

OTOKAR REPORTS 2007 3Q RESULTS

“STAR OF THIS QUARTER: MIDIBUS SEGMENT(NAVIGO+VECTIO)”

In this report we submit **2007 3rdQ** figures to compare with 2006 3rdQ figures. 2006 & 2007 3rd Q financial results published in this press release are prepared according to International Financial Reporting Standards.

Highlights of 2007

- The recorded net sales of 2007 3Q was USD 219.9 million which means an increase of %20 compared to the same period of the previous year. The export revenue in 2007 3rdQ is comprised of %33 of total sales with an amount of USD 71.96 million.
- There is an increase in sales units from 2.832 to 2.978 vehicles between 2006 and 2007 3rdQ figures. The brilliant performance in unit sales of midibus in 3rd Q 2007 with an increase of %51,99 in comparison to 2006-3rdQ. is the main drive of this quarter. SULTAN Midibuses (NAVIGO) maintained %24 of all sales. In 2007-3rdQ midibus sales unit is 839 where as in 2006-3rd it was 552. Also, similar to the previous year, the other highest sales number belonged to trailer with sales of 952 units in 3rdQ2007. Accordingly, the defense vehicles continue to take the largest portion on the sales revenue headed by Armoured Tactical Vehicles taking % 27 of all sales revenue just like 2006 3rdQ's figures which %49 of sales revenue belonged to military products.
- Generated net profit was USD 10.97 million with a net margin of 5.0 %.

Overview

OTOKAR IFRS P/L Statement Highlights	3Q 2007 USD (thousands)	3Q 2006 USD (thousands)	USD Based Change
Net Sales	219.885	182.552	20,45%
Cost of Sales	-165.491	-120.721	37,09%
Gross Profit	54.394	61.831	-12,03%
Operating Expenses	-42.755	-33.878	26,20%
Operating Profit	11.640	27.953	-58,36%
Income/(loss) before minorities & taxes	12.578	34.074	-63,09%
Taxation	-1.609	-6.549	-75,43%
Net Profit	10.968	27.526	-60,15%
EBITDA	14.198	30.016	-52,70%

Net Sales

First of all, it should clearly be emphasized that the year 2006 was a year of records for Otokar. In 2006, Otokar has achieved to raise its exports by %52 which had located Otokar at the top of the industrial exporter companies whose average rate of increase in exports was at %26. Both in 2005 and 2006 Otokar succeeded to be the highest exporter company in Turkish defence industry with a 100 million USD. in exports. Although the recession in automotive sector in 2007 1stH, OTOKAR has raised its total sales in 3Q 2007 by %20,00 in comparison with 3Q 2006. Also the purchase orders received in armoured vehicles for 2007 -which were not included in 2nd Q revenues because of their long lead time (production period- were eventually started to be realized.

The company significantly increased its domestic revenues in 3Q07 by %76 supported by the purchase orders from the Military. The total share of exports is %33 in 3Q07 against %54 of the same period last year due to the high domestic demand of the armoured vehicles in 2007.

	3Q 2007 USD (thousands)	3Q 2006 USD (thousands)	Change %
Domestic Sales	147.922	83.946	76.21%
Exports	71.963	98.606	-27.02%
Total	219.885	182.552	20.45%

The company targets 300 mio USD in revenue and 120 mio USD of it to be exports by the end of 2007.

As for commercial vehicles (midibus + trailers + tankers) the network of distributors in Europe is contributing to the company's export sales and new orders with the support of all the dealers abroad especially France, then Italy, Romania, Bulgaria, Greece and Germany is going to be considerably high.

Profit

The effect of high gross margin products has gradually started to be seen in 3Q 2007 and this will continue in the last quarter with acceleration.

The company had USD 54.394 mio. gross profit with a gross margin of % 24,7.

The operating profit was obtained as USD 11.640 million in 3Q 2007 with an operating margin of %5.3.

The EBITDA level is USD.14,2 mio. with an EBITDA Margin of 6.5 % .

Net profit is USD.10.97 mio in 3Q 2007. All these figures are double of the figures in the 1H 2007 and the last quarter will be better than the 3rd Q 2007.

Investments

The total capex planned for the year 2007 is around USD 5 million to be spent on modernization & renovation of existing products (another Welding Robot for the defence vehicles and a Laser Cutting Counter for the steel plates) and also on purchase of additional testing devices for Test and Design Centre. In 2007, when the signing of the agreement of The Main Battle Tank Project is realized, there will be a cash income for USD.500 mio in instalments for the design and concept and the production of the prototypes of the Turkish Main Battle Tanks which is the first phase of the whole project.

Objectives

Otokar has three main objectives which are: Growth in Defence Industry, Raising of Export Revenues, To Expand with New Models.

In order to maintain its leadership in armoured tactical vehicles area, Otokar is negotiating for more orders. As of 2007 the total receipt of purchase orders in the core business of defence is USD.250 mio to be produced and delivered by the end of 2008 which USD.120 mio of the deliveries will be realized as of 2007.

As in the international area of defense market, OTOKAR's land vehicles and armoured tactical vehicles are in constant demand and the company has secured its place in the armoured vehicle market by attending all the main local and international defense tenders, projects and exhibitions like IDEF, EUROSATORY and DUBAI Fairs.

The company also targets to progress in commercial vehicles. Otokar added new models of midibuses to its civilian vehicle product range. A new model midibus for 35 passengers named "DORUK-VECTIO" was launched to the market in September 2007 which is noted for its comfort regarding the handicapped as well. Otokar also added new dealers in Europe for constant progress in exports of commercial sales.

Furthermore, the sales for new model trailers under the brand name of "Otokar" which started production in 2006 are in highly demand by customers.

OTOKAR IFRS Balance Sheet	3Q 2007 USD (thousands)	3Q 2006 USD (thousands)
Current Assets	187.428	122.068
Current Liabilities	142.437	73.676
Working Capital	44.991	48.393
Property, Plant & Equipment -Net	32.653	28.492
Total Assets	245.824	171.250
Total Liabilities	147.760	77.647
Shareholders Equity	98.064	93.604

OTOKAR IFRS Balance Sheet	2007 3Q
Current Ratio	1,32
Liquidity Ratio	0,73
Current Assets / Total Assets	0,76
Current Liabilities / Total Liabilities	0,96
Total Liabilities / Total Liabilities & Shareholders' Equity	0,60

OTOKAR IFRS Statement of Cash Flow	2007 3Q USD (thousands)
Cash and Cash Equivalents at the Beginning of the Period	637
Net Cash Provided by Operating Activities	37.004
Net Cash Used in Investment Activities	-2.058
Pre-Financing Cash Flow	34.946
Net Cash Used in Financing Activities and Effect of Exchange Rate Changes	-33.183
Net Increase in Cash and Cash Equivalents	1.763
Cash and Cash Equivalents at the End of the Period	2.401

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