deferred tax asset	19	34.519.521	11.092.336
Total non-current assets		499.417.664	357.256.160
Total assets		1.383.817.916	1.037.425.120

The accompanying explanatory notes on pages 7 through 42 form an integral part of the financial statements.

(Convenience translation of condensed interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Interim balance sheet as of June 30, 2013

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

		Current period	Previous period
		Reviewed	Audited
	Notes	June 30,	December 31,
		2013	2012 (Restated)
Liabilities			
Current liabilities			
Short-term financial liabilities	5	106.419.985	48.064.941
Short-term portion of long-term financial liabilities	5	2.071.488	2.028.308
Financial derivatives liabilities	6	-	2.193.011
Trade payables	7	90.636.504	85.026.598
- Due to related party	7, 21	5.775.572	8.988.915
- Other trade payables	7	84.860.932	76.037.683
Employee benefit obligations	13	4.410.916	17.165.965
Other payables	13	3.964.248	1.441.022
Deferred revenues	13	311.080.138	146.855.524
Government incentives and grants		1.007.806	670.521
Current tax liabilities for the current period income	19	20.068.411	-
Provisions	12	239.843.201	225.619.049
Other current liabilities	13	696.309	1.076.908
Total current liabilities		780.199.006	530.141.847
Non-current liabilities			
Financial liabilities	5	290.550.245	236.099.752
Government incentives and grants		5.392.208	2.332.562
Long-term provisions		27.355.350	21.474.019
- Employee termination benefits	12	20.371.447	17.030.080
- Long –term provisions	12	6.983.903	4.443.939
Deferred revenues	13	48.874.707	5.644.080
Total non-current liabilities		372.172.510	265.550.413
Shareholders' equity			
Parent Company's equity			
Paid-in share capital		24.000.000	24.000.000
Inflation adjustment on equity items		52.743.030	52.743.030
Restricted reserves		29.078.147	22.798.147
Accumulated other comprehensive income and expense that is not subject to reclassification to income or loss		(3.695.564)	(2.526.430)
Retained earnings		74.438.113	66.441.516
Net income for the period		54.882.674	78.276.597
Total shareholders' equity		231.446.400	241.732.860
Total liabilities		1.383.817.916	1.037.425.120

The accompanying explanatory notes on pages 7 through 42 form an integral part of the financial statements.

(Convenience translation of condensed interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Interim comprehensive income statement for the period ended June 30, 2013

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

	Notes	Current period		Previous period	
		Reviewed		Reviewed	
		January 1 – June 30, 2013	April 1 – June 30, 2013	January 1 – June 30, 2012 (Restated)	April 1 – June 30, 2012 (Restated)
Net sales	14	709.054.889	374.677.057	435.201.084	263.424.281
Cost of sales (-)	14	(551.118.649)	(290.756.106)	(332.799.840)	(194.240.356)
Gross profit		157.936.240	83.920.951	102.401.244	69.183.925
Selling, marketing and distribution expense (-)		(51.687.875)	(28.330.442)	(31.791.055)	(18.745.191)
General and administrative expense (-)		(22.296.939)	(11.545.037)	(15.573.154)	(8.525.684)
Research and development expenses (-)		(11.565.972)	(5.670.120)	(8.428.776)	(4.259.152)
Other operating income	15	57.950.591	33.029.066	69.244.052	14.749.602
Other operating expense (-)	16	(51.912.585)	(31.035.571)	(61.811.658)	(11.951.033)
Operating profit		78.423.460	40.368.847	54.040.653	40.452.467
Income from investing activities		214.864	122.525	96.815	(1.291)
Expenses from investing activities (-)		-	-	-	-
Operating profit before financial expense		78.638.324	40.491.372	54.137.468	40.451.176
Financial income	17	1.635.008	1.119.177	3.814.061	2.018.524
Financial expense (-)	18	(19.249.465)	(11.074.776)	(17.315.295)	(10.074.094)
Net income before taxes from continuing operations		61.023.867	30.535.773	40.636.234	32.395.606
Tax income/expense for continuing operations					
- Current tax expense for the period	19	(29.276.094)	(19.665.193)	(3.168.859)	(1.981.735)
- Deferred tax income	19	23.134.901	17.889.989	1.250.397	270.355
Net income		54.882.674	28.760.569	38.717.772	30.684.226
Calculated actuarial losses for employee benefits		(1.461.418)	(369.951)	(2.230.584)	(100.858)
Tax effect		292.284	19.417	446.117	20.172
Other comprehensive income / (expense) after tax		(1.169.134)	(350.534)	(1.784.467)	(80.686)
Total comprehensive income:		53.713.540	28.410.035	36.933.305	30.603.540
Earnings per share	20	0,0229	0,0120	0,0161	0,0128

The accompanying explanatory notes on pages 7 through 42 form an integral part of the financial statements.

(Convenience translation of condensed interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Interim statement of changes in equity for the period ended June 30, 2013
(Currency –Turkish Lira (TL) unless otherwise indicated)

				Accumulated other comprehensive income and expense that is not subject to reclassification to income or loss			
	Paid-in share capital	Inflation adjustment on equity items	Restricted reserves	Actuarial gains and losses related to employee benefits	Retained earnings	Net income for the period	Total shareholders' equity
January 1, 2012	24.000.000	52.743.030	18.118.147	-	63.640.101	54.846.604	213.347.882
Changes in accounting policies (Note 2.3)	-	-	-	(634.811)	-	634.811	-
January 1, 2012 (restated)	24.000.000	52.743.030	18.118.147	(634.811)	63.640.101	55.481.415	213.347.882
Transfer to retained earnings	-	-	-	-	55.481.415	(55.481.415)	-
Transfer to restricted reserves	-	-	4.680.000	-	(4.680.000)	-	-
Dividends paid	-	-	-	-	(48.000.000)	-	(48.000.000)
Net income	-	-	-	-	-	38.717.772	38.717.772
Other comprehensive income/(expense) (Not 19)	-	-	-	(1.784.467)	-	-	(1.784.467)
Total comprehensive income	-	-	-	(1.784.467)	-	38.717.772	36.933.305
June 30, 2012	24.000.000	52.743.030	22.798.147	(2.419.278)	66.441.516	38.717.772	202.281.187
January 1, 2013	24.000.000	52.743.030	22.798.147	-	65.806.705	76.384.978	241.732.860
Changes in accounting policies (Note 2.3)	-	-	-	(2.526.430)	634.811	1.891.619	-
January 1, 2013 (restated)	24.000.000	52.743.030	22.798.147	(2.526.430)	66.441.516	78.276.597	241.732.860
Transfer to retained earnings	-	-	-	-	78.276.597	(78.276.597)	-
Transfer to restricted reserves	-	-	6.280.000	-	(6.280.000)	-	-
Dividends paid	-	-	-	-	(64.000.000)	-	(64.000.000)
Net income	-	-	-	-	-	54.882.674	54.882.674
Other comprehensive income/(expense) (Not 19)	-	-	-	(1.169.134)	-	-	(1.169.134)
Total comprehensive income	-	-	-	(1.169.134)	-	54.882.674	53.713.540
June 30 ,2013	24.000.000	52.743.030	29.078.147	(3.695.564)	74.438.113	54.882.674	231.446.400

The accompanying explanatory notes on pages 7 through 42 form an integral part of the financial statements.

(Convenience translation of condensed interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Cash flow statement for the period ended June 30, 2013

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

		Reviewed Current period	Reviewed Previous period
	Notes	June 30, 2013	June 30, 2012 (Restated)
Cash flows from operating activities			
Income before provision for taxes		61.023.867	40.636.234
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization expense	10	19.365.905	14.147.509
Reserve for retirement pay		2.092.592	1.729.359
Provision for impairment of inventory		(80.472)	853.316
Provision for guarantees		14.933.886	9.020.701
Gain on sale of property, plant and equipment		(214.865)	(96.815)
Interest expense	18	15.608.947	12.175.901
Interest income	17	(105.819)	(832.724)
Provision for doubtful receivables		1.094.042	2.541.921
Loss/ (gain) on forward transactions, net		4.816.546	(7.380.650)
Operating income before changes in operating asset and liabilities		118.534.629	72.794.752
Trade receivables and other receivables		(194.965.810)	(11.304.130)
Costs and estimated earnings in excess of billings on uncompleted contracts		(14.283.904)	(6.022.162)
Inventories		(34.690.376)	(87.010.967)
Other current assets		18.769.521	(38.915.346)
Trade payables		5.609.906	(7.121.805)
Other current and long-term liabilities		208.579.410	116.927.569
Taxes paid		(9.207.683)	(166.158)
Guarantees paid		(5.431.595)	(10.153.851)
Employee termination benefits paid		(1.290.477)	(839.283)
Net cash (used in) / provided by operating activities		91.623.621	28.188.619
Investing activities			
Purchase of property, plant and equipment	9	(4.848.026)	(11.491.895)
Purchase of intangible assets	11	(27.000.377)	(18.839.055)
Proceeds from sale of property, plant and equipment		677.232	696.821
Interest received		105.819	832.724
Net cash used in investing activities		(31.065.352)	(28.801.405)
Financing activities			
Increase on spot borrowings, net		35.252.248	50.414.667
Proceeds from bank borrowings		72.092.839	18.619.788
Repayments of bank borrowings		-	-
Realized (loss)/gain on realized forward transactions		(8.226.396)	12.329.718
Interest payments		(10.105.315)	(4.195.024)
Dividends paid		(64.000.000)	(48.000.000)
Net cash provided by financing activities		25.013.376	29.169.149
Net (decrease) / increase in cash and cash equivalents		85.571.645	28.556.363
Cash and cash equivalents at the beginning of the period		47.906.245	4.470.424
Cash and cash equivalents at the end of the period		133.477.890	33.026.787

The accompanying explanatory notes on pages 7 through 42 form an integral part of the financial statements.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013
(Currency –Turkish Lira (TL) unless otherwise indicated)**

1. Organisation and nature of operations

Otokar Otomotiv ve Savunma Sanayi A.Ş. (“Otokar” or “the Company”) was established in 1963 and is registered in Istanbul, Turkey and operating under the Turkish Commercial Code.

The Company operates in the automotive industry and off road vehicles, armoured vehicles, minibuses, midibuses and buses, trailers, semi-trailers and cross-country comprises the majority of its production. The number of the personnel in the Company is 2.460. (December 31, 2012 – 2.281).

The registered addresses of the Company are as follows:

Headquarters

Aydınevler Mahallesi, Dumlupınar Cad. No: 58 A Bl.
34854 Küçükyalı / İstanbul

Factory:

Atatürk Cad. No: 6
54580 Arifiye / Sakarya

The Company has a subsidiary named "Otokar Europe SAS" with a capital of Euro 100.000, established on August 18, 2011 for the purpose of organizing export activities and increasing export sales. Since “Otokar Europe SAS” operations does not materially affect the financial statements, it has not been subject to consolidation and has been presented at historical cost value (Not 4).

Financial statements are authorized for issue by the Board of Directors of the Company on August 2, 2013, signed by Ahmet Serdar Görgüç and Hüseyin Odabaş on behalf of Board of Directors of the Company. The Board of Directors has the power to amend the financial statements after issue.

The Company conducts part of its business transactions with the Koç Holding A.Ş. and related parties and has both customer and supplier relationships with related parties. The Company is registered to the Capital Market Board (“CMB”) and its shares are listed on the Istanbul Stock Exchange (“ISE”) since 1996. As of June 30, 2013, the shares listed on the ISE are 29,91% of the total shares. As of June 30, 2013, the principal shareholders and their respective shareholding percentages are as follows:

	%
Koc Holding A.Ş.	44,68
Unver Holding A.Ş.	24,81
Other	30,51
	100,00

The Parent Company (Koc Holding A.Ş.), is controlled by Koc Family and the companies owned by Koc Family.

The shareholder, Ünver Holding A.Ş., is controlled by Ünver Family.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of presentation of financial statements

2.1 Basis of presentation of financial statements

The accompanying condensed interim financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (the Communiqué) announced by the Capital Markets Board (“CMB”) (hereinafter will be referred to as “the CMB Accounting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

The condensed interim financial statements for the six month period ended June 30, 2013 have been prepared in accordance with TAS 34 Interim Financial Reporting. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as of December 31, 2012.

The Company maintains their books of account in Turkish Lira (“TL”) in accordance with Turkish Commercial Code and Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The condensed interim financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority.

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 Turkish Accounting Standards (TAS) 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 June 30, 2013 and December 31, 2012 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 Comparative information and restatement of prior period financial statements

Pursuant to the decree taken in the CMB’s meeting dated June 7, 2013 and numbered 20/670, for capital market board institutions within the scope of the Communiqué on Principles Regarding Financial Reporting in the Capital Market, financial statement templates and a user guide have been published, effective as of the interim periods ended after March 31, 2013. Various classifications were made in the Company’s balance sheet and comprehensive income statement pursuant to these formats which have taken effect.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of presentation of financial statements (continued)

The reclassifications that are made at the Company's balance sheet as of December 31, 2012 are as follows;

- Prepaid expenses amounting to TL 1.834.083 is reclassified from other current assets to prepaid expenses as a separate line in balance sheet,
- Deferred revenues amounting to TL 1.595.339 and TL 5.644.080 is reclassified to deferred revenues-current and deferred revenues-non-current as separate lines in balance sheet from other short-term liabilities and other long-term liabilities respectively,
- Due to personnel amounting to TL 8.828.874 is reclassified from other short-term liabilities to employee benefit obligations,
- Social security premiums payable amounting to TL 3.152.862 and taxes and funds payable amounting to 5.184.229 is reclassified from other short-term liabilities to employee benefit obligations,
- Short-term portion of long-term financial liabilities amounting to TL 2.028.308 is reclassified from short-term financial liabilities to short-term portion of long-term financial liabilities as a separate line in balance sheet,
- Advances given amounting to TL 131.619.702 is reclassified from other current assets to prepaid expenses,
- Advances taken amounting to TL 145.260.185 is reclassified from other payables to deferred revenues as a separate line in balance sheet.

The reclassifications made at the Company's comprehensive income statement for the period ended June 30, 2012 are as follows:

- Income from sales of fixed assets amounting to TL 96.815 is reclassified from other operating income to income from investing activities,
- Foreign exchange losses and foreign exchange gains amounting to TL 58.706.394 and TL 42.492.593 respectively related to trade receivables and payables, are reclassified from financial expense and financial income accounts to other operating expenses and operating income, respectively.
- Maturity difference income amounting to TL 7.572.560 is reclassified from financial income to other operating income.
- Foreign exchange losses and gains amounting to TL 451.878 and TL 16.855.435 arising from forward transactions the Company entered against exchange risk of receivables is reclassified from financial expense and financial income accounts to other operating expenses and operating income inline with the reclassification of foreign exchanges losses and gains arising from trade receivables.

Accounting policies that are adopted in preparation of interim financial statements are consistent with Decemeber 31,2012 annual financial statements except the following policy that is changed within the framework of IAS 19, "Employee benefits".

The following changes are made at the Company's financial statements as of December 31,2012 and June 30,2012 prepared in accordance with Communiqué.

TAS 19 – Within the scope of the amendments to TAS 19 – Employee benefits, actuarial gains/losses related to employee termination benefits are recognized under equity. This practice is effective for the periods starting as of January 1, 2013 and has been implemented retrospectively. In its statement of comprehensive income, the Company has classified the actuarial loss amounting to TL 1.784.467 (with deferred tax impact netted off) under other comprehensive income, which was recognized under "general administrative expense", "cost of sales", "selling and marketing expense", "research and development expense" and "deferred tax income/expense" accounts in the period ended June 30, 2012. The Company has classified the actuarial loss amounting to TL 1.891.619, with the deferred tax impact netted off, from net income to accumulated other comprehensive income and expense that is not subject to reclassification to income or loss in the balance sheet dated December 31, 2012.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of presentation of financial statements (continued)

As of December 31, 2012, vacation pay liability amounting to TL 3.313.961 presented in short term provisions has been reclassified to long term provisions for employee benefits due to amendments in TAS 19 “Employee Benefits” which has been effective as of 1 January 2013. According to revised TAS 19, the short term benefits provided to employees comprise the ones which are expected to be settled wholly in twelve months after the end of the reporting period. The Company’s expectation is not to settle the whole vacation pay liability within twelve months after the end of the reporting period, so the related vacation pay liabilities has been reclassified as other long-term employee benefits and the necessary amendments on the previous period financial statements has been made by the Company.

2.3 Changes in accounting policies

New and amended standards and interpretations:

The accounting policies adopted in preparation of the interim financial statements as of June 30, 2013 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2013. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations which are effective as at 1 January 2013 are as follows:

TFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)

The amendment requires the disclosure of the rights of the entity relating to the offsetting of the financial instruments and some information about the related regulations (eg, collateral agreements). New disclosures would provide users of financial statements with information that is useful in;

- i) evaluating the effect or potential effect of netting arrangements on an entity’s financial position and,
- ii) analyzing and comparing financial statements prepared in accordance with TFRSs and other generally accepted accounting standards.

New disclosures have to be provided for all the financial instruments in the balance sheet that have been offset according to TAS 32. Such disclosures are applicable to financial instruments in the balance sheet that have not been offset according to TAS 32 but are available for offsetting according to main applicable offsetting regulations or other financial instruments that are subject to a similar agreement. The amendment affects disclosures only and did not have any impact on the interim condensed financial statements of the Company.

TAS 1 Presentation of Financial Statements (Amended) – Presentation of Items of Other Comprehensive Income

The amendments to TAS 1 change only the grouping of items presented in other comprehensive income. Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendments will be applied retrospectively. The amendment affects presentation only and will have no impact on the financial position or performance of the Company.

TAS 19 Employee Benefits (Amended)

Amended standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. With very few exceptions retrospective application is required. Numerous changes or clarifications are made under the amended standard. Among these numerous

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of presentation of financial statements (continued)

amendments, the most important changes are removing the corridor mechanism and making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. The most important change in the context of the amendment will be reclassification of actuarial gain/losses from income statement to other comprehensive income statement. The Company used to recognize the actuarial gain and loss in profit and loss statement before this amendment. The retrospective effects of the amendment to recognise actuarial gain and loss in the comprehensive income are disclosed in Note 2.2. In addition, based on the change in the presentation of short term and long term employee benefits, vacation pay liabilities presented in short provisions are reclassified to long term provisions related to employee benefits retrospectively.

TAS 27 Separate Financial Statements (Amended)

As a consequential amendment to TFRS 10 and TFRS 12, the POA also amended TAS 27, which is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This amendment did not have any impact on the financial position or performance of the Company .

TAS 28 Investments in Associates and Joint Ventures (Amended)

As a consequential amendment to TFRS 11 and TFRS 12, the POA also amended TAS 28, which has been renamed TAS 28 Investments in Associates and Joint Ventures, to describe the application of the equity method to investments in joint ventures in addition to associates. Transitional requirement of this amendment is similar to TFRS 11. This amendment did not have any impact on the financial position or performance of the Company .

TFRS 10 Consolidated Financial Statements

TFRS 10 replaces the portion of TAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. A new definition of control is introduced, which is used to determine which entities are consolidated. This is a principle based standard and require preparers of financial statements to exercise significant judgment. This amendment did not have any impact on the financial position or performance of the Company.

TFRS 11 Joint Arrangements

The standard describes the accounting for joint ventures and joint operations with joint control. Among other changes introduced, under the new standard, proportionate consolidation is not permitted for joint ventures. This amendment did not have any impact on the financial position or performance of the Company.

TFRS 12 Disclosure of Interests in Other Entities

TFRS 12 includes all of the requirements that are related to disclosures of an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Apart from the disclosures regarding the significant issues and transactions in the interim period, disclosures according to the new standards are not applicable to interim periods so the Company did not provide this disclosure in the interim period.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of preparation of financial statements (continued)

IFRS 13 Fair Value Measurement

The new Standard provides guidance on how to measure fair value under IFRS but does not change when an entity is required to use fair value. It is a single source of guidance under IFRS for all fair value measurements. The new standard also brings new disclosure requirements for fair value measurements. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and will be adopted prospectively. Some of the disclosures about the financial instruments mentioned above, have to be provided in the interim condensed financial statements according to TAS 34.16 A (j). The Company has presented these disclosures in Note 23.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The interpretation is not applicable for the Company and did not have any impact on the financial position or performance of the Company.

Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application is defined as ‘the beginning of the annual reporting period in which IFRS 10 is applied for the first time’. The assessment of whether control exists is made at ‘the date of initial application’ rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and TAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons POA has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. These amendments did not have any impact on the financial position or performance of the Company.

Improvements to IFRSs

Annual Improvements to IFRSs – 2009 – 2011 Cycle, which contains amendments to standards with the effective date for annual periods beginning on or after January 1, 2013 did not have any impact on the financial position or performance of the Company.

TAS 1 Financial Statement Presentation:

Clarifies the difference between voluntary additional comparative information and the minimum required comparative information.

TAS 16 Property, Plant and Equipment:

Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

TAS 32 Financial Instruments: Presentation:

Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with TAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in TAS 12 to any income tax arising from distributions to equity holders.

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**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
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2. Basis of presentation of financial statements (continued)

TAS 34 Interim Financial Reporting:

Clarifies the requirements in TAS 34 relating to segment information for total assets and liabilities for each reportable segment. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the interim condensed financial statements and disclosures, after the new standards and interpretations become in effect.

TAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amended)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the TAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The Company does not expect that these amendments will have significant impact on the financial position or performance of the Company.

TFRS 9 Financial Instruments – Classification and measurement

As amended in December 2011, the new standard is effective for annual periods beginning on or after 1 January 2015. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. Early adoption is permitted. The Company is in the process of assessing the impact of the amendment on financial position or performance of the Company.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the interim financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

IFRS 10 Consolidated Financial Statements (Amendment)

IFRS 10 is amended to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

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**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of presentation of financial statements (continued)

IFRIC Interpretation 21 Levies

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014, with early application permitted. Retrospective application of this interpretation is required. The interpretation is not applicable for the Company and will not have any impact on the financial position or performance of the Company.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial assets (Amendment)

The IASB, as a consequential amendment to IFRS 13 Fair Value Measurement, modified some of the disclosure requirements in IAS 36 Impairment of Assets regarding measurement of the recoverable amount of impaired assets. The amendments required additional disclosures about the measurement of impaired assets (or a group of assets) with a recoverable amount based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13. The Company does not expect that this amendment will have a significant impact on the financial position or performance of the Company.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

In June 2013, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement that provides a narrow exception to the requirement for the discontinuation of hedge accounting in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The Company does not expect that this amendment will have any impact on the financial position or performance of the Company.

Resolutions promulgated by the Public Oversight Authority

In addition to those mentioned above, the POA has promulgated the following resolutions regarding the implementation of Turkish Accounting Standards. “The financial statement examples and user guide” became immediately effective at its date of issuance; however, the other resolutions shall become effective for the annual reporting periods beginning after December 31, 2012.

2013-1 Financial Statement Examples and User Guide

The Public Oversight Authority promulgated “financial statement examples and user guide” on May 20, 2013 in order to ensure the uniformity of financial statements and facilitate their audit. The financial statement examples within this framework were published to serve as an example to financial statements to be prepared by companies obliged to apply Turkish Accounting Standards, excluding financial institutions established to engage in banking, insurance, individual retirement or capital market. The Company has made the classification adjustments stated in Note 2.2 in order to comply with the requirements of this regulation.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of presentation of financial statements (continued)

2013-2 Accounting of Combinations under Common Control

In accordance with the resolution it has been decided that i) combination of entities under common control should be recognized using the pooling of interest method, ii) and thus, goodwill should not be included in the financial statements and iii) while using the pooling of interest method, the financial statements should be prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and should be presented comparatively from the beginning of the reporting period in which the common control occurred. These resolutions shall not have an impact on the financial statements of the Company.

2013-3 Accounting of Redeemed Share Certificates

Clarification has been provided on the conditions and circumstances where the redeemed share certificates shall be recognized as a financial liability or equity based financial instruments. These resolutions shall not have an impact on the financial statements of the Company.

2013-4 Accounting of Cross Shareholding Investments

If a subsidiary of an entity holds shares of the entity then this is defined as cross shareholding investment and accounting of this cross investment is assessed based on the type of the investment and different recognition principles adopted. With the subject resolution, this topic has been assessed under three main headings below and the recognition principles for each one of them has been determined.

- i) the subsidiary holding the equity based financial instruments of the parent,
- ii) the associates or joint ventures holding the equity based financial instruments of the parent,
- iii) the parent's equity based financial instruments are held by an entity, which is accounted as an investment within the scope of TAS 38 and TFRS 9 by the parent.

These resolutions shall not have an impact on the financial statements of the Company.

2.4 Significant accounting judgments and estimates

The preparation of the 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.
- 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 deductible temporary differences. For the period ended June 30,2013, since the Management believed the indicators demonstrating that the Company will

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

2. Basis of presentation of financial statements (continued)

have taxable profits in the foreseeable future are reliable, deferred tax asset has been recognized.

- c) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates).
- d) The Company determines warranty provision by considering the past warranty expenses and remaining warranty period per vehicle.
- 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 related parties, are assessed with their prior year performances, their credit risk in the current market, and their individual performances after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.
- f) Inventory price lists after discount is used to calculate impairment for inventories. In such cases that sales price cannot be predicted, inventory aging and physical status are considered together with technical personnel's opinion. If anticipated expected net realizable value is less than the cost, impairment for the difference is provided for.
- g) Provision is provided in the financial statements for the probable loss of court cases against the Company based on the Company's lawyers' assessments. Company Management determines the amount of provisions based on best estimates. Management determines the amount of provisions based on best estimates.

2.4 Summary of significant accounting policies

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of annual financial statements for the year ended December 31, 2012 except for the restatements disclosed in Note 2.2.

2.5 Segment reporting

As stated in Note 4, "Otokar Europe SAS" operations does not materially affect the financial statements, it has not been subject to consolidation and has been presented at historical cost value. Since the Company does not have different geographical and operational units, the Company does not make segment reporting and follows financial statements by one segment.

2.6 Convenience translation into English of financial statements originally issued in Turkish

As of June 30, 2013, the accounting principles (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying condensed interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the CMB/POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

3. Cash and cash equivalents

	June 30, 2013	December 31, 2012
Cash at banks		
- demand deposits	4.014.882	4.217.628
- time deposits	124.899.152	39.615.000
Checks and notes received	4.533.182	4.026.574
Other	30.674	47.043
	133.477.890	47.906.245

As of June 30, 2013, effective interest rates of time deposits which are amounting to TL 124.899.152 and of which TL 123.649.152 portion is in foreign currency is annually 3,38% and the maturity is 1 day on average (As of December 31, 2012, effective interest rates of time deposits which are originally amounting to TL 39.615.000 is annually 8% and the maturity is 1 day on average time deposit exists).

As of June 30, 2013, checks and notes received consist of checks and notes given to banks for collections which are overdue as of balance sheet date.

As of June 30, 2013, the Company has restricted bank deposit amounting to TL 869. (December 31, 2012 –1.362 TL).

4. Financial investments

The Company has a subsidiary titled as "Otokar Europe SAS" with a capital of Euro 100.000, established on August 18, 2011, for the purpose of organizing export activities and increasing export sales. Since "Otokar Europe SAS" has not yet started its operations and does not materially affect the financial statements, it has not been subject to consolidation and is carried at cost values. The paid-in capital of Otokar Europe SAS is TL 239.280.

(Convenience translation of condensed interim financial statements originally issued in Turkish)

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)

5. Short-term financial liabilities and short-term portion of long-term financial liabilities

			June 30, 2013	
	Maturities	Interest rate (%)	TL	
Short-term bank borrowings (*)				
Denominated in TL	July 1, 2013-April 17, 2014	9,18-10,41	106.419.985	
Payments of the long-term bank borrowings and interest accruals (*)				
Denominated in TL	August 31, 2013-December 14, 2013	7,61-8,89	2.071.488	
Total			108.491.473	

			June 30, 2013	
	Maturities	Interest rate (%)	Original amount	TL
Long-term bank borrowings (*) (**)				
Denominated in TL	July 25, 2014-June 3, 2016	7,61 - 11,36	290.550.245	290.550.245
Total			290.550.245	

(*) Bearing fixed interest rate

(**) Weighted average maturity days of long-term borrowings are 912 days.

			December 31, 2012	
	Maturities	Interest rate (%)	TL	
Short-term bank borrowings (***)				
Denominated in TL	January 2, 2013 – January 3, 2013	–	2.028.308	
Payments of the long-term bank borrowings and interest accruals (*)				
Denominated in TL	January 7, 2013- June 14, 2013	8,72 – 11,81	48.064.941	
Total			50.093.249	

			December 31, 2012	
	Maturities	Interest rate (%)	TL	
Long-term bank borrowings (*) (**)				
Denominated in TL	March 26, 2014 – March 14, 2016	8,72 – 11,81	236.099.752	
Total			236.099.752	

(*) Bearing fixed interest rate

(**) Weighted average maturity days of long-term borrowings are 828 days.

(***) Interest free loans used for SGK payments.

As of June 30, 2013, the Company has not provided any guarantees for the borrowings received (December 31, 2012 - None).

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

6. Derivative financial instruments

Derivative financial instruments consist of the forward contracts which are entered into, to hedge foreign currency risk.

		Current period	Fair value
	Contract amount	Contract maturity	Liabilities
June 30, 2013:			
Forward transactions	301.644.000	July 15, 2013- July 31, 2013	1.216.840
Short-term derivative financial instruments	301.644.000		1.216.840
Total derivative financial instruments	301.644.000		1.216.840

		Previous period	Fair value
	Contract amount	Contract maturity	Liabilities
December 31, 2012:			
Forward transactions	213.421.206	January 31, 2013 – February 28, 2013	(2.193.011)
Short-term derivative financial instruments	213.421.206		(2.193.011)
Total derivative financial instruments	213.421.206		(2.193.011)

7. Trade receivables and payables

Trade receivables

	June 30, 2013	December 31, 2012
Trade receivables, net	198.307.807	100.905.085
Notes receivables, net	122.784.286	118.985.948
	321.092.093	219.891.033
Less: provision for doubtful receivables	(20.841.491)	(19.747.448)
Other short-term trade receivables	300.250.602	200.143.585
Trade receivables from related parties	25.801.043	24.550.065
Short-term trade receivables	326.051.645	224.693.650
Long-term trade receivables, net	125.082.582	13.255.966
Long-term notes receivable, net	26.744.010	46.141.537
Long-term trade receivables	151.826.592	59.397.503

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)

7. Trade receivables and payables (continued)

Guarantees received for trade receivables

Receivables of the Company mainly relate to the sales to the minibus and bus dealers and trailer sales. As of June 30, 2013, the total trade receivable from dealers amounting to TL 162.962.676 (December 31, 2012 - TL 32.065.161), after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 128.924.839 (December 31, 2012 - TL 32.065.161).

Aging analysis of trade receivables

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

June 30, 2013	Trade receivables
1- 30 day past due	-
1- 3 month past due	17.297
3- 12 month past due	114.978
1- 5 year past due(*)	233.639
Over 5 year past due	-
Total	365.914
Amount secured with guarantee (1)	58.850

December 31, 2012	Trade receivables
1- 30 day past due	-
1- 3 month past due	63.597
3- 12 month past due	-
1- 5 year past due	1.229.836
Over 5 year past due	-
Total	1.293.433
Amount secured with guarantee (1)	1.253.810

(1) Pledges on trailers.

The movement of the provision for doubtful receivables for the period ended June 30, 2013 and June 30, 2012 are as follows:

	June 30, 2013	June 30, 2012
January 1	19.747.448	18.337.536
Foreign exchange differences	-	(922.997)
Additional provision	1.094.043	2.541.921
Total	20.841.491	19.956.460

As of June 30, 2013, average collection term for trade receivables is 60 - 90 days. (December 31, 2012 – 60 - 90 days).

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

7. Trade receivables and payables (continued)

Trade payables

	June 30, 2013	December 31, 2012
Trade payables, net	84.666.482	75.851.383
Notes payables, net	194.450	186.300
Other short-term trade payables	84.860.932	76.037.683
Trade payables to related parties	5.775.572	8.988.915
Short-term trade payables	90.636.504	85.026.598

As of June 30, 2013, average payment term for trade payables is 45 - 60 days. (December 31, 2012 – 45 - 60 days).

8. Inventories

	June 30, 2013	December 31, 2012
Raw material	119.182.082	103.285.960
Work-in-process	27.576.994	22.257.093
Finished goods	38.614.819	49.091.664
Merchandise	41.033.242	30.152.329
Other inventory	62.531.914	49.461.629
(-) Impairment for inventories (*)	(1.535.216)	(1.615.688)
	287.403.835	252.632.987

(*) TL 1.314.428 of impairment is related to finished goods (December 31,2012 - 1.394.900) and TL 220.788 is related to merchandises (December 31,2012 - 220.788). The impairment has been accounted under cost of sales account.

9. Costs and billings on uncompleted contracts and other payables

Receivable from Costs and estimated earnings in excess of billings on uncompleted contracts is amounting to TL 75.608.950 as of June 30, 2013 (December 31, 2012 – TL 61.325.046) after netting with short term advance taken.

As of June 30, 2013, the short term advances taken by the Company related with ongoing projects which amounts to TL 252.423.907 was included in deferred revenue in the financial statements (December 31, 2012 – TL 93.823.684). TL 49.129.308 which is included in deferred revenue is composed of other advance taken from customers (December 31, 2012 – TL 51.436.501) and TL 9.526.923 (December 31, 2012 – TL 1.595.339) which is included in deferred revenue is deferred maintenance income.

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Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
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10. Property, plant and equipment

For the period ended June 30, 2013, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 1, 2013	Additions	Disposals	Transfers	June 30, 2013
Cost:					
Land	37.456.746	-	-	-	37.456.746
Land improvements	10.068.228	-	-	-	10.068.228
Buildings	59.598.896	-	-	-	59.598.896
Machinery, equipment and installations	108.789.029	834.551	(76.699)	-	109.546.881
Motor vehicles	8.703.831	841.540	(595.935)	-	8.949.436
Furniture and fixtures	27.791.048	1.184.201	(47.635)	-	28.927.614
Leasehold improvements	1.737.346	30.742	-	-	1.768.088
Construction in progress	867.007	1.956.992	-	-	2.823.999
	255.012.131	4.848.026	(720.269)	-	259.139.888
Accumulated depreciation:					
Land improvements	3.169.967	737.553	-	-	3.907.520
Buildings	26.329.510	1.367.961	-	-	27.697.471
Machinery, equipment and installations	78.767.835	3.927.644	(47.009)	-	82.648.470
Motor vehicles	3.798.622	376.401	(174.229)	-	4.000.794
Furniture and fixtures	16.542.448	1.158.619	(36.660)	-	17.664.407
Leasehold improvements	1.291.595	89.815	-	-	1.381.410
	129.899.977	7.657.993	(257.898)	-	137.300.072
Net book value	125.112.154				121.839.816
	January 1, 2012	Additions	Disposals	Transfers	June 30, 2012
Cost:					
Land	36.970.746	-	-	-	36.970.746
Land improvements	6.315.934	5.524	-	-	6.321.458
Buildings	57.228.511	-	-	-	57.228.511
Machinery, equipment and installations	88.778.684	2.795.825	(3.000)	9.720.946	101.292.455
Motor vehicles	6.936.226	753.497	(766.737)	33.498	6.956.484
Furniture and fixtures	23.123.058	1.303.305	(41.168)	30.614	24.415.809
Leasehold improvements	1.448.602	-	-	-	1.448.602
Construction in progress	10.604.273	6.633.744	-	(9.785.058)	7.452.959
	231.406.034	11.491.895	(810.905)	-	242.087.024
Accumulated depreciation:					
Land improvements	2.527.139	114.851	-	-	2.641.990
Buildings	23.662.910	1.328.455	-	-	24.991.365
Machinery, equipment and installations	72.176.019	3.116.860	(2.000)	-	75.290.879
Motor vehicles	3.601.725	230.858	(181.203)	-	3.651.380
Furniture and fixtures	14.891.289	755.868	(27.696)	-	15.619.461
Leasehold improvements	1.246.061	19.106	-	-	1.265.167
	118.105.143	5.565.998	(210.899)	-	123.460.242
Net book value	113.300.891				118.626.782

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)

10. Property, plant and equipment (continued)

For the periods ended June 30, 2013 and June 30, 2012, the allocation of depreciation and amortization expenses of property, plant and equipment and intangibles has been as follows:

	June 30, 2013	June 30, 2012
Research and development expenses	11.011.291	7.892.357
Costs related to uncompleted contracts	3.436.648	1.702.353
Cost of goods sold	2.463.856	2.558.112
Development projects in process	852.562	551.804
Depreciation on outstanding inventories	633.510	583.103
General administrative expenses	577.790	568.282
Selling and marketing expenses	390.248	291.498
Total	19.365.905	14.147.509

As of June 30, 2013 and December 31, 2012, gross values of fully depreciated items which are still in use are as follows:

	June 30, 2013	December 31, 2012
Machinery, equipment and installations	63.492.954	61.596.818
Motor vehicles	2.590.430	2.556.760
Furniture and fixtures	12.032.012	11.966.130
Leasehold improvements	1.120.006	1.120.006
	79.235.402	77.239.714

11. Intangible assets

For the period ended June 30, 2013, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2013	Additions	June 30, 2013
Cost:			
Other intangible assets	10.181.064	82.848	10.263.912
Development costs	114.200.265	-	114.200.265
Development projects in process	19.674.691	26.917.529	46.592.220
	144.056.020	27.000.377	171.056.397
Accumulated amortization:			
Other intangible assets	6.882.799	696.621	7.579.420
Development costs	37.131.351	11.011.291	48.142.642
	44.014.150	11.707.912	55.722.062
Net book value	100.041.870		115.334.335

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)**

11. Intangible assets (continued)

For the period ended June 30, 2012, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2012	Additions	June 30, 2012
Cost:			
Other intangible assets	7.958.897	633.666	8.592.563
Development costs	80.600.486	-	80.600.486
Development projects in process	9.081.096	18.205.389	27.286.485
	97.640.479	18.839.055	116.479.534
Accumulated amortization:			
Other intangible assets	5.423.475	689.153	6.112.628
Development costs	20.742.682	7.892.358	28.635.040
	26.166.157	8.581.511	34.747.668
Net book value	71.474.322		81.731.866

As of June 30, 2013 and December 31, 2012, the gross values of fully amortized intangible assets which are still in use are as follows:

	June 30, 2013	December 31, 2012
Other intangible assets	4.971.444	3.839.842
Development costs (amortized)	2.550.970	2.550.970
	7.522.414	6.390.812

12. Provisions, contingent assets and liabilities

Provisions-short term

	June 30, 2013	December 31, 2012
Provision for other cost (*)	209.347.124	208.617.007
Warranty provision	15.962.031	13.391.500
Provision for wage difference	-	1.504.996
Provision for imported material cost	3.249.296	1.039.950
Provision for personnel premium	4.790.000	-
Provision for sales commission	3.515.504	894.634
Other	2.979.246	170.962
Total	239.843.201	225.619.049

(*) 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.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
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12. Provisions, contingent assets and liabilities (continued)

Provisions-long term

	June 30, 2013	December 31, 2012
Warranty provision	6.983.903	4.443.939
Total	6.983.903	4.443.939

Warranty provision

The movement of the warranty expense provision is as follows:

	June 30, 2013	June 30, 2012
January 1,	17.835.439	18.768.929
Additional provision	14.933.886	9.020.701
Payments	(9.823.391)	(10.153.851)
June 30	22.945.934	17.635.779

Provision for employee benefits

	June 30, 2013	December 31, 2012
Provision for employment termination benefit	15.979.652	13.716.119
Provision for vacation pay liabilities	4.391.795	3.313.961
Total	20.371.447	17.030.080

Provision for employment termination benefit

The retirement pay liability as at 30 June 2013 is subject to a ceiling of full TL 3.129 (31 December 2012 – full TL 3.034) per monthly salary for each service year.

The liability is not funded and accordingly there are no plan assets for the defined benefits as there is no funding requirement.

Provision for employment termination benefit is calculated by forecasting the present value of the total amount of the defined benefits paid to employees whose employment has ended due to retirement or for reasons other than resignation or misconduct

According to Turkish Accounting Standards, actuarial valuation methods is required to use in the calculation of the regarding provision. Actuarial assumptions used in the calculation of the total employment termination benefit are as follows:

	June 30, 2013	December 31, 2012
Net discount rate (%)	3,86	3,86
Personnel turnover rate (%)	2,55	3,71

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

**Notes to the condensed interim financial statements
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12. Provisions, contingent assets and liabilities (continued)

The principal assumption is based on proportional increase between expected rate of ceiling increase and inflation. Thus, inflation would be adjusted from expected effects and indicate the actual rate.

The movements of provision for employment termination benefits are as follows:

	June 30, 2013	June 30, 2012
January 1	13.716.119	9.110.483
Interest expense	685.806	455.524
Provision for the current period	1.406.786	1.273.835
Actuarial losses	1.461.418	2.230.584
Payment	(1.290.477)	(839.283)
June 30, 2013	15.979.652	12.231.143

Provision for vacation pay liability

The movements of vacation pay liabilities are as follows:

	June 30, 2013	June 30, 2012
January 1	3.313.961	2.235.464
Increase during the year	1.077.834	749.721
	4.391.795	2.985.185

Commitments and contingencies

As of June 30, 2013 and December 31, 2012, the tables which represent the position of guarantees, pledges and mortgages are as follow:

	June 30, 2013	December 31, 2012
Guarantees given by the Company		
a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	841.476.153	637.586.146
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation.	-	-
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations.	-	-
d. Total amount of other guarantees, pledges and mortgages	-	-
Total	841.476.153	637.586.146

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
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12. Provisions, contingent assets and liabilities (continued)

The details of guarantees, pledges and mortgages in terms of currency are as follows:

	June 30, 2013		December 31, 2012	
	Original currency	TL	Original currency	TL
U.S. Dollars	370.022.187	712.218.706	301.585.793	537.606.836
Euro	17.310.480	43.513.354	15.175.004	35.687.056
GBP	9.192	26.924	9.192	26.387
SAR	22.000.000	11.291.280	-	-
Turkish Lira	74.425.889	74.425.889	64.265.867	64.265.867
		841.476.153		637.586.146

The details of guarantees, pledges and mortgages in terms of company/institution are as follows:

	June 30, 2013	December 31,2012
Guarantee letters given		
Under secretariat of Ministry of Defense	364.088.269	405.591.826
Other	477.387.884	231.994.320
	841.476.153	637.586.146

a) Guarantees given as of June 30, 2013 and December 31, 2012 is as follows:

	June 30, 2013	December 31, 2012
Bank letters of guarantee (*)	841.476.153	637.586.146
	841.476.153	637.586.146

(*) Bank letters of guarantee amounting to TL 364.088.269 are given to Secretariat of Ministry of Defense for Altay Project (December 31, 2012– TL 405.591.826).

b) Guarantees received as of June 30, 2013 and December 31, 2012 is as follows:

	June 30, 2013	December 31, 2012
Bank letters of guarantee (**)	330.158.408	285.704.758
Guarantee notes	46.502.304	56.509.498
Mortgages received	3.842.000	3.842.000
Guarantee bills	1.000.000	-
	381.502.712	346.056.256

(**) Bank letters of guarantee amounting to TL 166.955.565 are obtained from the sub-contractors for Altay Project (December 31, 2012– TL 157.770.977).

Contingent asset

The case of tax deduction related to R&D discount for the R&D activities in 2010 has ended on behalf of the Company and TL 2.923.627 has been returned. For the same case of 2011, it is subject to legal case and not concluded yet. It is in the appeal phase. The expected return amount of 2011 is TL 3.963.320. The case has been opened for the year 2012 and the expected amount is TL 12.517.001.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)

13. Prepaid expenses, deferred revenue and other assets and liabilities

	June 30, 2013	December 31, 2012
a) Prepaid expenses:		
Advances given	104.695.169	131.619.702
Prepaid expenses	2.270.399	1.834.083
Total	106.965.568	133.453.785

b) Other current assets

	June 30, 2013	December 31, 2012
Value added tax receivables	27.557.196	17.241.400
Prepaid tax	-	2.072.249
Other	1.642.078	2.166.929
Total	29.199.274	21.480.578

c) Deferred revenue

	June 30, 2013	December 31, 2012
Deferred repair and maintenance revenue (*)	9.526.923	1.595.339
Advances received	301.553.215	145.260.185
Deferred income- short term	311.080.138	146.855.524
Deferred repair and maintenance revenue (*)	48.874.707	5.644.080
Deferred income- long term	48.874.707	5.644.080

(*) Deferred revenue consists of deferred repair and maintenance revenue of vehicles sold within the scope of the contract.

d) Employee benefit obligations

	June 30, 2013	December 31, 2012
Due to personnel	838.303	8.828.874
Social security premiums payable	2.485.973	3.152.862
Taxes and funds payable	1.086.640	5.184.229
Total	4.410.916	17.165.965

e) Other liabilities:

	June 30, 2013	December 31, 2012
Other liabilities	3.964.248	1.441.022
Total	3.964.248	1.441.022

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
for the period ended June 30, 2013 (continued)
(Currency –Turkish Lira (TL) unless otherwise indicated)

13. Prepaid expenses, deferred revenue and other assets and liabilities (continued)

f) Other current liabilities:

	June 30, 2013	December 31, 2012
Taxes and funds payable	211.893	718.391
Deferred special consumption tax	215.598	249.277
Other	268.818	109.240
Total	696.309	1.076.908

14. Sales and cost of sales

Net sales

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Domestic sales	611.481.655	339.097.815	324.535.702	192.906.302
Export sales	97.815.526	35.679.506	110.706.682	70.538.506
Gross sales	709.297.181	374.777.321	435.242.384	263.444.808
Less: Sales discounts and sales returns	(242.292)	(100.264)	(41.300)	(20.527)
Net sales	709.054.889	374.677.057	435.201.084	263.424.281

As of June 30, 2013 and June 30, 2012 a breakdown of net sales in terms of categories are as follows:

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Commercial vehicles	432.640.289	232.038.500	212.043.729	113.910.722
Armored vehicles	162.260.345	80.640.261	127.534.092	95.856.461
Other sales (*)	114.154.255	61.998.296	95.623.263	53.657.098
	709.054.889	374.677.057	435.201.084	263.424.281

(*) TL 68.329.211 of this amount is related to revenues of uncompleted contracts (June 30, 2012 - TL 52.058.926).

Cost of sales

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Cost of finished goods sold	529.015.510	280.488.847	310.478.027	180.605.705
Cost of merchandise sold	22.103.139	10.267.259	22.321.813	13.634.651
Cost of sales	551.118.649	290.756.106	332.799.840	194.240.356

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the condensed interim financial statements
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15. Other operating income

	January 1– June 30, 2013	April 1 – June 30, 2013	January 1– June 30, 2012	April 1 – June 30, 2012
Foreign exchange gain from trade receivable/ payables	39.520.077	28.501.420	42.492.593	(2.934.011)
Forward transaction income	11.261.073	(9.912)	16.855.435	13.208.277
Maturity difference income	4.400.262	3.108.432	7.572.560	3.464.973
Incentive income	438.974	271.344	310.996	155.498
Other income	2.330.205	1.157.782	2.012.468	854.865
Total	57.950.591	33.029.066	69.244.052	14.749.602

16. Other operating expenses

	January 1– June 30, 2013	April 1 – June 30, 2013	January 1– June 30, 2012	April 1 – June 30, 2012
Foreign exchange loss from trade receivable/ payables	(34.711.509)	(16.911.900)	(58.706.394)	(10.002.793)
Forward transaction expenses	(16.077.618)	(13.632.904)	(451.878)	537.979
Provision for doubtful receivables	(1.094.042)	(469.391)	(2.541.921)	(2.473.104)
Other expenses	(29.416)	(21.376)	(111.465)	(13.115)
Total	(51.912.585)	(31.035.571)	(61.811.658)	(11.951.033)

17. Financial income

	January 1– June 30, 2013	April 1 – June 30, 2013	January 1– June 30, 2012	April 1 – June 30, 2012
Interest income from time deposits	105.819	63.132	832.724	272.329
Foreign exchange gains on bank deposits	1.529.189	1.056.045	2.981.337	1.746.195
Total	1.635.008	1.119.177	3.814.061	2.018.524

18. Financial expense

	January 1– June 30, 2013	April 1 – June 30, 2013	January 1– June 30, 2012	April 1 – June 30, 2012
Interest expense on bank borrowings	(15.608.947)	(8.835.803)	(12.205.294)	(7.505.735)
Foreign exchange losses on bank deposits	(3.640.518)	(2.238.973)	(5.110.001)	(2.568.359)
Total	(19.249.465)	(11.074.776)	(17.315.295)	(10.074.094)

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19. Tax assets and liabilities

The Company is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey. However, Otokar Europe SAS is subject to taxation in accordance with the tax regulation and the legislation effective in France.

In Turkey, the corporation tax rate is 20% (2012 - %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 instalment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2012 - 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.

As of June 30, 2013 and December 31, 2012, income tax payables net off prepaid taxes presented in the balance sheet is as follows:

	June 30, 2013	December 31, 2012
Income tax payable	29.241.987	6.799.697
(-) Prepaid tax	(9.173.576)	(8.871.946)
Income tax payable	20.068.411	(2.072.249)

The breakdown of total tax expense for the period ended June 30, 2013 and 2012 is as follows:

	January 1 – June 30, 2012	January 1– June 30, 2011
Current tax charge	(29.276.094)	(3.168.859)
Deferred tax income		
Tax charged to profit for the period	23.134.901	1.250.397
Tax charged to other comprehensive income/expense	292.284	446.117
Total tax expense	(5.848.909)	(1.472.345)

As of June 30, 2013 and December 31, 2012, 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)	
	June 30, 2013	December 31, 2012	June 30, 2012	December 31, 2012
Property, plant and equipment	(11.888.210)	12.960.293	1.103.653	889.236
Intangibles	(15.644.630)	(16.526.630)	(3.128.926)	(3.305.326)
Deferred financial expense	(352.125)	(305.425)	(70.425)	(61.085)
Inventories	1.469.630	1.779.547	293.926	355.909
Warranty reserve	22.945.934	17.835.439	4.589.187	3.567.088
Reserve for retirement pay	15.979.652	13.716.119	3.195.930	2.743.224
Deferred financial income	10.148.344	4.175.331	2.029.669	835.066
Other provisions	15.590.763	8.986.866	3.118.153	1.797.373
Deferred repair and maintenance income	58.401.630	6.937.515	11.680.326	1.387.503
Adjustment for percentage of completion method on construction projects	55.624.353	13.651.109	11.124.871	2.730.222
Other	4.451.000	765.627	583.157	153.126
Deferred tax asset			34.519.521	11.092.336

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Notes to the condensed interim financial statements
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19. Tax assets and liabilities (continued)

The movement of deferred tax asset for the period ended June 30, 2013 and 2012 is as follows:

	June 30, 2013	June 30, 2012
At January 1	11.092.336	12.648.352
Deferred tax income		
Tax charged to profit for the period	23.134.901	1.250.397
Tax charged to other comprehensive income/expense	292.284	446.117
At June 30	34.519.521	14.344.866

20. Earnings per share

Earnings per share are 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.

Earnings per share are calculated by dividing net profit by the weighted average number of shares that have been outstanding. The capital of the Company is represented with a nominal value of 1 Kurus and 2.400.000.000 shares, earnings per share for a nominal value of 1 Kurus is as follows:

	January 1 - June 30, 2013	January 1 - June 30, 2012
Net income/(loss) attributable to shareholders (TL)	54.882.674	38.717.772
Weighted average number of issued shares	2.400.000.000	2.400.000.000
Earnings per share (kuruş)	0,023	0,016

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21. Related party disclosures

Due from and due to the related parties at the period ends and transactions with related parties during the periods are as follows:

i) Due from and due to related party balances as of June 30, 2013 and December 31, 2012:

Due from related parties	June 30, 2013	December 31, 2012
Ram Dış Ticaret A.Ş. (1) (*)	22.470.696	23.141.922
Otokar Europe SAS (3)	3.041.328	608.470
Arçelik A.Ş.(1)	146.943	-
Ford Otosan A.Ş. (2)	126.186	23.950
Aygaz A.Ş. (1)	15.890	-
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	-	283.023
Türk Traktör ve Ziraat Makineleri A.Ş. (1)	-	492.700
Total	25.801.043	24.550.065

(*) Certain portion of export sales are realized through Ram Dış, accordingly the amount composed of accounts receivables arising on these transactions.

- (1) Shareholder's subsidiary/ joint venture
(2) Shareholder
(3) Company's subsidiary

Due to related parties	June 30, 2013	December 31, 2012
Ram Dış Ticaret A.Ş. (1)	2.205.712	2.471.861
Zer Merkezi Hizmetler A.Ş. (1)	1.288.535	1.583.589
Setur Servis Turistik A.Ş. (1)	1.104.756	904.628
Akpa Dayanıklı Tük.Paz. A.Ş. (1)	433.134	494.223
Opet Fuchs Madeni Yağ A.Ş. (1)	326.760	154.030
Koçtaş Yapı Marketleri A.Ş. (1)	187.866	221.594
Koç Holding A.Ş. (2)	130.775	49.343
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	58.989	1.588.261
Ram Sigorta Aracılık Hz. A.Ş. (1)	31.013	483.269
Promena Elektronik Ticaret A.Ş. (1)	3.847	33.406
Arçelik A.Ş. (1)	3.721	243.629
Opet Petrolcülük A.Ş. (1)	464	54.823
Ark İnşaat A.Ş. (1)	-	442.799
Bilkom A.Ş. (1)	-	1.463
Ford Otosan A.Ş. (2)	-	179
Otokoç Otomotiv Tic. ve San. A.Ş. (1)	-	195.013
Divan Turizm İşletmeleri A.Ş. (1)	-	66.805
Total	5.775.572	8.988.915

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21. Related party disclosures (continued)

ii) Major sales and purchase transactions with related parties:

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Product sales and service revenue				
Ram Dış (1) (*)	88.001.687	28.863.884	104.016.979	66.421.082
Türk Traktör (1)	3.270.563	1.685.049	3.534.229	2.331.721
Otokar Europe SAS (3)	2.336.101	1.730.047	317.939	317.939
Arçelik (1)	122.850	-	-	-
Aygaz (1)	117.165	64.739	230.000	230.000
Ford (2)	193	31	1.431	190
Zer (1)	-	-	704.283	353.995
Total	93.848.559	32.343.750	108.804.861	69.654.927

(*) Certain portion of export sales are realized through Ram Dış, accordingly the amount composed of accounts receivables arising on these transactions.

(1) Shareholder's subsidiary/ joint venture

(2) Shareholder

(3) Company's subsidiary

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Purchase of property, plant and equipment				
Koç Sistem (1)	786.964	684.542	660.957	290.603
Ark İnşaat (1)	438.503	438.503	3.143.299	1.954.782
Otokoç Otom.ve Tic. San. A.Ş. (1)	172.282	112.503	39.789	39.789
Koçtaş (1)	67.087	22.347	-	-
Zer (1)	35.553	29.137	55.514	9.107
Arçelik (1)	5.564	3.275	22.123	2.554
Total	1.505.953	1.290.307	3.921.682	2.296.835

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Inventory purchases				
Zer (1)	6.160.335	4.146.295	4.547.125	2.872.051
Ram Dış (1)	3.463.300	2.192.532	3.000.327	1.799.830
Akpa (1)	2.144.538	976.603	1.494.170	799.289
Opet Fuchs Madeni Yağ A.Ş. (1)	852.813	548.558	231.174	120.791
Opet (1)	803.241	437.936	371.506	290.368
Koçtaş (1)	595.983	268.504	442.116	289.847
Türk Traktör ve Ziraat Mak. A.Ş. (1)	251.162	152.258	536.459	348.317
Arçelik (1)	5.287	1.268	206	100
Ford (2)	-	-	88	-
Total	14.276.659	8.723.954	10.623.171	6.520.593

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Notes to the condensed interim financial statements
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21. Related party disclosures (continued)

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Services received				
Ram Dış Ticaret A.Ş. (1)	5.740.112	1.969.863	3.289.078	2.737.074
Setur Servis Turistik A.Ş. (1)	2.946.918	2.151.372	2.101.582	1.615.544
Eltek Elektrik Enerji İth.İhr.Top.Tic.A.Ş.(1)	802.954	802.954	-	-
Koç Holding A.Ş. (2)	768.839	335.329	617.500	325.900
Otokar Europe SAS (3)	649.549	438.339	626.439	321.687
Otokoç Otomotiv Tic. ve San. A.Ş.(1)	617.325	194.293	637.163	329.206
Yapı Kredi Kültür ve Sanat Yayıncılık Tic.San. A.Ş. (1)	215.000	215.000	-	-
KoçSistem Bilgi ve İletişim Hizm. A.Ş. (1)	174.576	(149.278)	362.554	213.766
Koç Üniversitesi (1)	55.691	2.347	39.527	17.037
Ram Sigorta Aracılık Hz. A.Ş. (1) (*)	51.706	897	32.001	6.217
Other	87.158	65.718	96.940	50.962
Total	12.109.828	6.026.834	7.802.784	5.617.393

(*) It includes paid and accrued premium as of June 30, 2013 in accordance with insurance policies signed between unrelated insurance companies via Ram Sigorta Aracılık Hizmetleri A.Ş. which is an insurance agency.

(1) Shareholder's subsidiary/ joint venture

(2) Shareholder

(3) Company's subsidiary

	June 30, 2013	December 31, 2012
Bank deposits		
Yapı ve Kredi Bankası A.Ş. (1)		
- Demand Deposits	2.370.760	903.749
- Time Deposits	124.899.152	-
	127.269.912	903.749
Checks and notes in collection		
Yapı ve Kredi Bankası A.Ş. (1)	26.501.375	37.314.908
	26.501.375	37.314.908
Loans		
Yapı ve Kredi Bankası A.Ş. (1)	19.000.000	2.025.916
	19.000.000	2.025.916

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21. Related party disclosures (continued)

Other operating income/expenses as of June 30, 2013

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Foreign exchange gain from trade receivable/ payables				
Ram Dış Ticaret A.Ş. (1)	530.495	324.090	9.187.141	2.905.513
Other (1)	391	320	7113	152
Total	530.886	324.410	9.194.254	2.905.665

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Foreign exchange losses from trade receivable/ payables				
Ram Dış Ticaret A.Ş. (1)	313.081	239.027	4.968.570	2.747.175
Other (1)	6.227	5.806	1.441	893
Total	319.308	244.833	4.970.011	2.748.068

Financial income and expense with related parties:

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Interest income				
Yapı ve Kredi Bankası A.Ş. (1)	54.572	48.517	151.145	64.732
Total	54.572	48.517	151.145	64.732

(1) Shareholder's subsidiary/ joint venture

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Foreign exchange gains				
Yapı ve Kredi Bankası A.Ş. (1)	278.283	42.502	255.915	237.432
Total	278.283	42.502	255.915	237.432

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Foreign exchange losses				
Yapı ve Kredi Bankası A.Ş. (1)	380.999	265.767	1.226.618	289.773
Total	380.999	265.767	1.226.618	289.773

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**Notes to the condensed interim financial statements
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21. Related party disclosures (continued)

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Forward expenses				
Yapı ve Kredi Bankası A.Ş. (1)	-	-	(21.000)	(19.400)
Total	-	-	(21.000)	(19.400)

	January 1 - June 30, 2013	April 1 - June 30, 2013	January 1 - June 30, 2012	April 1 - June 30, 2012
Interest expenses				
Yapı ve Kredi Bankası A.Ş. (1)	266.306	38.853	10	10
Total	266.306	38.853	10	10

(1) Shareholder's subsidiary/ joint venture

Benefits provided to executives

Salaries and similar benefits provided to the executive management by the Company for the period ended June 30, 2013 amounted to TL 2.133.570 (June 30, 2012 - TL 1.769.891).

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Notes to the condensed interim financial statements
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22. Nature and level of risks arising from financial instruments

Foreign currency risk and related sensitivity analysis

The Company is exposed to the foreign exchange risk through the rate changes at the translation of foreign currency denominated liabilities to local currency. These risks are monitored and limited by analyzing the foreign currency position. Currency risk is monitored and limited by analyzing the foreign currency position. The Company follows a policy of diversifying its foreign currency position in order to manage the foreign currency risk that may arise due to future operations and recognized assets and liabilities.

The accompanying table represents the foreign currency risk of the Company as of June 30, 2013;

		Table of foreign currency position			
		June 30, 2013			
		TL equivalent (functional currency)	USD	EUR	GBP
1.	Trade receivables	216.102.460	3.074.231	83.595.816	17.199
2a.	Monetary financial assets (including cash, bank accounts)	236.560.649	115.931.579	5.014.848	276.431
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	452.663.109	119.005.810	88.610.663	293.630
5.	Trade receivables	151.826.591	-	60.399.646	-
6a.	Monetary financial assets	75.608.950	39.281.458	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	227.435.541	39.281.458	60.399.646	-
9.	Total assets(4+8)	680.098.650	158.287.268	149.010.310	293.630
10.	Trade payables	(16.213.231)	(2.513.038)	(3.894.665)	(541.485)
11.	Financial liabilities	-	-	-	-
12a.	Monetary other liabilities	(487.838.031)	(252.618.992)	(635.316)	-
12b.	Non-monetary other liabilities	(8.233.488)	-	(3.275.446)	-
13.	Current liabilities (10+11+12)	(512.284.750)	(255.132.030)	(7.805.427)	(541.485)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non-monetary other liabilities	(48.874.707)	-	(19.443.333)	-
17.	Non-current liabilities (14+15+16)	(48.874.707)	-	(19.443.333)	-
18.	Total liabilities (13+17)	(561.159.457)	(255.132.030)	(27.248.760)	(541.485)
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(114.266.260)	97.349.200	(120.000.000)	-
19a.	Hedged total assets amount	187.377.740	97.349.200	-	-
19b.	Hedged total liabilities amount	(301.644.000)	-	(120.000.000)	-
20.	Net foreign currency asset/(liability) position (9+18+19)	4.672.934	504.438	1.761.550	(247.855)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	176.047.389	(96.844.762)	144.480.329	(247.855)
22.	Total fair value of financial instruments used for foreign currency hedging	(114.266.260)	97.349.200	(120.000.000)	-
23.	Export	97.815.526	34.289.563	14.313.550	862.475
24.	Import	217.752.159	50.743.549	50.254.136	2.370.574

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

		Table of foreign currency position			
		December 31,			
		2012			
		TL equivalent (functional currency)	USD	EUR	GBP
1.	Trade receivables	158.793.258	3.871.728	64.121.523	382.100
2a.	Monetary financial assets (including cash, bank accounts)	139.389.423	71.086.883	5.339.886	39.060
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	-	-	-	-
4.	Current assets (1+2+3)	298.182.681	74.958.611	69.461.409	421.160
5.	Trade receivables	59.397.503	-	25.257.262	-
6a.	Monetary financial assets	61.325.046	34.402.023	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets (5+6+7)	120.722.549	34.402.023	25.257.262	-
9.	Total assets(4+8)	418.905.230	109.360.634	94.718.671	421.160
10.	Trade payables	(23.416.262)	(2.241.797)	(7.608.276)	(532.134)
11.	Financial liabilities	-	-	-	-
12a.	Monetary other liabilities	(331.799.032)	(185.715.363)	(138.031)	(145.680)
12b.	Non-monetary other liabilities	(1.293.435)	-	(550.000)	-
13.	Current liabilities (10+11+12)	(356.508.729)	(187.957.160)	(8.296.307)	(677.814)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16a.	Monetary other liabilities	-	-	-	-
16b.	Non-monetary other liabilities	(5.644.080)	-	(2.400.000)	-
17.	Non-current liabilities (14+15+16)	(5.644.080)	-	(2.400.000)	-
18.	Total liabilities (13+17)	(362.152.809)	(187.957.160)	(10.696.307)	(677.814)
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	(62.253.705)	74.575.000	(83.000.000)	-
19a.	Hedged total assets amount	150.763.395	84.575.000	-	-
19b.	Hedged total liabilities amount	(213.017.100)	(10.000.000)	(83.000.000)	-
20.	Net foreign currency asset/(liability) position (9+18+19)	(5.501.284)	(4.021.526)	1.022.364	(256.654)
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	63.689.936	(78.596.526)	86.972.364	(256.654)
22.	Total fair value of financial instruments used for foreign currency hedging	(62.253.705)	74.575.000	(83.000.000)	-
23.	Export (As of June 30, 2011)	110.704.368	48.121.182	10.337.132	366.770
24.	Import (As of June 30, 2011)	162.868.738	42.067.514	34.825.197	2.156.983

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

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Company's income before tax as of June 30, 2013 and December 31, 2012:

Exchange rate sensitivity analysis table		
June 30, 2013		
	Profit/(loss) before tax	Profit/(loss) before tax
	Appreciation of foreign currency	Depreciation of foreign currency
<i>In case 10% appreciation of USD against TL:</i>		
1- USD net asset/liability	97.094	(97.094)
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	97.094	(97.094)
<i>In case 10% appreciation of EUR against TL:</i>		
4- EUR net asset/liability	442.801	(442.801)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	442.801	(442.801)
<i>In case 10% appreciation of GBP against TL:</i>		
7- GBP net asset/liability	(72.602)	72.602
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(72.602)	72.602
Total (3+6+9)	467.293	(467.293)

Exchange rate sensitivity analysis table		
December 31, 2012		
	Profit/(loss) before tax	Profit/(loss) before tax
	Appreciation of foreign currency	Depreciation of foreign currency
<i>In case 10% appreciation of USD against TL:</i>		
1- USD net asset/liability	(716.877)	716.877
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(716.877)	716.877
<i>In case 10% appreciation of EUR against TL:</i>		
4- EUR net asset/liability	240.429	(240.429)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	240.429	(240.429)
<i>In case 10% appreciation of GBP against TL:</i>		
7- GBP net asset/liability	(73.680)	73.680
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(73.680)	73.680
Total (3+6+9)	(550.128)	550.128

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23. Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets that are measured at fair value at June 30, 2013 and December 31, 2012:

Assets	Level 1	Level 2	Level 3	Total
<u>June 30, 2013</u>				
Derivative financial instruments	-	1.216.840	-	1.216.840
Total	-	1.216.840	-	1.216.840
<u>Liabilities</u>				
<u>December 31, 2012</u>				
Derivative financial instruments	-	2.193.011	-	2.193.011
Total	-	2.193.011	-	2.193.011

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 - 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 –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.

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24. Subsequent events

None.

25. 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

None.