

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

Otokar Otomotiv ve Savunma Sanayi Anonim Őirketi

**Financial statements and disclosures for the interim period
January 1 - September 30, 2010**

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Balance sheet as of September 30, 2010

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

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

		Current period	Previous period	Previous period
		Unaudited	Audited (Reclassified Note: 2.1)	Audited (Reclassified Note: 2.1)
	Notes	September 30, 2010	December 31, 2009	December 31, 2008
Assets				
Current assets				
Cash and cash equivalents	3	3.608.211	31.881.177	65.911.910
Trade receivables	5, 17	103.150.806	128.188.437	136.553.576
Other receivables		38.532	482	331
Inventories	6	142.982.408	130.050.043	117.045.641
Costs and estimated earnings in excess of billings on uncompleted contracts	7	126.211.136	74.129.647	-
Other current assets	11	51.989.050	60.225.353	23.885.914
Total current assets		427.980.143	424.475.139	343.397.372
Non-current assets				
Trade receivables	5	28.388.461	31.422.645	37.617.739
Other receivables		5.903	5.903	5.903
Financial investments		-	-	2.107.000
Property, plant and equipment	8	100.106.866	102.591.845	96.709.092
Intangibles	9	52.462.119	39.832.961	23.542.779
Deferred tax asset	15	9.383.975	2.661.472	4.476.527
Total non-current assets		190.347.324	176.514.826	164.459.040
Total assets		618.327.467	600.989.965	507.856.412

The accompanying policies and explanatory notes on pages 6 through 30 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

Balance sheet as of September 30, 2010

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

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

		Current period	Previous period	Previous period
		Audited	Audited	Audited
		September 30,	(Reclassified	(Reclassified
	Notes	2010	Note: 2.1)	Note: 2.1)
			December 31,	December 31
			2009	, 2008
Liabilities				
Current liabilities				
Financial liabilities	4	162.419.806	69.388.311	210.331.455
Other financial liabilities		1.524.174	-	-
Trade payables	5, 17	39.112.338	56.548.984	55.813.758
Other payables	7	141.883.552	159.900.684	75.303.004
Provisions	10	86.714.725	59.157.739	9.599.800
Other current liabilities	11	4.380.059	5.417.702	4.460.501
Total current liabilities		436.034.654	350.413.420	355.508.518
Non-current liabilities				
Financial liabilities	4	15.169.635	71.837.163	-
Reserve for retirement pay		6.563.168	5.616.418	4.450.303
Other non-current liabilities		544.956	-	-
Total non-current liabilities		22.277.759	77.453.581	4.450.303
Shareholders' equity				
Parent Company's equity				
Paid-in share capital		24.000.000	24.000.000	24.000.000
Inflation adjustment on equity items		52.743.030	52.743.030	52.743.030
Revaluation surplus		-	-	1.434.437
Restricted reserves		16.738.147	14.818.147	14.218.147
Retained earnings		59.241.787	47.701.977	20.646.577
Net (loss) income for the period		7.292.090	33.859.810	34.855.400
Total shareholders' equity		160.015.054	173.122.964	147.897.591
Total liabilities		618.327.467	600.989.965	507.856.412

The accompanying policies and explanatory notes on pages 6 through 30 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

Comprehensive income statement for the period ended September 30, 2010

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

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

		Current period		Previous period	
		Unaudited	Unaudited	Unaudited	Unaudited
		January 1 –	July 1 –	January 1 –	July 1 –
		September 30,	September 30,	September 30,	September 30,
	Notlar	2010	2010	2009	2009
Continuing operations					
Net sales	12	314.140.226	121.487.279	316.427.253	115.693.884
Cost of sales (-)	12	(260.269.176)	(95.014.219)	(228.184.855)	(91.149.280)
Gross profit		53.871.050	26,473,060	88.242.398	24.544.604
Selling,marketing and distribution expense (-)		(25.384.771)	(8.748.485)	(31.448.004)	(10.075.868)
General and administrative expense (-)		(16.931.479)	(5.638.143)	(18.323.886)	(5.104.129)
Research and development expenses (-)		(4.047.264)	(1.345.148)	(3.805.076)	(759.238)
Other operating income		1.937.634	257.522	5.095.574	2.049.306
Other operating expense		(199.069)	(36.412)	(825.244)	(335.434)
Operating (loss) / (profit)		9.246.101	10.962.394	38.935.762	10.319.241
Financial income	13	33.105.620	13.987.001	60.072.226	14,191,258
Financial expense (-)	14	(41.782.134)	(15.301.572)	(79.081.337)	(16.978.282)
Net (loss)/income before taxes from continuing operations		569.587	9.647.823	19,926,651	7.532.217
Tax income/expense for continuing operations					
- Tax income /(expense) for the period	15	-	-	(130.945)	278.406
- Deferred tax income/(expense)	15	6.722.503	447.485	60.611	93.158
Net income		7.292.090	10.095.308	19.856.317	7.903.781
Other comprehensive income:		-	-	-	-
Total comprehensive (expense)/income		7.292.090	10.095.308	19,856,317	7.903.781
Earnings (loss)/income per share	16	0,00030	0,00042	0,00083	(0,00033)

The accompanying policies and explanatory notes on pages 6 through 30 form an integral part of the financial statements.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

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

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

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

	Paid-in share capital	Inflation adjustment on equity items	Restricted reserves	Revaluation fund	Retained earnings	Net income/(loss) for the period	Total shareholders' equity
January 1, 2009	24.000.000	52.743.030	14.218.147	1.434.437	20.646.577	34.855.400	147.897.591
Transfer to retained earnings	-	-	-	-	34.855.400	(34.855.400)	-
Transfer to restricted reserves	-	-	600.000	-	(600.000)	-	-
Transfer of financial asset revaluation fund to current period income	-	-	-	(1.434.437)	-	-	(1.434.437)
Dividends paid	-	-	-	-	(7.200.000)	-	(7.200.000)
Total comprehensive income	-	-	-	-	-	19.856.317	19.856.317
September 30, 2009	24.000.000	52.743.030	14.818.147	-	47.701.977	19.856.317	159.119.471
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)	-	-
Transfer of financial asset revaluation fund to current period income	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(20.400.000)	-	(20.400.000)
Total comprehensive income	-	-	-	-	-	7.292.090	7.292.090
September 30, 2010	24.000.000	52.743.030	16.738.147	-	59.241.787	7.292.090	160.015.054

The accompanying policies and explanatory notes on pages 6 through 30 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 September 30, 2010

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

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

	Notes	September 30, 2010	September 30, 2009
Cash flows from operating activities			
Net loss/income before provision for taxes		569.587	19.926.651
Adjustments to reconcile income before taxes to net cash flows from operating activities:			
Depreciation and amortization	8, 9	11.413.783	8.119.291
Reserve for retirement pay		1.801.014	2.241.226
Gain on sale of property, plant and equipment		(8.932)	(68.166)
Interest expense	14	9.066.077	17.665.775
Unrealized foreign Exchange gain from borrowings	13,14	(168.900)	(2.477.466)
Interest income	13	(276.692)	(2.175.932)
Forward expense accrual		1.524.174	1.558.549
Operating profit before changes in operating asset and liabilities		23.920.111	44.789.928
Trade receivables and other receivables		28.033.768	29.015.427
Costs and estimated earnings in excess of billings on uncompleted contracts		(52.081.489)	(57.140.000)
Increase in inventories		(12.932.365)	(87.264.015)
Other current assets		8.236.303	625.066
Trade payables		(17.436.646)	(6.144.930)
Other liabilities, provisions and other current liabilities		9.047.167	137.528.905
Taxes paid		-	(1.900.967)
Employee termination benefits paid		(854.265)	(1.264.699)
Net cash (used in)/provided by operating activities		(14.067.416)	58.244.715
Investing activities			
Purchase of property, plant and equipment	8	(4.039.898)	(4.984.101)
Purchase of intangible assets	9	(17.691.328)	(14.639.687)
Proceeds from sale of property, plant and equipment		182.195	249.933
Interest received		276.692	2.175.932
Net cash used in investing activities		(21.272.339)	(17.197.923)
Financing activities			
Increase on spot borrowings, net		49.816.816	54.891.379
Proceeds from bank borrowings		40.664.600	48.499.119
Repayment of bank borrowings		(59.514.302)	(91.991.091)
Interest payments		(3.500.325)	(12.936.899)
Dividends paid		(20.400.000)	(7.200.000)
Net cash provided by/(used in) financing activities		7.066.789	(8.737.492)
Net (Decrease)/ increase in cash and cash equivalents		(28.272.966)	32.309.300
Cash and cash equivalents at the beginning of the period		31.881.177	65.911.910
Cash and cash equivalents at the end of the period		3.608.211	98.221.210

The accompanying policies and explanatory notes on pages 6 through 30 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

Notes to the financial statements

For the period ended September 30 , 2010

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

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

1. Organisation and nature of operations

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

In accordance with Ordinary General Assembly Meeting dated March 17, 2010, Company’s official title, which had been previously as “Otokar Otobüs Karoseri Sanayi Anonim Şirketi” , has been changed as “Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi”.New official title which was registered at March 24, 2010 , came into effect at March 30, 2010 based on the declaration in the Trade Registry Gazette with law no 7532.

The Company operates in the automotive industry and off road vehicles, armoured vehicles, minibuses and midibuses, trailers, semi-trailers and cross-country comprises the majority of its production. The number of the personnel in the Company is 1.484. (December 31, 2009 - 1.207).

The registered addresses of the Company are as follows:

Headquarters:

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

Factory:

Atatürk Cad. No: 9
54580 Arifiye / Sakarya

Financial statements are authorized for issue by the Board of Directors of the Company on October 27, 2010, signed by Ahmet Serdar GÖRGÜÇ and Hüseyin ODABAŞ on behalf of Board of Directors of the Company. Although there is no such intention, the Company Management and certain regulatory bodies have the power to amend the statutory financial statements after issue.

The Company conducts part of its business transactions with the Koç Holding A.Ş. and related parties and has both customer and supplier relationships with related parties. The Company is registered to the Capital Market Board (“CMB”) and its shares are listed on the Istanbul Stock Exchange (“ISE”) since 1996. As of September 30, 2010, the shares listed on the ISE are 29,91% of the total shares. As of September 30, 2010, the principal shareholders and their respective shareholding percentages are as follows:

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

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Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended September 30, 2010

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

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

2. Basis of presentation

2.1 Basis of presentation

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira (TL) in accordance with regulations on accounting and reporting framework and the Uniform Chart of Accounts issued by the Ministry of Finance. These financial statements have been prepared from the statutory financial statements of the Company with adjustments and reclassifications for the purpose of fair presentation in accordance with accounting and reporting standards prescribed by Capital Markets Board. Such adjustments mainly comprise effects of deferred taxation, employee termination benefits, depreciation of property, plant and equipments based on their economic lives and on pro-rata basis, accounting for accruals, implementation of construction contract accounting for tank project and rediscount of trade receivables and payables. Additions to these adjustments, financial statements of current and prior period are prepared in accordance with International Accounting / Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB communiqué No:XI-29 "Communiqué on Financial Reporting Standards in Capital Markets" (Communiqué) which was published in the official gazette and become effective as of April 9, 2008.

The interim condensed financial statements for the nine month period ended September 30, 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2009.

Reclassifications Performed in 2009 and 2008 Years' Financial Statements

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

Advances given amounting to TL 36.306.118, which was classified under goods in transit account as of December 31, 2009 was reclassified into other current assets.

Furthermore, idle capacity amortization expense amounting to TL 3.718.738 which was classified under other expenses as of September 30, 2009, was reclassified under cost of sales account.

Functional and presentation currency

Functional and presentation currency of the Company is TL

2.2 Changes in accounting policies

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended September 30, 2010

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

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

2. Basis of presentation (continued)

2.3 Significant accounting judgments and estimates

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

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

- a) Assumptions are used at determination of total project costs and profitability of the projects under the scope of IAS 11 “Construction Contracts”. (Note 7).
- b) Deferred tax asset is recognised to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. When taxable profit is probable, deferred tax asset is recognised for all unused tax losses and for all temporary differences. For the year ended September 30, 2010, since the assumptions related to the Company’s future taxable profit generation are considered reliable, adequate, deferred tax asset is recognised. (Note 15).
- c) Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates). Employee termination benefits as of September 30, 2010 and December 31, 2009 are TL 6.563.168 and TL 5.616.418, respectively.
- d) The Company determines warranty provision by considering the past warranty expenses and remaining warranty period per vehicle (Note 10).
- e) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered (Note 5).

2.4 Summary of significant accounting policies

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended September 30, 2010

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

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

2. Basis of presentation (continued)

2.5 Segment reporting

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

2.6 Seasonality of operations

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

3. Cash and cash equivalents

	September 30, 2010	December 31, 2009
Cash at banks		
- demand deposits	1.630.270	2.280.660
- time deposits	100.000	27.952.966
Checks and notes received	1.847.708	1.597.557
Other	30.233	49.994
	3.608.211	31.881.177

As of September 30, 2010 the Company has time deposits originally denominated in TL amounting to TL 100.000 with average maturity of time deposit of 1 day and with the effective interest rate of 6,25% (As of December 31 2009, the Company has time deposit amounting to USD 13.827.989 and TL 7.130.000 with the effective interest rates of 1,5 % and 6,70% respectively and with average of maturity of 4 days).

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

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended September 30, 2010

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

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

4. Financial liabilities

				September 30, 2010	
	Interest rate (%)		Amount in original currency	TL	
Short-term bank borrowings:					
Denominated in EUR	%2,85 - %3,55		13.316.925	26.306.253	
Denominated in TL	%6,90 - %9,70		136.113.553	136.113.553	
Total				162.419.806	

					September 30, 2010	
	Interest rate (%)	Maturity	Amount in original currency	TL		
Long-term bank borrowings (*)						
Denominated in EUR	%3,39	18/04/2012	7.679.273	15.169.635		
Total				15.169.635		

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

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

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

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

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended September 30, 2010

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

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

4. Financial liabilities (continued)

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

Maturities of short-term bank borrowings range between 1 and 12 months.

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

5. Trade receivables and payables

Trade receivables

	September 30, 2010	December 31, 2009
Trade receivables, net	42.839.641	42.949.742
Notes receivables, net	51.318.020	63.649.902
	94.157.661	106.599.644
Less: Provision for doubtful receivables	(9.030.017)	(9.032.435)
Other short-term trade receivables	85.127.644	97.567.209
Trade receivables from related parties (Note 17)	18.023.162	30.621.228
Short-term receivables	103.150.806	128.188.437
Long-term notes receivable, net	28.388.461	31.422.645
Long-term receivables	28.388.461	31.422.645

Guarantees received for trade receivables

Generally receivables of the Company relate to the sales to the minibus and bus dealers and trailer sales and military vehicle sales. As of September 30, 2010, the total trade receivable from dealers amounting to TL 36.445.632 (December 31, 2009 - TL 37.393.552), after provision reserved for doubtful receivables, has been secured by mortgages and guarantees at the amount of TL 45.576.000 (December 31, 2009 – TL 34.870.008).

Trade receivables aging analysis

As of September 30, 2010, trade receivables amounting to TL 4.295.566 (December 31, 2009- TL 2.520.252) have not been collected at the due dates.

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended September 30, 2010

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

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

5. Trade receivables and payables (continued)

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

Current period	Trade receivables
1- 30 day past due	-
1- 3 month past due	150.456
3- 12 month past due	1.574.804
1- 5 year past due	2.570.306
Over 5 year past due	-
Amount secured with guarantee (1)	4.295.566

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

(1) Pledges on trailers.

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

	September 30, 2010	September 30, 2009
January 1	9.032.435	7.725.491
Collections	(2.418)	(35.580)
Additional provision	-	816.267
Total	9.030.017	8.506.178

Trade payables

	September 30, 2010	December 31, 2009
Trade payables, net	36.957.858	53.944.515
Notes payables, net	147.900	137.159
Short-term trade payables	37.105.758	54.081.674
Trade payables to related parties (Note 17)	2.006.580	2.467.310
Short-term trade payables	39.112.338	56.548.984

Otokar Otomotiv ve Savunma Sanayi Anonim Şirketi

Notes to the financial statements

For the period ended September 30, 2010

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

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

6. Inventories

	September 30, 2010	December 31, 2009 (Reclassified Note 2. 1)	December 31, 2008 (Reclassified Note 2. 1)
Raw material	34.185.311	34.750.524	27.210.962
Work-in-process	10.553.104	4.441.454	9.075.982
Finished goods	45.610.760	31.468.170	24.655.681
Merchandise	19.339.943	20.306.900	12.096.664
Goods in transit	33.293.290	39.082.995	44.006.352
	142.982.408	130.050.043	117.045.641

7. Costs and billings on uncompleted contracts

As of September 30, 2010, costs related to uncompleted contracts is amounting to TL 115.551.361.

As of September 30, 2010, the short term advances taken by the Company related with ongoing projects which amounts to TL 104.464.235 was included in other payables in the financial statements (December 31, 2009 –108.437.400).

8. Property, plant and equipment

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

	January 1, 2010	Additions	Disposals	Transfers	September 30, 2010
Cost:					
Land	36.396.386	-	-	-	36.396.386
Land improvements	5.481.336	-	-	-	5.481.336
Buildings	53.131.899	-	-	-	53.131.899
Machinery,equipment and installations	86.463.883	1.341.508	(444.311)	5.478.362	92.839.442
Motor vehicles	5.113.531	1.126.866	(237.371)	-	6.003.026
Furniture and fixtures	18.408.093	1.054.182	(17.143)	-	19.445.132
Leasehold improvements	1.445.746	2.856	-	-	1.448.602
Construction in process	5.889.502	514.486	-	(5.478.362)	925.626
	212.330.376	4.039.898	(698.825)	-	215.671.449
Accumulated depreciation:					
Land improvements	2.128.424	151.241	-	-	2.279.665
Buildings	18.593.043	1.890.267	-	-	20.483.310
Machinery,equipment and installations	70.043.866	3.521.071	(431.568)	-	73.133.369
Motor vehicles	3.127.422	258.224	(85.172)	-	3.300.474
Furniture and fixtures	14.677.521	501.353	(8.821)	-	15.170.053
Leasehold improvements	1.168.255	29.457	-	-	1.197.712
	109.738.531	6.351.613	(525.561)	-	115.564.583
Net book value	102.591.845				100.106.866

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8. Property, plant and equipment (continued)

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

	January 1, 2009	Additions	Disposals	Transfers	September 30, 2009
Cost:					
Land	36.396.386	-	-	-	36.396.386
Land improvements	5.481.336	-	-	-	5.481.336
Buildings	50.777.114	-	-	-	50.777.114
Machinery,equipment and installations	86.839.417	1.148.159	(30.250)	-	87.957.326
Motor vehicles	5.024.671	763.957	(194.396)	-	5.594.232
Furniture and fixtures	17.958.621	1.291.997	(10.886)	-	19.239.732
Leasehold improvements	1.445.746	-	-	-	1.445.746
Construction in progress	52.196	1.779.988	-	-	1.832.184
	203.975.487	4.984.101	(235.532)	-	208.724.056
Accumulated depreciation:					
Land improvements	1.926.769	151.242	-	-	2.078.011
Buildings	16.144.638	1.831.398	-	-	17.976.036
Machinery,equipment and installations	69.582.592	3.032.713	(1.836)	-	72.613.469
Motor vehicles	2.992.257	220.327	(42.788)	-	3.169.796
Furniture and fixtures	15.490.589	353.686	(9.141)	-	15.835.134
Leasehold improvements	1.129.550	29.028	-	-	1.158.578
	107.266.395	5.618.394	(53.765)	-	112.831.024
Net book value	96.709.092				95.893.032

Current year depreciation and amortization expense has been allocated to cost of sales by TL 4.701.657 (September 30, 2009 – TL 4.000.295), to development projects in process included in intangible assets by TL 1.420.163 (September 30, 2009 - 409.200), to research and development expenses by TL 3.492.523 (September 30, 2009 - TL 1.516.142) to general administrative expenses by TL 776.664 (September 30, 2009- TL 706.723), to selling and marketing expenses by TL 331.048 (September 30, 2009 - TL 277.680), to inventories by TL 690.730 (September 30, 2009 - TL 744.458).

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

	September 30, 2010	December 31, 2009
Machinery,equipment and installations	47,084,635	46.640.422
Furniture and fixtures	12,929,443	12.749.417
Motor vehicles	2,585,412	2.585.412
Leasehold improvements	1,089,332	1.089.332
	63.688.822	63.064.583

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9. Intangible assets

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

	January 1, 2010	Additions	Transfers	September 30, 2010
Cost:				
Other intangible assets	5.936.514	562.302	-	6.498.816
Development costs	26.784.388	-	3.586.147	30.370.535
Development projects in process	13.398.467	17.129.026	(3.586.147)	26.941.346
	46.119.369	17.691.328	-	63.810.697
Accumulated amortization:				
Other intangible assets	3.098.957	805.435	-	3.904.392
Development costs	3.187.451	4.256.735	-	7.444.186
	6.286.408	5.062.170	-	11.348.578
Net book value	39.832.961			52.462.119

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

	January 1, 2009	Additions	Transfers	September 30, 2009
Cost:				
Other intangible assets	3.839.826	1.432.310	-	5.272.136
Development costs	5.848.347	8.577.592	4.023.025	18.448.964
Development projects in process	16.758.438	4.629.785	(4.023.025)	17.365.198
	26.446.611	14.639.687	-	41.086.298
Accumulated amortization:				
Other intangible assets	2.341.733	529.989	-	2.871.722
Development costs	562.099	1.561.709	-	2.123.808
	2.903.832	2.091.698	-	4.995.530
Net book value	23.542.779			36.090.768

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

	September 30, 2010	December 31, 2009
Other intangible assets	2,038,667	2.007.453
	2,038,667	2.007.453

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10. Provisions, contingent assets and liabilities

Provisions

	September 30, 2010	December 31, 2009
Provision for other cost (*)	74.797.724	51.518.026
Warranty provision	5.856.219	6.184.720
Provision for personel Premium	2.250.000	-
Provision for vacation pay liability	1.846.753	1.438.270
Provision for sales commission	1.445.803	-
Other	518.226	16.723
	86.714.725	59.157.739

(*) Includes costs incurred by the Company related with tank project, which were not charged yet, and costs incurred by the subcontractors that will be invoiced to the Company at the end of the project, which were computed according to the estimated percentage of completion by the subcontractors.

Letters of guarantees

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

	September 30, 2010	December 31, 2009
Guarantees given by the Company		
a. Total amount of guarantees, pledges and mortgages given in the name of legal entity	255.417.561	291.493.623
b. Total amount of guarantees, pledges and mortgages given in favour of the parties which are included in the scope of full consolidation	-	-
c. Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-
d. Total amount of other guarantees, pledges and mortgages	-	-
Total	255.417.561	291.493.623

	September 30, 2010	December 31, 2009
Guarantee letters given		
Undersecretariat of Ministry of Defense	164.693.872	153.066.348
Other	90.723.689	138.427.275
	255.417.561	291.493.623

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10. Provisions, contingent assets and liabilities (continued)

b) Guarantees received as of September 30, 2010 and December 31, 2009 are as follows:

	September 30, 2010	December 31, 2009
Bank letters of guarantee (**)	101.373.963	95.238.952
Mortgages received	5.045.000	7.045.000
Guarantee notes	1.135.000	3.389.000
Guarantee checks	135.000	135.000
	107.688.963	105.807.952

(**) Bank letters of guarantee amounting to TL 50.252.932 are obtained from the sub-contractors for Altay Project (December 31, 2009 TL – 55.351.176)

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

11. Other assets and liabilities

	September 30, 2010	December 31, 2009 (Reclassified Note 2.1)	December 31, 2008 (Reclassified Note 2.1)
a) Other current assets:			
Advances given	31.527.126	36.306.118	-
Value added tax receivables	17.041.263	16.459.668	20.492.382
Prepaid tax	-	2.979.148	1.078.181
Prepaid expenses	1.404.530	593.458	501.361
Tax and funds deductible	848.143	3.135.804	1.752.693
Other	1.167.988	751.157	61.297
Total	51.989.050	60.225.353	23.885.914
b) Other current liabilities:			
Social security premiums payable	2.137.061	1.773.651	1.492.608
Taxes and funds payable	1.707.463	3.227.485	2.656.668
Deferred special consumption tax	84.934	259.324	195.798
Other	450.601	157.242	115.427
Total	4.380.059	5.417.702	4.460.501

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12. Sales and cost of sales

Net sales

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Domestic sales	277.736.685	110.022.596	195.519.722	91.354.773
Export sales	36.841.498	11.481.860	121.031.522	24.419.520
Gross sales	314.578.183	121.504.456	316.551.244	115.774.293
Less: Sales discounts and sales returns	(437.957)	(17.177)	(123.991)	(80.409)
Net sales	314.140.226	121.487.279	316.427.253	115.693.884

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

	January 1 – September 30, 2010	January 1 – September 30, 2009
Commercial vehicles	149.240.932	94.537.529
Armoured vehicles	75.002.767	125.124.610
Other sales (*)	89.896.527	96.765.114
	314.140.226	316.427.253

(*) TL 59.027.459 of the total amount is related with the ongoing projects (September 30, 2009 – TL 57.140.000). Furthermore, as of December 31, 2009, TL 74.129.647 was related with the ongoing projects.

Cost of sales

	January 1- September 30, 2010	July 1 - September 30, 2010	January 1- September 30, 2009	July 1 - September 30, 2009
Cost of finished goods sold	243.397.290	89.560.473	208.827.370	82.945.988
Cost of merchandise sold	16.871.886	5.453.746	19.357.485	8.203.292
Cost of sales	260.269.176	95.014.219	228.184.855	91.149.280

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13. Financial income

	January 1– September 30, 2010	July 1 – September 30, 2010	January 1– September 30, 2009	July 1 – September 30, 2009
Foreign exchange gain	21.373.496	15.603.730	39.001.986	9.586.071
Foreign exchange gain on bank borrowings	6.005.200	672.400	16.852.173	3.890.988
Term difference income related to sales	3.921.305	1.501.676	2.042.135	462.413
Forward income	1.528.927	(3.939.691)	-	-
Interest income from time deposits	276.692	148.886	2.175.932	251.786
Total	33.105.620	13.987.001	60.072.226	14.191.258

14. Financial expense

	January 1– September 30, 2010	July 1 – September 30, 2010	January 1– September 30, 2009	July 1 – September 30, 2009
Foreign exchange losses	28.878.229	8.391.429	43.351.022	9.235.216
Interest expense on bank borrowings	9.066.077	3.552.677	17.665.775	4.274.721
Foreign exchange losses on bank borrowings	2.171.300	1.773.250	16.203.606	2.298.033
Forward expense	1.639.839	1.639.839	1.558.549	1.313.211
Unearned financial expense	26.689	(55.623)	302.385	(142.899)
Total	41.782.134	15.301.572	79.081.337	16.978.282

15. Tax assets and liabilities

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

In Turkey, the corporation tax rate is 20% (December 31, 2009 - 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. The tax legislation provides for a temporary tax of 20% (2009- 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

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

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

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15. Tax assets and liabilities (continued)

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

	January 1 – September 30, 2010	January 1– September 30, 2009
Corporate tax expense	-	130.945
Deferred tax expense/(income)	(6.722.503)	(60.611)
Total tax (income)/expense	(6.722.503)	70.334

As of September 30, 2010 and December 31, 2009, the breakdown of deferred tax bases and deferred tax liability computed using the current effective tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets / (liabilities)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Property, plant and equipment	5,231,466	5.245.615	2,435,002	2,432,172
Intangibles	5.704.119	4.353.089	(1.140.824)	(870.618)
Guarantee expense provision	(5.856.219)	(6.184.720)	1.171.244	1.236.944
Reserve for retirement pay	(6.563.168)	(5.616.418)	1.312.634	1.123.284
Adjustment for percentage of completion method on construction projects	18.983.945	9.802.719	(3.796.789)	(1.960.544)
Unused current period loss and research and development discount	(35.148.560)	-	7.029.712	-
Derivative income accrual	-	-	-	-
Expense provisions	(5.542.556)	(1.438.270)	1.108.511	287.654
Other	(6.322.428)	(2.062.900)	1.264.485	412.580
Deferred tax asset			9.383.975	2.661.472

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

	September 30, 2010	September 30, 2009
January 1	(2.661.472)	(4.476.527)
Deferred tax benefit for the current period	(6.722.503)	(60.611)
	(9.383.975)	(4.537.138)

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16. Earnings per share

Earnings per share is calculated by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned.

Companies can increase their share capital by making a pro rata distribution of shares (Bonus Shares) to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly.

Earnings per main share are determined by dividing net income of the shareholders by the weighted average number of shares that have been outstanding during the related year concerned.

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

	September 30, 2010	September 30, 2009
Net income attributable to shareholders (TL)	7.292.090	19.856.317
Weighted average number of issued shares	2.400.000.000	2.400.000.000
Earnings per share (kr)	0.030	0.083

Declared and approved share of profit as follows:

Par value of common stock per share, gross **0.00085**

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

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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 related party balances as of September 30, 2010 and December 31, 2009:

Due from related parties	September 30, 2010	December 31, 2009
Ram Dış Ticaret A.Ş. (Ram Dış) (1) (*)	17.943.765	30.535.451
Zer Merkezi Hizmetler Ve Ticaret A.Ş. (Zer) (1)	25.055	44.358
Rmk Marine Gemi San.A.Ş. (RMK Marine) (1)	25.033	22.905
Aygaz Anonim Şirketi (Aygaz) (1)	21.338	-
Ford Otosan A.Ş. (Ford) (1)	7.971	18.514
Otokoç Otomotiv Tc.San. A.Ş. (Otokoç) (1)	-	-
Total (Note 5)	18,023,162	30.621.228

(*) TL 17.943.765 of this balance (December 31, 2009: TL 30.535.451) consists of the receivables due to export registered sales to Ram Dış from third parties .

Due to related parties	September 30, 2010	December 31, 2009
Ram Dış (1)	1.211.884	276.840
Zer (1)	274.570	748.163
Akpa Dayanıklı Tük.Paz.A.Ş. (Akpa) (1)	148.527	177.502
Ram Sigorta Aracılık Hiz.A.Ş. (Ram Sigorta) (1)	130.300	55.238
Koç Holding A.Ş. (2)	99.209	108.280
Otokoç Otomotiv Tic.San.A.Ş. (Otokoç) (1)	28.238	203.549
Setur Servis Turistik A.Ş. (Setur) (1)	27.094	263.272
Koç-Net Haberleşme A.Ş. (Koçnet) (1)	24.594	28.245
Promena Elektronik Tic. A.Ş. (Promena) (1)	24.151	14.950
Opet Petrolcülük A.Ş. (Opet) (1)	15.714	18.087
Koç Sistem Bilgi İle.Hizm.A.Ş. (Koç Sistem) (1)	11.798	265.270
Koç Üniversitesi (1)	10.335	-
Platform Araştırma ve Geliştirme Taş.Tic. A.Ş.(Platform) (1)	-	194.149
Setair Hava Taşıma.ve Hiz.A.Ş. (Setair) (1)	-	78.266
Ford (1)	-	24.533
Palmira Turizm Tic.A.Ş (Palmira) (1)	-	1.863
Yapı Kredi Kültür ve Sanat Yay. Tic. A.Ş. (1)	-	1.790
Koçtaş Yapı Marketleri T.A.Ş. (Koçtaş) (1)	166	78
Other	-	7.235
Total	2.006.580	2.467.310

(1) Shareholder's subsidiary

(2) Shareholder

(3) Shareholder's subsidiary in liquidation process

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17. Related party disclosures (continued)

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

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2010
Product sales and service revenue				
Ram Dış (*)	29.271.600	11.210.486	102.378.240	15.479.568
Zer	297.478	82.106	228.747	88.139
Otokoç	161.500	-	-	-
Aygaz	115.426	33.629	120.189	20.304
Ford	3.561	3.032	13.268	(567)
Beldeyama	-	-	126.746	-
Aygaz İletim A.Ş.	-	-	3.170	3.170
Total	29.849.565	11.329.253	102.870.360	15.590.614

(*) TL 29.271.600 of this amount (September 30, 2009: TL 102.378.240) consists of export registered sales to Ram Dış from third parties.

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Purchase of property, plant and equipment				
Koç Sistem	1.116.192	43.613	924.317	135.549
Koçnet	91.210	-	23.559	12.331
Otokoç	59.794	59.794	78.432	-
Zer	2.619	1.463	-	-
Total	1.269.815	104.870	1.026.308	147.880

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Inventory purchases				
Zer	3.199.917	1.010.712	2.460.922	728.583
Ram Dış	2.854.346	1.169.304	1.144.787	557.774
Akpa	909.226	302.887	790.947	308.418
Opet	216.176	69.965	186.453	69.160
Koçtaş	13.604	1.112	15.713	5.140
Arçelik A.Ş.	2.743	2.743	12.874	12.874
Beldeyama Motorlu Vasıt.A.Ş.	-	-	623.350	140.943
Ford Otomotiv Sanayi A.Ş.	-	-	356	356
Total	7.196.012	2.556.723	5.235.402	1.823.248

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17. Related party disclosures (continued)

	January 1 - September 30, 2010	July 1 - September 30, 2010	January 1 - September 30, 2009	July 1 - September 30, 2009
Services received				
Ram Dış	1.165.182	65.512	6.398.127	736.352
Ram Sigorta Aracılık Hiz.A.Ş.	1.109.955	257.542	992.189	192.065
Setur Servis Turistik A.Ş.	1.005.187	225.721	814.114	261.596
Eltek Elektrik Enerj.İth.İhr.Top.Tic.A.Ş.	900.401	580.094	-	-
Koç Holding A.Ş.	896.711	336.604	846.398	236.700
Otokoç Otomotiv Tic.San.A.Ş.	420.798	115.332	421.166	153.034
Koç.Net Haberleşme A.Ş.	208.074	66.988	152.709	71.004
Koç Sistem Bilgi İlet.Hizm.A.Ş.	155.577	51.928	238.345	60.670
Promena Elektronik Tic.A.Ş.	63.168	40.609	29.379	12.679
Koç Üniversitesi	9.616	9.616	4.412	4.412
Palmira Turizm Tic.A.Ş.	2.957	100	4.326	1.176
Rahmi M.Koç Müzesi	1.962	-	-	-
Setair Hava Taşımacılığı	-	-	32.803	11.768
Tofaş Türk Otomobil Fabrikası	-	-	8.104	4.314
Tasfiye Halinde Otoyol Sanayi	-	-	5.953	-
Total	5.939.588	1.750.046	9.948.025	1.745.770

	September 30, 2010	December 31, 2009
Bank deposits		
Yapı ve Kredi Bankası A.Ş. (1)		
- Demand deposits	908.943	626.547
- Time deposits	-	7.131.308
	908.943	7.757.855

	September 30, 2010	December 31, 2009
Checks and notes in collection		
Yapı ve Kredi Bankası A.Ş. (1)	10.523.727	14.309.918
	10.523.727	14.309.918

	September 30, 2010	December 31, 2009
Bank loans		
Yapı ve Kredi Bankası A.Ş. (1)	53.826.133	50.203.570
	53.826.133	50.203.570

(1) Shareholder's subsidiary

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17. Related party disclosures (continued)

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

	January 1 - September 30, 2010	July 1 - September 30 2010	January 1 - September 30, 2009	July 1 - September 30 2009
Interest income				
Yapı ve Kredi Bankası A.Ş.	46.967	-	1.161.252	57.332
Total	46.967	-	1.161.252	57.332

	January 1 - September 30, 2010	July 1 - September 30 2010	January 1 - September 30, 2009	July 1 - September 30 2009
Foreign exchange gain				
Ram Dış	5.544.157	3.347.340	7.040.542	1.746.073
Yapı ve Kredi Bankası A.Ş.	1.034.570	519.811	13.802.320	6.061.911
Ram Sigorta	425	-	-	-
Total	6.579.152	3.867.151	20.842.862	7.807.984

	January 1 - September 30, 2010	July 1 - September 30 2010	January 1 - September 30, 2009	July 1 - September 30 2009
Forward incomes and expenses				
Yapı ve Kredi Bankası A.Ş.				
Forward income	1.044.541	(1.411.055)	678.415	-
Forward expense	(1.191.081)	(1.191.081)	(2.167.659)	(1.827.472)
Total	(146.540)	(2.602.136)	(1.489.244)	(1.827.472)

	January 1 - September 30, 2010	July 1 - September 30 2010	January 1 - September 30, 2009	July 1 - September 30 2009
Interest expenses				
Yapı ve Kredi Bankası A.Ş.	3.907.631	968.197	1.443.861	577.403
Total	3.907.631	968.197	1.443.861	577.403

	January 1 - September 30, 2010	July 1 - September 30 2010	January 1 - September 30, 2009	July 1 - September 30 2009
Foreign exchange expenses				
Ram Dış	5.912.373	7.903	9.748.833	1.033.523
Yapı ve Kredi Bankası A.Ş.	500.106	32.113	15.349.217	1.526.180
Ram Sigorta	194	147	-	-
Total	6.412.673	40.163	25.098.050	2.559.703

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17. Related party disclosures (continued)

Forward agreements with Yapı ve Kredi Bankası A.Ş.

Amount	Currency	Parity	September 30, 2010	
			Transaction date	Maturity
11.000.000	US Dollar - Euro	1.3033	30.07.2010	14.12.2010
3.000.000	US Dollar - Euro	1.3000	27.07.2010	30.11.2010

Benefits provided to the Executive Management

Salaries and similar benefits provided to the executive management for the period ended September 30, 2010 is amounted to TL 1.847.046 (September 30, 2009 - TL 1.693.555)).

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.

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

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

		Table of foreign currency position				
		Current period				
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	197.226.988	89.298.341	34.167.480	62.256	-
2a.	Monetary financial assets (including cash, bank accounts)	3.404.449	174.147	1.577.136	15.805	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	32.062.079	18.976.899	2.289.563	-	-
4.	Current assets (1+2+3)	232.693.516	108.449.387	38.034.179	78.061	-
5.	Trade receivables	28.388.461	-	14.370.994	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	28.388.461	-	14.370.994	-	-
9.	Total assets(4+8)	261.081.977	108.449.387	52.405.173	78.061	-
10.	Trade payables	(81.141.127)	(50.568.134)	(3.181.307)	(641.887)	-
11.	Financial liabilities	(26.306.253)	-	(13.316.925)	-	-
12a.	Monetary other liabilities	-	-	-	-	-
12b.	Non-monetary other liabilities	(137.698.268)	(94.078.751)	(592.885)	-	-
13.	Current liabilities (10+11+12)	(245.145.648)	(144.646.885)	(17.091.117)	(641.887)	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(15.169.635)	-	(7.679.273)	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	(15.169.635)	-	(7.679.273)	-	-
18.	Total liabilities (13+17)	(260.315.284)	(144.646.884)	(24.770.390)	(641.887)	-
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)	766.693	(36.197.497)	27.634.783	(563.826)	-
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	106.402.883	38.904.354	25.938.105	(563.826)	-
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	36.793.024	4.501.885	14.972.711	97.873	-
24.	Import	86.131.093	19.322.883	24.532.629	3.456.768	-

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

		Table of foreign currency position				
						Prior period
		TL equivalent (functional currency)	USD	EUR	GBP	CHF
1.	Trade receivables	171.980.703	48.631.610	44.843.135	787.486	-
2a.	Monetary financial assets (including cash, bank accounts)	22.948.379	14.373.088	545.916	53.356	-
2b.	Non-monetary financial assets	-	-	-	-	-
3.	Other	36.306.118	22.915.011	834.600	-	-
4.	Current assets (1+2+3)	231.235.200	85.919.709	46.223.651	840.842	-
5.	Trade receivables	31.422.645	-	14.545.501	-	-
6a.	Monetary financial assets	-	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	31.422.645	-	14.545.501	-	-
9.	Total assets(4+8)	262.657.845	85.919.709	60.769.152	840.842	-
10.	Trade payables	(27.889.814)	(808.758)	(2.474.573)	(8.926.104)	-
11.	Financial liabilities	(37.880.708)	(10.059.212)	(10.523.794)	-	-
12a.	Monetary other liabilities	-	-	-	-	-
12b.	Non-monetary other liabilities	(155.430.988)	(93.028.466)	(7.109.210)	-	-
13.	Current liabilities (10+11+12)	(221.201.510)	(103.896.436)	(20.107.577)	(8.926.104)	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	(21.633.593)	-	(10.014.162)	-	-
16a.	Monetary other liabilities	-	-	-	-	-
16b.	Non-monetary other liabilities	-	-	-	-	-
17.	Non-current liabilities (14+15+16)	(21.633.593)	-	(10.014.162)	-	-
18.	Total liabilities (13+17)	(242.835.103)	(103.896.436)	(30.121.739)	(8.926.104)	-
19.	Net asset/(liability) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a.	Hedged total assets amount	-	-	-	-	-
19b.	Hedged total liabilities amount	-	-	-	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	19.822.742	(17.976.727)	30.647.413	(8.085.262)	-
21.	Net foreign currency asset/(liability) position of monetary items (=1+2a+5+6a-10-11-12a-14-15-16a)	138.947.612	52.136.728	36.922.023	(8.085.262)	-
22.	Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-
23.	Export	121.031.522	50.210.639	13.749.947	3.929.044	-
24.	Import	100.475.683	19.874.120	22.162.647	8.593.884	872.942

Furthermore, as of September 30, 2010, the Company has made a forward contract amounting to USD 35.022.000. In accordance with the related forward agreement, the Company will buy USD 35.022.000 against EUR 26.500.000.

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

The following table demonstrates the sensitivity to a possible change of 10% in the USD, EUR and GBP exchange rates, with all other variables held constant, on the Company’s income before tax as of September 30, 2010 and December 31, 2009:

Exchange rate sensitivity analysis table				
	Current period			
	Profit/loss	Profit/loss		
	Appreciation of foreign currency	Depreciation of foreign currency		
<i>In case 10% appreciation of USD against TL:</i>				
1-	USD net asset/liability	5.645.800	(5.645.800)	
2-	Amount hedged for USD risk (-)	-	-	
3-	USD net effect (1+2)	5.645.800	(5.645.800)	
<i>In case 10% appreciation of EUR against TL:</i>				
4-	EUR net asset/liability	5.123.813	(5.123.813)	
5-	Amount hedged for EUR risk (-)	-	-	
6-	EUR net effect (4+5)	5.123.813	(5.123.813)	
<i>In case 10% appreciation of GBP against TL:</i>				
7-	GBP net asset/liability	(129.325)	129.325	
8-	Amount hedged for GBP risk (-)	-	-	
9-	GBP net effect (7+8)	(129.325)	129.325	
Total (3+6+9+12)			10.640.288	(10.640.288)

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

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

Forward agreements

					September 30, 2010
Amount	Foreign exchange currency	Parity	Transaction date	Maturity date	
1.500.000	ABD Doları - Euro	1,2296	16.06.2010	14.10.2010	
3.000.000	ABD Doları - Euro	1,3000	27.07.2010	30.11.2010	
11.000.000	ABD Doları - Euro	1,3033	30.07.2010	14.12.2010	
11.000.000	ABD Doları - Euro	1,3583	30.09.2010	30.03.2011	

19. Subsequent events

There is no significant event after balance sheet date.

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

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