

**Otokar Otomotiv ve Savunma
Sanayi Anonim Őirketi**

**Financial statements for the interim period
January 1- March 31, 2011**

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

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Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Balance sheet as of March 31, 2011

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

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

		Not Audited	Audited
	Notes	March 31, 2011	December 31, 2010
Assets			
Current assets			
Cash and cash equivalents	3	78.470.949	111.564.742
Trade receivables	5, 17	135.959.090	136.241.771
Other receivables		66.903	594
Inventories	6	149.894.604	100.565.170
Costs and estimated earnings in excess of billings on uncompleted contracts	7	26.614.104	22.646.544
Other current assets	11	69.067.017	60.578.115
Total current assets		460.072.667	431.596.936
Non-current assets			
Trade receivables	5	49.406.558	41.433.423
Other receivables		5.903	5.903
Property, plant and equipment	8	97.741.725	99.137.629
Intangibles	9	57.758.869	55.520.950
Deferred tax asset	15	9.811.104	7.944.450
Total non-current assets		214.724.159	204.042.355
Total assets		674.796.826	635.639.291

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi**Balance sheet as of March 31, 2011****Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”****(Currency –Turkish Lira (TL) unless otherwise indicated)**

		Not Audited	Audited
	Notes	March 31, 2011	March 31, 2010
Liabilities			
Current liabilities			
Financial liabilities	4	144.034.932	38.007.355
Other financial liabilities		4.155.426	-
Trade payables	5, 17	70.686.571	47.561.560
Other payables	7	149.539.325	162.029.312
Tax liabilities		4.581.519	4.581.519
Government incentives and grants		719.949	359.975
Provisions	10	119.563.678	103.611.153
Other current liabilities	11	3.832.139	7.131.327
Total current liabilities		497.113.539	363.282.201
Non-current liabilities			
Financial liabilities	4	-	90.875.102
Reserve for retirement pay		8.233.279	7.088.568
Government incentives and grants		1.754.419	892.142
Total non-current liabilities		9.987.698	98.855.812
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		18.118.147	16.738.147
Retained earnings		63.640.101	59.241.787
Net income for the period		9.194.311	20.778.314
Total shareholders' equity		167.695.589	173.501.278
Total liabilities		674.796.826	635.639.291

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Comprehensive income statement for the period ended March 31, 2011
Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”
(Currency –Turkish Lira (TL) unless otherwise indicated)

		Not Audited	Audited
	Notes	March 31, 2011	December 31, 2010
Continuing operations			
Net sales	12	147.609.734	81.456.371
Cost of sales (-)	12	(114.230.267)	(68.944.715)
Gross profit		33.379.467	12.511.656
Selling, marketing and distribution expense (-)		(14.641.263)	(7.903.422)
General and administrative expense (-)		(5.829.787)	(6.006.056)
Research and development expenses (-)		(2.981.591)	(1.383.956)
Other operating income		1.097.581	794.484
Other operating expense		(183.408)	(162.657)
Operating profit/(loss)		10.840.999	(2.149.951)
Financial income	13	19.051.751	8.485.890
Financial expense (-)	14	(19.666.591)	(13.182.169)
Income/(loss) before taxes from continuing operations		10.226.159	(6.846.230)
Tax income/expense for continuing operations			
- Current tax expense for the period	15	(2.898.502)	-
- Deferred tax income	15	1.866.654	432.995
Net income/(loss)		9.194.311	(6.413.235)
Other comprehensive income/(loss)		9.194.311	(6.413.235)
Earnings/(loss) per share	16	0,00038	(0,00027)

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi**Statement of changes in equity for the period ended March 31, 2011****Prepared in accordance with the Communiqué No: XI-29 “Communiqué on Financial Reporting Standards in Capital Market”
(Currency –Turkish Lira (TL) unless otherwise indicated)**

	Paid-in share capital	Inflation adjustment on equity items	Restricted reserves	Retained earnings	Net income for the period	Total shareholders' equity
January 1, 2010	24.000.000	52.743.030	14.818.147	47.701.977	33.859.810	173.122.964
Transfer to retained earnings	-	-	-	33.859.810	(33.859.810)	-
Transfer to restricted reserves	-	-	1.920.000	(1.920.000)	-	-
Dividends paid	-	-	-	(20.400.000)	-	(20.400.000)
Total comprehensive loss	-	-	-	-	(6.413.235)	(6.413.235)
March 31, 2010	24.000.000	52.743.030	16.738.147	59.241.787	(6.413.235)	146.309.729
January 1, 2011	24.000.000	52.743.030	16.738.147	59.241.787	20.778.314	173.501.278
Transfer to retained earnings	-	-	-	20.778.314	(20.778.314)	-
Transfer to restricted reserves	-	-	1.380.000	(1.380.000)	-	-
Dividends paid	-	-	-	(15.000.000)	-	(15.000.000)
Total comprehensive income	-	-	-	-	9.194.311	9.194.311
March 31, 2011	24.000.000	52.743.030	18.118.147	63.640.101	9.194.311	167.695.589

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Cash flow statement for the period ended March 31, 2011

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

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

	Notes	March 31, 2011	March 31, 2010
Cash flows from operating activities			
Income/(loss) before provision for taxes		10.226.159	(6.846.230)
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	8, 9	5.193.728	3.627.804
Reserve for retirement pay		1.420.203	829.963
(Gain) / loss on sale of property, plant and equipment		(765.188)	4.842
Interest expense	14	2.612.617	2.562.907
Unrealized foreign exchange loss/(gain) on borrowings	13,14	1.325.000	(1.250.250)
Interest income	13	(832.952)	(71.296)
Forward expense accrual		4.338.234	-
Operating profit/(loss) before changes in operating assets and liabilities		23.517.801	(1.142.260)
Changes in operating assets and liabilities:			
Trade receivables and other receivables		(7.756.759)	34.455.660
Costs and estimated earnings in excess of billings on uncompleted contracts		(3.967.560)	(10.920.246)
Inventories		(49.329.434)	590.749
Other current assets		(4.171.785)	2.799.339
Trade payables		23.125.008	(11.711.948)
Other liabilities, provisions and other current liabilities		1.385.599	(21.311.265)
Taxes paid		(7.398.427)	-
Employee termination benefits paid		(275.492)	(306.881)
Net cash used in operating activities		(24.871.049)	(7.546.852)
Investing activities			
Purchase of property, plant and equipment	8	(1.302.763)	(1.487.477)
Purchase of intangible assets	9	(5.275.325)	(5.497.398)
Proceeds from sale of property, plant and equipment		1.307.535	102.521
Interest received		832.952	71.296
Net cash used in investing activities		(4.437.601)	(6.811.058)
Financing activities			
Increase in spot borrowings, net		26.407.086	41.708.469
Proceeds from bank borrowings		-	15.562.500
Repayments of bank borrowings		(16.244.103)	(37.911.302)
Interest payments		1.051.874	(613.737)
Dividends paid		(15.000.000)	(20.400.000)
Net cash used in financing activities		(3.785.143)	(1.654.070)
Net decrease in cash and cash equivalents		(33.093.793)	(16.011.980)
Cash and cash equivalents at the beginning of the period	3	111.564.742	31.881.177
Cash and cash equivalents at the end of the period	3	78.470.949	15.869.197

The accompanying policies and explanatory notes on pages 6 through 29 form an integral part of the financial statements.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

1. Organisation and nature of operations

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

In accordance with Ordinary General Assembly Meeting dated March 17, 2010, Company’s official title has been changed. New official title which was registered at March 24, 2010 , came into effect at March 30, 2010 based on the declaration in the Trade Registry Gazette with law no 7532.

The Company operates in the automotive industry and off road vehicles, armoured vehicles, minibuses and midibuses, trailers, semi-trailers and cross-country comprises the majority of its production. The number of the personnel in the Company is 1.830 (December 31, 2010 - 1.312).

The registered addresses of the Company are as follows:

Headquarters:

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

Factory:

Atatürk Cad. No: 9
54580 Arifiye / Sakarya

Financial statements are authorized for issue by the Board of Directors of the Company on April 26, 2011, signed by Ahmet Serdar GÖRGÜÇ and Hüseyin ODABAŞ on behalf of Board of Directors of the Company. Although there is no such intention, the Company Management and certain regulatory bodies have the power to amend the statutory financial statements after issue.

The Company conducts part of its business transactions with the Koç Holding A.Ş. and related parties and has both customer and supplier relationships with related parties. The Company is registered to the Capital Market Board (“CMB”) and its shares are listed on the Istanbul Stock Exchange (“ISE”) since 1996. As of March 31, 2011 the shares listed on the ISE are 29,91% of the total shares. As of March 31, 2011, the principal shareholders and their respective shareholding percentages are as follows:

	%
Koç Holding A.Ş.	44,68
Ünver Holding A.Ş.	24,81
Other	30,51
	100,00

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

2. Basis of presentation

2.1 Basis of presentation

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements have been prepared from the statutory financial statements of the Company with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting and reporting standards prescribed by Capital Markets Board. The financial statements of current year are prepared in accordance with International Accounting / Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB communiqué No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" (Communiqué) which is published in the official gazette and become effective as of April 9, 2008.

The interim condensed financial statements for the six month period ended March 31, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2010.

Functional and presentation currency

Functional and presentation currency of the Company is TL.

In accordance with the CMB's resolution dated March 17, 2005 and numbered 11/367, the financial statements were restated in accordance with International Accounting Standards (IAS) 29 (Financial Reporting in Hyperinflationary Economies) for the last time as of December 31, 2004 since the objective conditions which require the application of restatement of financial statements have not been realized and that based on the existing data CMB has foreseen that the indications whether such conditions are going to be realized in the future is no longer probable.

2.2 Changes in accounting policies

The accounting policies used in the preparation of the interim condensed financial statements for the period ended March 31, 2011 are consistent with those used in the preparation of the financial statements as of and for the year ended December 31, 2010.

2.3 Significant accounting judgments and estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Those estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

2. Basis of presentation (continued)

Significant estimates used in the preparation of these financial statements and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

- a) Assumptions are used at determination of total project costs and profitability of the projects under the scope of IAS 11 “Construction Contracts”.
- b) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for all unused tax losses and for all temporary differences. For the period ended March 31, 2011, since the assumptions related to the Company’s future taxable profit generation are considered reliable, adequate, deferred tax asset is recognised.
- c) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). Employee termination benefits as of March 31, 2011 and December 31, 2010 are TL 8.233.279 and TL 7.088.568, respectively.
- 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 the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

2.4 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the financial statements as of and for the year ended December 31, 2010.

2.5 Segment reporting

Since the Company does not have different geographic and operational units, does not prepare segment reporting.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

3. Cash and cash equivalents

	March 31, 2011	December 31, 2010
Cash at banks		
- demand deposits	8.166.966	9.675.762
- time deposits	69.454.820	100.799.200
Checks and notes received	807.303	1.028.005
Other	41.860	61.775
	78.470.949	111.564.742

As of March 31, 2011 and December 31, 2010 checks and notes received consist of checks and notes given to banks for collections which are due as of balance sheet date.

As of March 31, 2011, the Company has restricted bank deposits amounting to TL 795 (December 31, 2010 - TL 795).

4. Financial liabilities

			March 31, 2011	
	Maturity	Interest rate (%)	Amount in original currency	TL
Short-term bank borrowings (**)				
Denominated in EUR	June 9, 2011	3,55%	10.468.658	22.838.425
Denominated in TL	April 1, 2011- March 15, 2012	7,35%-8,75%	121.196.507	121.196.507
Total				144.034.932

(**) Bearing fixed interest rate

As of March 31, 2011 the Company does not have long term bank loans.

			December 31, 2010	
	Maturity	Interest rate (%)	Amount in original currency	TL
Short-term bank borrowings (**)				
Denominated in EUR	June 9, 2011	3,55%	10.378.129	21.265.825
Denominated in TL	January 5, 2011- October 27, 2011	8,50%	16.741.530	16.741.530
Total				38.007.355

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

4. Financial liabilities (continued)

				December 31, 2010	
	Maturity	Interest rate (%)	Amount in original currency	TL	
Long-term bank borrowings (*) (**)					
Denominated in EUR	February 24, 2012- March 15, 2012	3,76%	7.549.304	15.469.278	
Denominated in TL	April 28, 2012	8,55%-8,75%	75.405.825	75.405.824	
Total				90.875.102	

(*) Principle amount of long- term borrowings as of December 31, 2010 will be repaid on maturity with all interests accrued. Weighted average maturity days are 426.

(**) Bearing fixed interest rate

5. Trade receivables and payables

Trade receivables

	March 31, 2011	December 31, 2010
Trade receivables, net	43.414.483	44.185.538
Notes receivables, net	87.309.875	83.706.200
	130.724.358	127.891.738
Less: Provision for doubtful receivables	(10.693.008)	(10.540.246)
Other short-term trade receivables	120.031.350	117.351.492
Trade receivables from related parties	15.927.740	18.890.279
Short-term receivables	135.959.090	136.241.771
Long-term notes receivable, net	49.406.558	41.433.423
Long-term receivables	49.406.558	41.433.423

Guarantees received for trade receivables

Generally receivables of the Company relate to the sales to the minibus and bus dealers and trailer sales and military vehicle sales. As of March 31, 2010, the total trade receivable from dealers amounting to TL 49.329.864 (December 31, 2010 - TL 53.131.516), after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 54.796.000 (December 31, 2010 – TL 46.846.000).

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

5. Trade receivables and payables (continued)

Commitments and contingencies

As of March 31, 2011 and December 31, 2010 the tables which represent the position of guarantees, pledges and mortgages are as follow:

Guarantees given by the Company	March 31, 2011	December 31, 2010
a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	329.253.754	415.391.058
b. Total amount of guarantees, pledges and mortgages given in favor 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	329.253.754	415.391.058

Details of the guarantees in original currency are as follows:

	March 31, 2011		December 31, 2010	
	Amount in original currency	TL	Amount in original currency	TL
USD	182.561.081	282.659.322	236.582.361	365.756.330
EUR	8.221.665	17.936.384	10.170.955	20.841.304
GBP	19.665	48.858	22.500	53.743
YTL	28.609.191	28.609.190	28.739.681	28.739.681
		329.253.754		415.391.058

	March 31, 2011	December 31, 2010
Guarantees given to		
Savunma Sanayi Müsteşarlığı	223.525.334	326.155.872
Other	105.728.420	89.235.186
	329.253.754	415.391.058

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

5. Trade receivables and payables (continued)

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

As of March 31, 2011 TL 791.122 (December 31, 2010 – TL 2.657.582) of total trade receivables could not be collected in due dates.

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

Current period	Trade receivables
1- 30 day past due	-
1- 3 month past due	-
3- 12 month past due	-
1- 5 year past due	791.122
Over 5 year past due	-
Amount secured with guarantee (1)	731.148
Prior period	Trade receivables
1- 30 day past due	-
1- 3 month past due	-
3- 12 month past due	53.604
1- 5 year past due	2.603.978
Over 5 year past due	-
Amount secured with guarantee (1)	2.094.954

(1) Pledges on trailers.

The movement of the provision for doubtful receivables for the periods ended March 31, 2011 and March 31, 2010 are as follows:

	March 31, 2011	March 31, 2010
January 1	10.540.246	9.032.435
Collections	(14.293)	-
Additional provision	167.055	-
Total	10.693.008	9.032.435

Trade payables

	March 31, 2011	December 31, 2010
Trade payables, net	67.363.829	44.033.767
Notes payables, net	154.500	151.050
Short-term trade payables	67.518.329	44.184.817
Trade payables to related parties	3.168.242	3.376.743
Short-term trade payables	70.686.571	47.561.560

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

6. Inventories

	March 31, 2011	December 31, 2010
Raw material	41.456.793	25.138.729
Work-in-process	15.283.405	2.139.199
Finished goods	37.535.444	29.089.773
Merchandise	20.862.287	17.622.154
Goods in transit	34.756.675	26.575.315
	149.894.604	100.565.170

7. Costs and billings on uncompleted contracts

As of March 31, 2011, costs related to uncompleted contracts amounted to TL 152.231.354 (December 31, 2010 – TL 135.992.445).

As of March 31, 2011, the short term advances taken by the Company related with ongoing projects which amounts to TL 103.874.266 was included in other payables in the financial statements (December 31, 2010 – TL 114.477.042).

8. Property, plant and equipment

For the period ended March 31, 2011, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 01, 2011	Additions	Disposals	March 31, 2011
Cost:				
Land	36.396.386	-	-	36.396.386
Land improvements	5.481.336	-	-	5.481.336
Buildings	53.219.003	-	-	53.219.003
Machinery, equipment and installations	92.434.926	164.175	(331.860)	92.267.241
Motor vehicles	6.698.795	122.480	(371.000)	6.450.275
Furniture and fixtures	18.759.148	319.333	(114.611)	18.963.870
Leasehold improvements	1.448.602	-	-	1.448.602
Construction in progress	670.873	696.776	-	1.367.649
	215.109.069	1.302.764	(817.471)	215.594.362
Accumulated depreciation:				
Land improvements	2.330.079	50.414	-	2.380.493
Buildings	21.113.641	630.815	-	21.744.456
Machinery, equipment and installations	73.826.184	1.167.626	(127.457)	74.866.353
Motor vehicles	3.370.231	109.471	(53.296)	3.426.406
Furniture and fixtures	14.123.773	188.306	(94.370)	14.217.709
Leasehold improvements	1.207.532	9.688	-	1.217.220
	115.971.440	2.156.320	(275.123)	117.852.637
Net book value	99.137.629			97.741.725

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended March 31, 2011

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

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

8. Property, plant and equipment (continued)

For the period ended March 31, 2010, the movement of property, plant and equipment and the accumulated depreciation is as follows:

	January 01, 2010	Additions	Disposals	March 31, 2010
Cost:				
Land	36.396.386	-	-	36.396.386
Land improvements	5.481.336	-	-	5.481.336
Buildings	53.131.899	-	-	53.131.899
Machinery, equipment and installations	86.463.883	558.151	-	87.022.034
Motor vehicles	5.113.531	312.500	(122.420)	5.303.611
Furniture and fixtures	18.408.093	462.210	(827)	18.869.476
Leasehold improvements	1.445.746	2.856	-	1.448.602
Construction in progress	5.889.502	151.761	-	6.041.263
	212.330.376	1.487.478	(123.247)	213.694.607
Accumulated depreciation:				
Land improvements	2.128.424	50.414	-	2.178.838
Buildings	18.593.043	630.089	-	19.223.132
Machinery, equipment and installations	70.043.866	1.109.399	-	71.153.265
Motor vehicles	3.127.422	73.011	(15.869)	3.184.564
Furniture and fixtures	14.677.521	157.628	(14)	14.835.135
Leasehold improvements	1.168.255	9.819	-	1.178.074
	109.738.531	2.030.360	(15.883)	111.753.008
Net book value	102.591.845			101.941.599

For the years March 31, 2011 and March 31, 2010, the allocation of depreciation and amortisation expense has been as follows:

	March 31, 2011	March 31, 2010
Cost of goods sold	1.301.906	866.363
Development projects in process	285.303	215.520
Research and development expenses	2.750.623	1.266.009
General administrative expenses	259.209	253.633
Selling and marketing expenses	137.938	97.858
Inventories on hand	217.882	699.080
Costs related to uncompleted contracts	240.865	229.340
Total	5.193.727	3.627.804

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8. Property, plant and equipment (continued)

As of March 31, 2011 and December 31, 2010, gross values of fully depreciated items which are still in use are as follows:

	March 31, 2011	December 31, 2010
Machinery, equipment and installations	49.448.293	47.771.602
Motor vehicles	2.585.412	2.585.412
Furniture and fixtures	11.870.664	11.880.762
Leasehold improvements	1.093.274	1.089.332
	64.997.643	63.327.108

9. Intangible assets

For the period ended March 31, 2011, the movement of intangibles and accumulated amortization is as follows:

	January 1, 2011	Additions	Transfers	March 31, 2011
Cost:				
Other intangible assets	6.768.208	327.028	-	7.095.236
Development costs	55.012.467	-	-	55.012.467
Development projects in process	7.299.830	4.948.299	-	12.248.129
	69.080.505	5.275.327	-	74.355.832
Accumulated amortization:				
Other intangible assets	4.186.143	286.785	-	4.472.928
Development costs	9.373.412	2.750.623	-	12.124.035
	13.559.555	3.037.408	-	16.596.963
Net book value	55.520.950		-	57.758.869

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9. Intangible assets (continued)

For the period ended March 31, 2010, the movement of intangibles and accumulated amortization is as follows:

	December 1, 2010	Additions	Transfers	March 31, 2010
Cost:				
Other intangible assets	5.936.514	208.240	-	6.144.754
Development costs	26.784.388	-	-	26.784.388
Development projects in process	13.398.467	5.289.157	-	18.687.624
	46.119.369	5.497.397	-	51.616.766
Accumulated amortization:				
Other intangible assets	3.098.957	258.225	-	3.357.182
Development costs	3.187.451	1.339.219	-	4.526.670
	6.286.408	1.597.444	-	7.883.852
Net book value	39.832.961			43.732.914

As of March 31, 2011 and December 31, 2010 the gross values of fully amortized intangible assets which are still in use is as follows:

	March 31, 2011	December 31, 2010
Other intangible assets	2.345.704	2.325.783
	2.345.704	2.325.783

10. Provisions, contingent assets and liabilities

Provisions

	March 31, 2011	December 31, 2010
Provision for other cost (*)	103.007.210	94.164.831
Warranty provision	7.179.646	6.511.877
Sales expense provision	5.301.671	1.011.614
Provision for vacation pay liability	2.400.325	1.922.831
Provision for personnel premium	1.140.000	-
Other	534.826	-
	119.563.678	103.611.153

(*) 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.

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10. Provisions, contingent assets and liabilities (continued)

Warranty provision

The movement of the warranty expense provision is as follows:

	March 31, 2011	March 31, 2010
January 1,	6.511.877	6.184.720
Additional provision	3.700.642	2.220.699
Realized	(3.032.873)	(2.183.205)
March 31	7.179.646	6.222.214

Provision for vacation pay liability

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

	March 31, 2011	March 31, 2010
January 1,	1.922.831	1.438.270
Additional provision	477.494	585.993
	2.400.325	2.024.263

Letters of guarantees

a) Guarantees given as of March 31, 2011 and December 31, 2010 are as follows:

	March 31, 2011	December 31, 2010
Bank letters of guarantee (*)	329.253.754	415.391.058
	329.253.754	415.391.058

(*) Bank letters of guarantee amounting to TL 223.525.334 (December 31, 2010 - TL 326.155.872) are given to Undersecretariat of Ministry of Defense in relation to Altay Project.

b) Guarantees received as of March 31, 2011 and December 31, 2010 are as follows:

	March 31, 2011	December 31, 2010
Bank letters of guarantee (**)	154.049.830	162.541.441
Guarantee notes	1.000.000	1.000.000
Mortgages received	5.042.000	5.042.000
Guarantee checks	135.000	135.000
	160.226.830	168.718.441

(**) Bank letters of guarantee amounting to TL 108.376.509 (December 31, 2010 – TL 107.830.620) are obtained from the sub-contractors for Altay Project.

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11. Other assets and liabilities

a) Other current assets:	March 31, 2011	December 31, 2010
Advances given	49.199.817	43.634.290
Value added tax receivables	15.624.258	14.634.076
Prepaid tax	1.601.423	-
Prepaid expenses	1.071.297	828.104
Forward income accrual	-	182.808
Job advances	28.319	-
Other	1.541.904	1.298.837
Total	69.067.018	60.578.115

b) Other current liabilities	March 31, 2011	December 31, 2010
Taxes and funds payable	2.524.376	2.044.993
Social security premiums payable	1.081.746	4.772.726
Deferred special consumption tax	20.515	133.358
Other	205.501	180.250
Total	3.832.138	7.131.327

12. Sales and cost of sales

Net sales

	January 1 – March 31, 2011	January 1 – March 31, 2010
Domestic sales	109.921.514	71.286.556
Export sales	37.699.828	10.226.633
Gross sales	147.621.342	81.513.189
Less: Sales discounts and sales returns	(11.608)	(56.818)
Net sales	147.609.734	81.456.371

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12. Sales and cost of sales (continued)

For the periods ended March 31, 2011 and 2010 sales of the Company in terms categories sold are as follows:

	January 1 – March 31, 2011	January 1 – March 31, 2010
Commercial vehicle	76.179.439	36.699.173
Armoured vehicles	38.948.435	22.035.878
Other sales (*)	32.481.860	22.721.320
	147.609.734	81.456.371

(*) TL 21.745.016 of this amount is related to revenues of uncompleted contracts (March 31, 2010 – TL 12.000.000).

Cost of sales

	January 1 – March 31, 2011	January 1 – March 31, 2010
Cost of finished goods sold	108.937.664	62.239.313
Cost of merchandise sold	5.292.603	6.336.793
Cost of sales	114.230.267	68.576.106

13. Financial income

	January 1 – March 31, 2011	January 1 – March 31, 2010
Foreign exchange gain	15.579.991	3.876.675
Forward income	41.984	685.946
Interest income from time deposits	832.952	71.296
Foreign exchange gain on bank borrowings	132.000	2.925.250
Deferred financial income	2.464.824	926.723
Total	19.051.751	8.485.890

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14. Financial expense

	January 1 – March 31, 2011	January 1 – March 31, 2010
Foreign exchange losses	8.909.630	10.138.975
Foreign exchange losses on bank borrowings	2.194.250	396.000
Interest expense on bank borrowings	2.612.617	2.562.907
Unearned financial expense	-	84.287
Forward expense	5.950.094	-
Total	19.666.591	13.182.169

15. Tax assets and liabilities

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

In Turkey, the corporation tax rate is 20% (December 31, 2010 - 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2010 - 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 March 31, 2011 and December 31, 2010, income tax payables net off prepaid taxes presented in the balance sheet is as follows:

	March 31, 2011	December 31, 2010
Income taxes payable	2.898.502	4.581.519
Prepaid taxes	-	-
Income tax payable	2.898.502	4.581.519

The breakdown of total tax expense for the period ended March 31, 2011 and 2010:

	January 1 – March 31, 2011	January 1 – March 31, 2010
Corporate tax charge	2.898.502	-
Deferred tax income	(1.866.654)	432.995
Total tax (expense)/income	1.031.848	432.995

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15. Tax assets and liabilities (continued)

As of March 31, 2011 and December 31, 2010, 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)	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Property, plant and equipment	(5.800.145)	(6.212.127)	2.321.266	2.238.869
Intangibles	(9.103.685)	(9.250.865)	(1.820.737)	(1.850.173)
Deferred financial expense	(358.975)	(189.676)	(71.795)	(37.935)
Inventories	(513.317)	(433.007)	(102.663)	(86.601)
Warranty reserve	7.179.646	6.511.876	1.435.929	1.302.375
Reserve for retirement pay	8.233.279	7.088.568	1.646.656	1.417.714
Deferred financial income	2.547.215	543.512	509.443	108.702
Other provisions	-	7.313.549	-	1.462.710
Adjustment for percentage of completion method on construction projects	14.392.609	17.723.696	2.878.522	3.544.739
Other	15.072.417	(779.753)	3.014.483	(155.950)
Deferred tax asset			9.811.104	7.944.450

The movement of deferred tax asset for the period ended March 31, 2011 and 2010 is as follows:

	March 31, 2011	March 31, 2010
January 1	7.944.450	2.661.472
Deferred tax income	1.866.654	432.995
	9.811.104	3.094.467

16. 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.

	March 31, 2011	March 31, 2010
Net income attributable to shareholders (TL)	9.194.311	(6.413.235)
Weighted average number of issued shares	2.400.000.000	2.400.000.000
Earnings per share (kuruş)	0,38	(0,27)

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17. Related party disclosures

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

i) Due from and due to related party balances as of March 31, 2011 and December 31, 2010:

Due from related parties	March 31, 2011	December 31, 2010
Ram Dış Ticaret A.Ş. (Ram Dış)(1) (*)	15.520.753	18.799.156
Ford Otosan A.Ş. (Ford) (1)	213.432	56.323
Zer Merkezi Hizmetler ve Ticaret A.Ş.(Zer) (1)	96.082	-
Rmk Marine Gemi San.A.Ş. (RMK Marine) (1)	80.752	25.966
Diğer (1)	16.721	8.834
Total	15.927.740	18.890.279

(*) Arise from export sales made through Ram Dış to third parties for which Ram arranges the export transactions.

Due to related parties	March 31, 2011	December 31, 2010
Ram Dış (1)	1.563.036	1.024.253
Zer (1)	441.534	1.056.504
Eltek Elektrik Enerji İth. İhr.Top.Tic. A.Ş. (Eltek) (1)	351.830	275.599
Ram Sigorta Aracılık Hiz. A.Ş. (Ram Sigorta) (1)	277.224	91.671
Akpa Dayanıklı Tük. Paz. A.Ş. (Akpa) (1)	176.835	203.774
Koç Holding A.Ş.(Koç Holding) (2)	100.635	6.671
Setur Servis Turistik A.Ş. (Setur) (1)	84.468	224.384
Platform Araştırma ve Geliştirme Taş. Tic. A.Ş.(Platform) (1)	-	210.382
Otokoç Otomotiv Tic.San. A.Ş. (Otokoç) (1)	66.497	125.872
Opet Petrolcülük A.Ş. (Opet) (1)	36.356	19.210
Koç Sistem Bilgi İle Hizm. A.Ş. (Koç Sistem) (1)	27.277	51.196
Koç-Net Haberleşme A.Ş (Koçnet) (1)	24.981	29.982
Promena Elektronik Tic. A.Ş. (Promena) (1)	13.182	38.466
Palmira Turizm Tic. A.Ş. (Palmira)(1)	2.879	288
Koçtaş Yapı Marketleri T.A.Ş. (Koçtaş) (1)	1.245	17.838
Other	263	653
Total	3.168.242	3.376.743

1) Shareholders' subsidiary

(2) Shareholder

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17. Related party disclosures (continued)

ii) Major sales and purchase transactions with related parties for March 31:

Product sales and service revenue	March 31, 2011	March 31, 2010
Ram Dış (1) (*)	3.448.165	8.817.058
Türk Traktör ve Ziraat Makineleri A.Ş (1)	375.000	-
Zer (1)	247.264	125.670
Aygaz A.Ş. (1)	43.868	10.390
Ford Otosan A.Ş (1)	114	-
Total	4.114.411	8.953.118

(*) Sales made to Ram Dış comprise export contingent sales made to third parties for which Ram arranges the export transactions.

Purchase of property, plant and equipment	March 31, 2011	March 31, 2010
Koç Sistem (1)	212.874	536.212
Bilkom A.Ş (1)	7.074	-
Zer Merkezi Hizmetler A.Ş (1)	5.770	-
Arçelik A.Ş (1)	5.502	-
Koçnet (1)	-	10.755
Total	231.220	546.967

Inventory purchases	March 31, 2011	March 31, 2010
Ram Dış (1)	1.739.756	904.837
Zer (1)	1.264.335	1.087.207
Akpa (1)	415.020	286.204
Opet (1)	102.457	74.549
Aygaz Doğal Gaz Toptan Satış A.Ş (1)	326.583	-
Koçtaş (1)	1.273	1.743
Total	3.849.424	2.354.540

(1) Shareholders' subsidiary

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17. Related party disclosures (continued)

Services received	March 31, 2011	March 31, 2010
Eltek (1)	784.891	-
Ram Sigorta (1)	502.911	633.758
Ram Dış (1)	491.503	144.099
Setur (1)	409.419	315.500
Koç Holding A.Ş. (1)	257.265	289.273
Koç Üniversitesi (1)	146.841	-
Koç Sistem (1)	122.542	52.327
Otokoç (1)	106.021	156.138
Koçnet (1)	59.576	65.354
Promena (1)	36.101	719
Yapı Kredi Sigorta A.Ş. (1)	23.520	-
Palmira (1)	2.451	2.101
Bilkom (1)	1.379	-
Total	2.944.420	1.659.269

(1) Shareholders' subsidiary

Bank deposits	March 31, 2011	March 31, 2010
Yapı ve Kredi Bankası A.Ş. (1)		
- time deposits	23.224.500	-
- demand deposits	428.529	4.201.751
	23.653.029	4.201.751

Checks and notes in collection	March 31, 2011	December 31, 2010
Yapı ve Kredi Bankası A.Ş. (1)	18.605.048	14.226.501
	18.605.048	14.226.501

(1) Shareholders' subsidiary

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17. Related party disclosures (continued)

For the periods ended March 31, 2011 and 2010, financial income and expense with related parties:

Interest income	March 31, 2011	March 31, 2010
Yapı ve Kredi Bankası A.Ş. (1)	47.211	40.722
Total	47.211	40.722

Foreign exchange gains	March 31, 2011	March 31, 2010
Ram Dış (1)	2.238.266	925.527
Yapı ve Kredi Bankası A.Ş. (1)	120.642	280.974
Ram Sigorta (1)	-	133
Total	2.358.908	1.206.634

Foreign exchange losses	March 31, 2011	March 31, 2010
Ram Dış (1)	1.216.990	2.712.594
Yapı ve Kredi Bankası A.Ş. (1)	464.566	115.313
Ram Sigorta (1)	86	-
Total	1.681.642	2.827.907

Interest expense	March 31, 2011	March 31, 2010
Yapı ve Kredi Bankası A.Ş. (1)	-	1.421.122
Total	-	1.421.122

Forward income	March 31, 2011	March 31, 2010
Yapı ve Kredi Bankası A.Ş. (1)	-	417.405
Forward income	-	417.405
Total	-	417.405

Top management compensations

Salaries and similar benefits provided to the executive management by the Company for the period ended March 31, 2011 amounted to TL 679.719 (March 31, 2010 - TL 614.581).

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18. Nature and level of risks arising from financial instruments

Foreign currency risk and related sensitivity analysis

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

The accompanying table represents the foreign currency risk of the Company;

		Table of foreign currency position				
		Current year				
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	120.321.618	20.957.510	40.038.848	211.051	-
2a.	Monetary financial assets (including cash, bank accounts)	127.302.516	72.793.185	6.634.761	49.279	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	Current assets (1+2+3)	247.624.134	93.750.695	46.673.609	260.330	-
5.	Trade receivables	49.406.558	-	22.646.937	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	49.406.558	-	22.646.937	-	-
9.	Total assets(4+8)	297.030.693	93.750.695	69.320.545	260.330	-
10.	Trade payables	(124.102.110)	(65.349.932)	(7.185.020)	(2.916.470)	-
11.	Financial liabilities	(22.838.425)	-	(10.468.658)	-	-
12a.	Monetary other liabilities	(151.678.556)	(96.648.187)	(848.606)	(75.206)	-
12b.	Non-monetary other liabilities	-	-	-	-	-
13.	Current liabilities (10+11+12)	(298.619.091)	(161.998.119)	(18.502.284)	(2.991.676)	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	-	-	-	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	-	-	-	-	-
18.	Total liabilities (13+17)	(298.619.091)	(161.998.119)	(18.502.285)	(2.991.676)	-
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	(1.588.398)	(68.247.424)	50.818.260	(2.731.346)	-
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.588.398)	(68.247.424)	50.818.260	(2.731.346)	-
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	37.793.507	22.432.176	1.322.084	69.363	-
24.	Import	61.309.065	12.157.359	18.014.968	716.035	-

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

		Table of foreign currency position				
			Prior year			
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	104.009.947	14.725.861	39.292.550	305.368	-
2a.	Monetary financial assets (including cash, bank accounts)	155.109.729	91.024.578	7.012.640	6.753	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	-	-	-	-	-
4.	Current assets (1+2+3)	259.119.676	105.750.439	46.305.190	312.121	-
5.	Trade receivables	41.433.423	-	20.220.303	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	41.433.423	-	20.220.303	-	-
9.	Total assets(4+8)	300.553.099	105.750.439	66.525.493	312.121	-
10.	Trade payables	(15.824.373)	-	(4.592.477)	(2.685.225)	-
11.	Financial liabilities	(21.265.824)	-	(10.378.129)	-	-
12a.	Monetary other liabilities	(247.370.105)	(159.057.179)	(716.269)	-	-
12b.	Non-monetary other liabilities	-	-	-	-	-
13.	Current liabilities (10+11+12)	(284.460.302)	(159.057.179)	(15.686.875)	(2.685.225)	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(15.469.279)	-	(7.549.304)	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	(15.469.279)	-	(7.549.304)	-	-
18.	Total liabilities (13+17)	(299.929.581)	(159.057.179)	(23.236.179)	(2.685.225)	-
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	623.518	(53.306.740)	43.289.314	(2.373.104)	-
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	623.518	(53.306.740)	43.289.314	(2.373.104)	-
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	10.226.633	37.522	4.820.564	83.231	-
24.	Import	25.970.557	4.542.867	6.862.778	2.081.060	-

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For the period ended March 31, 2011

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

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

The following table demonstrates the sensitivity to a possible change of 10% in the USD, Euro and GBP exchange rates, with all other variables held constant, on the Company’s income before tax as of March 31, 2011 and December 31, 2010:

Exchange rate sensitivity analysis table		
	Profit/loss	Current year
	Appreciation of foreign currency	Profit/loss
		Appreciation of foreign currency
<i>In case 10% appreciation of USD against TL:</i>		
1- USD net asset/liability	(10.566.749)	10.566.749
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(10.566.749)	10.566.749
<i>In case 10% appreciation of EUR against TL:</i>		
4- EUR net asset/liability	11.086.512	(11.086.512)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	11.086.512	(11.086.512)
<i>In case 10% appreciation of GBP against TL:</i>		
7- GBP net asset/liability	(678.603)	678.603
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(678.603)	678.603
Total (3+6+9)	(158.840)	158.840

Exchange rate sensitivity analysis table		
	Profit/loss	Prior year
	Appreciation of foreign currency	Profit/loss
		Appreciation of foreign currency
<i>In case 10% appreciation of USD against TL:</i>		
1- USD net asset/liability	(8.241.222)	8.241.222
2- Amount hedged for USD risk (-)	-	-
3- USD net effect (1+2)	(8.241.222)	8.241.222
<i>In case 10% appreciation of EUR against TL:</i>		
4- EUR net asset/liability	8.870.414	(8.870.414)
5- Amount hedged for EUR risk (-)	-	-
6- EUR net effect (4+5)	8.870.414	(8.870.414)
<i>In case 10% appreciation of GBP against TL:</i>		
7- GBP net asset/liability	(566.840)	566.840
8- Amount hedged for GBP risk (-)	-	-
9- GBP net effect (7+8)	(566.840)	566.840
Total (3+6+9)	62.352	(62.352)

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

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

Outstanding forward agreements

Amount	Sold currency	Purchased currency	Parity	Transaction date	March 31, 2011	
					Maturity	
6.000.000	EUR	USD	1.4093	29.03.2011	30.06.2011	
3.629.501	EUR	USD	1.3776	27.10.2010	26.04.2011	
5.000.000	EUR	USD	1.3290	17.12.2010	14.04.2011	
10.000.000	EUR	USD	1.3138	27.12.2010	25.05.2011	
11.000.000	EUR	USD	1.4054	30.03.2011	30.06.2011	
1.175.088	EUR	GBP	0.8510	27.12.2010	27.04.2011	
1.175.088	EUR	GBP	0.8510	27.12.2010	16.05.2011	
4.500.000	EUR	USD	1.3224	30.12.2010	08.06.2011	
7.000.000	EUR	USD	1.3545	22.02.2011	22.02.2011	
4.000.000	EUR	USD	1.4148	31.03.2011	30.06.2011	

19. Subsequent events

None.

20. Other matters which are significant to the financial statements or which should be disclosed for the purpose of true and fair interpretation of the financial statements

None.